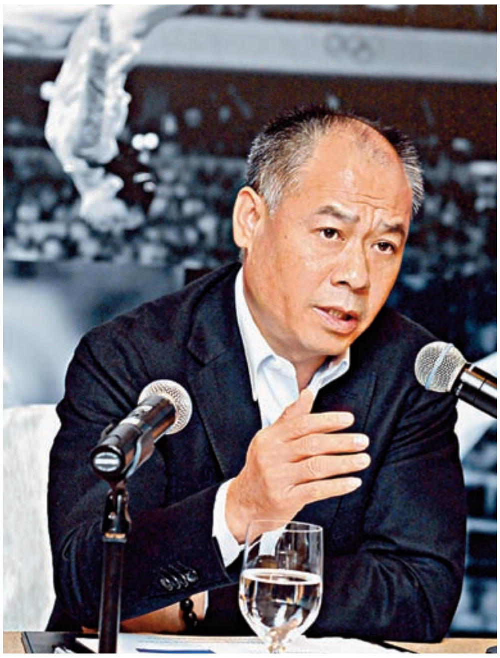
Clothing

Li Ning

Li Ning Company



Li Ning was born in 1963 to a Zhuang ethnic minority family in Guilin, southern China. He began practicing gymnastics when he was 8 years-old, and by the age of 17, he was picked for China's national team. A spectacular sporting career followed: in total, he won around 100 medals.

Getting started

His moment of glory was during the 1984 Los Angeles Olympics – when he won three gold medals, two silvers and a bronze – making him the most successful Chinese athlete in the competition. As China's first modern sporting superstar, he became known as the "prince of gymnastics".

After retiring from professional athletics in 1989, Li came up with the idea of creating a national sporting goods company that exploited his famous persona – thus the Li Ning brand was born.

Big break

Effectively Li is the best image ambassador for his own company. By the mid-nineties, Li Ning was one of China's most popular sportswear companies. In 2004, the company listed in Hong Kong, raising capital to finance its founder's dream of becoming a major international sports brand.

Part of its success is due to clever marketing – it signed up NBA stars such as Shaquille O'Neal to promote its basketball products. It also decided to open its first retail store in the US in Portland, Oregon – the same city where Nike has its headquarters.

Li Ning's greatest triumph in recent years was his appearance at the 2008 Beijing Olympics, when he was chosen to literally fly in and light the Olympic torch at the opening ceremony.

Setback

The eponymous firm owed much of its phenomenal growth between 2002 and 2009 to aggressively expanding its retail network through external franchisees and distributors. The strategy helped spread Li Ning's brand quickly across the country. However, given many of the franchisees were badly managed, unsold inventory began to pile up in Li Ning's retail networks. The company has been loss-making for three consecutive years since 2012.

Getting fit again

To fight back, Li Ning has cut the number of retail outlets from more than 8,000 to about 6,000. It has also brought in private equity firm TPG as a strategic shareholder. Li Ning himself came out of semi-retirement in 2015 and became the chief executive of his sportswear firm.

The worst looked to be over in 2016, as Li Ning reported a profit of Rmb113 million for the first half. The company said its comeback has been given huge impetus by the central government's policy to promote sports as a strategic industry to drive economic growth.

Photo Source: Imagine China

China's first sport superstar has also created arguably the country's most famous national sportswear brand

Key info
Li Ning Company's market value was Rmb10 billion as of August 2016.

Year born
1963

Clothing

Chen Yihong

China Dongxiang

Chen Yihong was a talented table tennis player in his youth, having been picked up by a local sports academy in Tianjin. While his love of sport would dictate his career path, he wouldn't make it as a ping-pong player. After a five year stint in the army, he moved into the sportswear business in 1980.

Getting started

In 1991 he joined Li Ning's fast-growing sportswear business. Chen quickly rose through the ranks from manager of the Guangdong shoe department to running the Beijing operation and by 1997 became general manager of Li Ning Sports Good Corporation. After a restructuring in 1998 he gained a 3.53% stake in Li Ning.

Big Break

In 2002, he did a deal with Li Ning to exchange his equity stake in the firm for a 20% stake in Beijing Dongxiang Sports – of which Li Ning held the other 80%. Dongxiang had the rights to market Italian brand Kappa in China and Macau. A little-known brand in China at the time, Chen saw the potential, particularly as Kappa products enjoyed an even higher gross margin than Li Ning's did at the time.

In 2005 Li Ning agreed to sell Chen its controlling stake in Dongxiang for Rmb45 million. At the time, the Italian owner of the Kappa brand wanted to sell permanent ownership of the right to use the marque in China – which meant Chen needed to raise a further Rmb300 million. He sold a 20% stake to Morgan Stanley for $38 million. By focusing on Kappa as a 'fashion' sports brand – targeted at affluent 18-35 year-olds – he propelled it into the top three 'international' sports labels in China. In 2007, Dongxiang completed a Hong Kong IPO.

But like Li Ning, Dongxiang has been losing out to foreign rivals like Nike and Adidas since 2012. In that year Dongxiang had to offer big discounts to drive sales amid inventory pile-up and fierce competition. At its peak there were nearly 4,000 Kappa retail outlets in China. By June 2016, the network had been scaled back to less than 1,300 stores.

Need to known

In 2011, Dongxiang spent $100 million to buy a 0.31% stake in Alibaba through a private-equity fund. That has become a profitable investment after Alibaba's IPO in 2014. By the end of 2015, Dongxiang's "listed securities" – comprised largely of Alibaba shares – are worth Rmb2.5 billion, which amount to nearly one third of its own market value.

Chen is worth Rmb7 billion according to Hurun's 2015 China Rich List, and probably much more if Alibaba's shares keep rising...

Photo Source: Imagine China

The former table tennis player now operates nearly 1,300 Kappa retail outlets in China

Key info
One of Dongxiang's most valuable assets is a tiny stake in Alibaba.

Year born
1958

Clothing

Gao Dekang

Bosideng International

Gao Dekang was born in 1952 in the village of Shanjing in Jiangsu province. At the age of 24 he established his own business, with assets consisting of eight sewing machines and a bike. He hired 11 local women to process garments for a factory in Shanghai. Riding frantically between the factory and his customers, Gao claims to have covered 200km a day.

Getting started

In 1980 he started a factory of his own and won a contract to produce (insulated) 'down' jackets. By 1990 business was going so well he spent Rmb1.5 million on a second factory and made the key decision to register his own brand, Bosideng.

The winter of 1994 proved a turning point for Gao. The tailor produced 230,000 down garments, but sold less than half of his inventory. Meanwhile the bank was asking for the repayment of a Rmb8 million loan. "At that time, I really wanted to jump off a building," he recalls. "But considering the livelihood of hundreds of people, I felt I must be responsible for them and the enterprise."

Big break

Determined to rediscover his commercial success, Gao instigated a huge study of the northeastern market, and discovered that his styles and fits were not what most local people wanted. So he set up rep offices and hooked up with local malls, and reworked his designs. It worked: in 1995 he sold 680,000 pieces and saw net profit exceed Rmb20 million.

Bosideng has since grown into the largest down apparel company in China, and by 2006 it accounted for a third of all downwear manufactured globally. The brand name Bosideng was chosen as it sounded foreign, and for the similarity in Chinese to the American city of Boston. Gao has created six major brands including Kangbo. In 2007 Bosideng was listed in Hong Kong.

Bosideng, has nearly 10,000 shops all over China, down from more than 13,000 at its peak as it cut down on the number of external franchisees. It has also made a big push into the UK in recent years, selling its merchandise through Bradford-based retailer Greenwoods. (Greenwoods was founded in 1860 and at its peak had 200 shops in Britain). When Greenwoods went into administration in 2009, Bosideng bought 87 of its stores.

Global drive

Ahead of the 2012 London Olympics Bosideng opened a brand new flagship store near Bond Street, London's posh shopping district. The launch in London's prestigious West End cost approximately $54 million as the company acquired an entire building for its expansion plan.

Photo Source: Imagine China

He chose the name Bosideng because it sounded foreign and now has 10,000 shops in China

Key info

Gao is worth Rmb8.5 billion according to Hurun's 2015 China Rich List

Year born

1952

Clothing

Qian Jinbo

Red Dragonfly Footwear

Home to thousands of shoemakers Wenzhou is also known as China's "shoemaking capital". The eastern Chinese city is also famous for producing investment-savvy capitalists. Qian Jinbo seems to have thrived on both fronts.

Getting started

Born in 1964, Qian Jinbo moved to Wuhan at the age of 18, to become a carpenter. He quickly changed direction and moved into leather sales.

Through this line of work he acquired the capital and contacts to start out on his own – setting up a shoe factory in Wenzhou in 1995, which he called Red Dragonfly.

Qian always wanted to do something big. After setting up his first factory, he worked with a local TV station to create a show called Journey of Red Dragonfly, giving him an opportunity to speak about his dreams of owning a major brand.

Big break

He was first tested in 1998 when floods washed through southern China. In the resulting downturn, demand fell. He set up a team of sales personnel to sell his shoe inventory in three new provinces. In Hubei, a salesman quickly put together new points of sale, and unsold footwear was snapped up within a couple of months. And thus a new franchising model was born. By relying on his proprietary channels his revenue surpassed Rmb100 million by 1998.

The footwear maker went public in Shanghai in 2015. As a typical Wenzhou entrepreneur, Qian has also attempted to diversify into financial investments after its listing. Hurun's 2015 China Rich List put Qian's net worth at Rmb7.5 billion.

Need to know

Qian has cultivated an image as the leading thinker in the Chinese footwear industry. He has set up a shoe research institute and a footwear museum. He has even published a dictionary of Chinese footwear culture. Some say that this commitment was formed following a rebuke from an Italian shoe designer in the mid-1990s. The Italian liked Qian's shoes, but poured scorn on their Chinese origins.

Qian bristled, and resolved to take his industry's image upmarket. In 2009, Red Dragonfly appeared at the Milan International Shoe Fair, as well as major international shows in Germany and the US. Qian wants to build a global brand.

In his own words

"The birth of a luxury brand, in addition to excellent quality and strong brand spirit, needs a long history, and this is something Red Dragonfly does not have," he said. "But this doesn't mean it cannot become strong in the future. When Red Dragonfly is a hundred years old... will you still find the idea naive that Red Dragonfly has become China's Louis Vuitton?"

Photo Source: Imagine China

He has published a shoe dictionary to help sell Red Dragonfly's footwear

Key info
As of August 2016, Red Dragonfly's market capitalisation was worth Rmb9 billion.

Year born
1964

Clothing

Zhou Chengjian

Metersbonwe

Zhou Chengjian is another classic example of a high school dropout becoming a business billionaire. He's from Lishui, Zhejiang; but he later moved to Wenzhou, arguably China's capital city of capitalism.

Getting started

Born in 1965, he opened a clothing factory in 1982 but his first venture quickly went under after the failure of a big order. To pay off the debt he had to work as a tailor in a local apparel market.

Zhou made clothes in the evenings and sold them during the day. That meant he didn't get a lot of sleep, and one evening this led him to cut the sleeves of a batch of suits too short, reports the Beijing Youth Daily. He saved the situation by turning the jackets into casual wear. His design proved a big hit among consumers and in 1995 he decided to ditch suits completely for casual wear. He founded Metersbonwe.

Big break

It's an unusual name, but Zhou wanted to create a brand name that sounded vaguely foreign and sophisticated. He came up with Metersbonwe which really doesn't mean much to a Westerner. In Chinese, it means 'beautiful' and 'make the state stronger'. He listed the firm in Shenzhen in August 2008.

Zhou has built Metersbonwe into something resembling a Chinese H&M or Zara. His business model grew from the early days in which access to capital was limited. He outsources production and franchises stores, focusing on branding, design and the bulk purchase of raw materials for his suppliers.

Marketing is an important part of the company's success. Zhou hired Taiwanese pop heartthrob Jay Chou as a brand ambassador in 2003. In another coup, a Metersbonwe billboard appeared in the Hollywood blockbuster *Transformers 2*, a product placement that pleased Chinese audiences.

Metersbonwe has done what few other Chinese brands have been able to achieve: outpace foreign rivals in the hyper-competitive Chinese fashion market. According to a Euromonitor survey, his firm ranked top in the domestic market in branded casual wear. The growth is reflected in the turnover and profits at his unusually named flagship store in Shanghai, the Metersbonwe Clothing Museum.

Need to know

Like most Wenzhou businessmen, Zhou himself is an active investor in the capital markets. That seems to have got him into trouble in January 2016 when he suddenly went missing for a week amid speculation that he was under investigation by Chinese authorities.

Zhou reappeared later but more bad news followed. Metersbonwe reported that it made a Rmb430 million loss in 2015, the first time it had failed to make a profit in eight years.

Photo Source: Imagine China

"I went from being a rural tailor to China's tailor. In the future I hope to become the world's tailor"

Key info

Zhou is worth Rmb26.5 billion according to Hurun's China Rich List in 2015.

Year born

1965

Clothing

Qiu Guanghe

Semir Garment

"I won't think about retiring until I am 90 years-old"

Hurun's 2011 Rich List saw Qiu Guanghe become the richest man in Wenzhou, with a fortune of $5.6 billion. But back in 1951 when he was born into a poor family in Ouhai, a small town near Wenzhou, Qiu's prospects looked bleak. With a blind father, he had to drop out of school at 14 to work in the fields.

Getting started

Aged 16, he joined the army but returned home after finishing his military service at 20. For the next 10 years he worked for a company owned by his village, rising to become its boss. He later resigned, telling Wenzhou Daily that with his salary of just Rmb40 a month, he couldn't make life any easier for his family.

Ouhai Household Appliance was the first company Qiu created himself – it was launched in 1988. It grew quickly to become the largest distributor of home appliances in the Wenzhou area.

Then the business was hit by a natural disaster – a typhoon which swept away all of his stock. Qiu then changed course, picking the casual wear market as his next business target. His hunch was that garment styles from Western markets would soon spread to China. In 1996 Qiu started out Semir Group, aimed at fashion- conscious youngsters aged 16 to 25.

Big break

With similar designs and prices to thousands of domestic competitors, Semir struggled to stand out. Business was difficult but Semir survived and in 2002 Qiu started to consider the kids' clothing market too, which he thought was being ignored by most players.

Semir then launched Balabala, providing "free and unrestrained" casual clothes for kids between the ages of 3 and 12. The range included clothes, accessories and shoes, and by 2008 Balabala was China's leading brand for children's clothing in terms of revenue share.

Qiu also developed an asset-light model later adopted by other Wenzhou companies – outsourcing production and focusing on the design, logistics and supply chain management. Semir Group went public in March 2011 – though over 80% of Semir shares are still held within the Qiu family. Zhou remains one of the richest men in Wenzhou as Hurun's 2015 China Rich List puts his net worth at Rmb27.5 billion.

Need to know

Zhang Ruimin, the Haier boss, famously smashed a fridge with a sledgehammer to warn employees to pay attention to product quality. Qiu did something similar shortly after establishing Semir, torching 50,000 pairs of trousers due to a minor quality problem. He lost Rmb300,000 but began to build Semir's reputation in the process.

In his own words

"I'm a workaholic. I won't think about retiring until I am 90 years-old."

Photo Source: Imagine China

Key info

By August 2016 Semir's market value was Rmb31 billion.

Year born

1951

Clothing

Sheng Faqiang & Wang Jing

Toread

While Sheng Faqiang stays in the office, his wife Wang Jing (pictured above) promotes their sports gear brand by climbing the world’s highest mountains. The couple are founders of Toread, China’s largest outdoor sports gear maker by revenues.

Getting started

Sheng was born in 1969 in Gansu’s Dunhuang. He graduated with a degree in surveying at the Central South University. Like many of the 1992 class (which coincided with the year that Deng Xiaoping made his famed Southern China Tour to promote market reforms) he would give up a stable government sinecure at the railway ministry to start his own firm.

But his business making notebooks (the paper ones, not the PC variety) flopped. By then Sheng had met Wang, who was working as a waitress. They soon married and in 1995 they bought a patent for portable tents for Rmb5,000 at a sportswear exhibition.

They began selling the camping equipment in street markets. The husband-and-wife team would become today’s Toread.

Big break

In 1999 Sheng moved the firm to the outskirts of Beijing, registering its Chinese name as “Pathfinder”. The trademark, similar to a programme of space exploration at the time, raised awareness of Toread’s brand.

Astute marketing helped too, with Toread a keen advocate for protecting the Tibetan antelope in the Kekexili Plateau. In 2004 it started to ramp up production and business took off.

It now operates more than 1,100 sales points nationwide, broadening out into a mainstream brand offering a wide range of outdoor clothing and equipment, and becoming one of the few domestic firms that compete with international labels such as Columbia Sportswear.

In 2009, Toread was one of the first batch of 28 companies to go public on Shenzhen’s Growth Enterprise Market, the ChiNext. Its market capitalisation reached Rmb9.5 billion in August 2016. The couple is worth Rmb6.5 billion according to Hurun’s China Rich List.

Need to know

Wang sewed Toread’s tents herself and also drew the company’s logo in its early days. She moved away from daily operations in 2007 and has since become the only Chinese woman to reach all eight of the highest peaks on earth.

“A man should do something risky in his life. I think it applies to a woman as well,” she says. Wang is now Toread’s public face and her adventures have helped in networking with other members of the business elite too, as mountaineering has become a popular activity for Chinese tycoons to strengthen their informal networks.

Wang Shi, the boss of Vanke – China’s top residential property developer – agreed to be a Toread image ambassador in 2009, as he is another enthusiastic climber.

Photo Source: Imagine China

Wang is the only Chinese woman to reach all eight of the highest peaks on earth

Key info

Toread was one of the first 28 firms picked by regulators to go public in ChiNext

Year born

1969 & 1975

Clothing

Zheng Yaonan

Cosmo Lady

Photo Source: Imagine China

Zheng Yaonan has a job that some men might envy. He spends up to half of his working day watching women shop for lingerie. Dubbed "the man who understands women most", the 39 year-old became a billionaire by getting to know what women want.

Getting started

Born in 1975 in Fujian, Zheng failed to get into university after leaving high school. Instead he went to Shenzhen with just Rmb500 ($80) to his name. He started out as a security guard at a Wal-Mart store, where he watched how the retailer managed its stocks and served its customers. After saving enough money to open a small shop selling cosmetics, he switched to socks, only to realise that a neighbouring store had a much higher turnover selling lingerie. In 1998, he founded Cosmo Lady and began distributing female underwear.

Zheng expanded even when times were bleak. For example, Cosmo Lady added nearly 50 shops in 2003, somewhat counter-intuitively at a time when the Chinese economy was savaged by the SARS outbreak. In 2009 he invested in production facilities just as many other factories were being hit by the global credit crisis. But in doing so Cosmo Lady was transformed from a distributor into a more integrated lingerie maker.

Big break

Zheng then unleashed another aggressive expansion by franchising the Cosmo Lady brand. By the end of 2013 the company had built a nationwide network of around 5,000 franchise outlets, as well as 721 self-managed stores.

Zheng's goal: to make Cosmo Lady the first local bra brand with 10,000 retail outlets. The marketing effort has been huge. In 2012 Cosmo Lady made Taiwan model and actress Lin Chi-ling its image ambassador and Zheng made good use of Lin when he embarked on taking his company public, bringing her to roadshows to meet investors.

Cosmo Lady went public in Hong Kong in 2014. But competition has since escalated. The market remains too fragmented with around 3,000 manufacturers operating across the country, none of which hold more than a 3% share. The company's market value was HK$5.8 billion ($745 million) in August 2016.

Need to know

Zheng may not have gone to university but he knows the value of a good education. He has attended the Cheung Kong Graduate School of Business, an institution founded by Hong Kong billionaire Li Ka-shing that's an increasingly popular place for local business executives to learn and network.

One lesson he didn't need to learn at business school: Zheng likes to take his senior female staff to stores and have them pose as customers so that they can check whether service is up to scratch as well as to watch the buying behaviour of other shoppers.

He is known as "the king of the bra"

Key info

Cheng is worth Rmb8.5 billion according to Hurun's China Rich List.

Year born

1975