China's Tycoons

Many know him as China's richest man. Some say the Zhejiang native is in fact the best PR manager for corporate China. No one can deny that Jack Ma has come to personify China's internet economy.

Getting started

Ma's father is a renowned expert in Chinese opera. But as a teenager growing up in Hangzhou during the seventies, Ma was more interested in all things foreign. He would regularly cycle to a hotel so that he could show foreign tourists around his hometown. This not only allowed him to practice his English but also gave him an idea of what was going on outside China. After twice failing the university entrance exam, Ma entered Hangzhou Normal University, where he trained to become an English teacher. After graduating in 1988, he went on to teach at a Hangzhou college.

It was on a trip to Seattle in 1995, as an interpreter for a trade delegation, that Ma first came into contact with the internet. Told that he could find anything in the world online, he searched for “beer”. Seeing there was no information on Chinese lager, Ma got the inspiration he needed.

He borrowed $2,000 to launch China Pages, generally believed to be the country's first internet company. He eventually entered into a joint venture with his initial competitor, China Telecom, only to leave the company to very briefly run a government group in Beijing promoting e-commerce.

Big Break

In 1999 he then set up Alibaba.com, an online business-to-business marketplace designed to bring together importers and exporters. Initially working out of his apartment, he was able to expand after a round of cash injections from a series of big name investors – including Japan’s Softbank. In 2005, Ma sold a 40% stake to Yahoo, the US internet firm, for $1 billion. Since then, the growth in Ma’s internet business has been stratospheric. In 2003 he founded Taobao, a consumer-to-consumer platform. Even eBay, which once dominated the Chinese market, couldn’t prevent the rise of Taobao, which became the world’s most visited website. Meanwhile, Ma also set up Alipay, which has grown into China’s most important internet payment system. In 2014 Alibaba went public in New York. The flotation was the world’s biggest IPO. As of August 2016, Alibaba’s market value stood at $237 billion. Thanks to a controlling stake in Alipay, the Bloomberg Billionaires Index put Ma’s net worth at $34.5 billion. It ranks him the richest man in China (and Asia).

What next

Alibaba has expanded into a swathe of new businesses from making Hollywood movies to co-owning China’s top football team and purchasing the South China Morning Post newspaper in Hong Kong. Ma’s ambitions remain vast and his vision long term: “I want to build a company that will flourish for 102 years.”
Ma Huateng

Tencent

Big break
Tencent’s main product, named QQ, was an instant hit with web users, particularly the young. QQ’s growth was exponential, from a few million users in the first months to more than 800 million users today.

In 2001, Ma started to monetise his user base. Tencent then diversified into a portal (to generate ad revenue), online games (with paid subscribers), plus e-commerce and search. Tencent in 2011 launched the WeChat service, a hybrid between WhatsApp and Facebook. The messaging app had more than 700 million active users by 2016, and had become the dominant form of communication in China. The low-key Ma is the polar opposite of Alibaba’s flamboyant boss Jack Ma. Nevertheless the duo constitute China’s most talked-about corporate rivalry. Since 2014 the competitors have invested in almost every internet-related business (including online banking) in the quest for supremacy.

Going global
In recent years Tencent has been trying to duplicate WeChat’s success in overseas markets. In 2016 Tencent splashed $8.6 billion to acquire Supercell, the Finnish software developer behind the popular smartphone-based game Clash of Clans. In the same year it also unveiled a deal to cooperate with Foxconn to produce and sell unmanned electric cars by 2020.

Need to know
In late 2013 Tencent’s market valuation exceeded $100 billion, making it the first Chinese internet firm to reach this figure. As of August 2016 its market value stood at $247 billion, or more than 200 times its IPO value in 2004. Had Richard Li held onto his stake it would be worth nearly $50 billion.

Li Ka-shing’s son invested in Tencent in 1999. If he hadn’t sold in 2001 the stake would be worth almost $50 billion.
Li Yanhong (English name, Robin) is “the most handsome CEO in history” according to the Tianfu Morning Post. Born in 1968 in Shanxi province, Li graduated in information management from Peking University, before departing for a master’s degree at State University of New York.

**Getting started**
After finishing his studies, Li went to work for Dow Jones, where he developed software for the online edition of the Wall Street Journal. At the same time, he made a major advance in search engine technology with his creation of “hyperlink analysis” – a system where a web page is ranked according to the number of websites that link to it. In 1996, he applied for a patent, and soon became recognised as a leading search engine expert.

He returned to China in 1999 and struck gold immediately. His venture, Baidu, was a locally developed search engine designed to take on the likes of Yahoo and Google.

**Big break**
And unlike most other markets – where local search engines were overwhelmed by the global giants – Baidu grew to completely dominate China’s search industry, with a nearly 80% share of market revenue. A key part of Baidu’s success comes from its superiority in Chinese language search. When Google scaled back operations in China that also made space for Baidu to expand.

Baidu was listed on NASDAQ in 2005. As of August 2016, its market value stood at $60 billion. That means that its major rivals Alibaba and Tencent – the internet trio is dubbed as BAT in China – have both grown four times larger than Baidu.

**Tough times**
Despite a reputation for being the most tech-savvy among the BAT trio, the business model of Baidu’s core search engine division has been under pressure in recent years. For instance, in 2015 Baidu’s shares lost $4 billion in market value when investors were rattled by news that hospitals run by Putian businessmen (the biggest advertisers on Baidu) were threatening to boycott Baidu for overcharging on medical ads. Moreover, critics say that Baidu is not doing enough to differentiate paid searches from unsponsored links. That became a nationwide concern in 2016 following the death of a college student who had accused Baidu of misleading him. He blamed the search engine for directing him to a fraudulent cancer treatment in what turned into a major scandal.

**Need to know**
A bit like Steve Jobs, Li also relishes the showman’s role of announcing innovative new products to an adoring techie crowd each year at the Baidu World event. Although in Li’s case – being one of China’s corporate sex symbols – there are a good deal more women present in the audience. He’s also danced the tango on primetime TV. Another reason for the girls to swoon.
China’s Tycoons

Ding Lei
NetEase

NetEase in 1997 in an eight square-metre office without air-conditioning. Originally it sold email software.

Big Break 1.0
By 2000 web portals like Yahoo were becoming active in China and Ding decided to sink his software earnings into building one. He moved the company to Beijing and listed on NASDAQ. However, tensions quickly rose when the NASDAQ crashed in the dotcom bust and Ding’s co-founders left. The advertising business model wasn’t working and in 2001 NetEase was suspended by NASDAQ after failing to submit an accurate financial report. A depressed Ding considered selling the company, and was offered $85 million.

Big break 2.0
Tom Hanks may find this hard to believe, but according to Southern People Weekly, Ding reinvented himself after watching Forrest Gump five times in a row. He was also helped by an investment from Duan Yongping, China’s very own Warren Buffett. And when China Mobile came up with a new revenue sharing model that allowed websites to take a slice of SMS profits, Ding was suddenly able to monetise his user base. In January 2002 NetEase resumed trading on NASDAQ. Since 2009 it has operated the immensely popular online game World of Warcraft in China (the game was adapted into a record breaking movie in 2016).

As of August 2016, NetEase’s market value was $29 billion. That compares with Sina’s $5.4 billion and Sohu’s $1.6 billion.

Need to know
Ding is a great believer in the merits of Chinese traditional medicine. In another diversification strategy he is moving into pig-farming with the goal of revolutionising China’s scandal-ridden food industry, by using sustainable practices and organic feed.

A dozen years ago China’s dominant web trio was not BAT (Baidu, Alibaba and Tencent) but Sina, Sohu and NetEase. The relevance of portal operators has faded, although Ding Lei has reinvented NetEase as a leading online game provider.

Getting started
Born in 1971 in Ningbo, Ding Lei showed so little talent at school that his teacher blamed him for “hindering the whole class”. He blossomed late, and got into a top technical university in Chengdu. However, bored by his course on microwave communication, he cut classes and attended lectures on computing instead. On graduation in 1993 he joined the Ningbo Telecommunications Bureau. Against strong opposition from his family, he soon quit this job and moved to Guangzhou. He made friends with Tencent founder, Ma Huateng with whom he discussed the prospects of the internet. He founded

In a time of crisis, Ding reinvented himself after watching Forrest Gump five times in a row

Key info
- Ding is the 4th richest man in China with a net worth of $12.6 billion, according to Bloomberg Billionaires Index.

Year born
1971
Cao Guowei
Sina

China’s Tycoons

Cao Guowei, or Charles Chao as he’s now also known, was born in Shanghai in 1969. He graduated in 1989, with a degree in journalism from Fudan University, which led to a job in Shanghai as a reporter and master’s degree in journalism in the US.

Getting started

Once he’d got his degree, Chao decided to study accounting, a choice that would completely change the course of his career. After graduation he went to work first for Arthur Anderson and then PWC.

It was Chao’s financial expertise that gave him the opportunity to return to China. In 1999, he asked his friend, Sina’s then chief operating officer Mao Daolin, for career advice. Mao told him to come to work at Sina. The timing was impeccable – Sina was struggling to arrange its NASDAQ listing, and needed someone with experience of US financial regulations. The Sina IPO was pulled off later that year, with Chao coordinating the deal.

Big break

Chao was promoted to CFO in 2001, and it wasn’t long before he was shaping the growth strategy of the popular online portal. He recognised early on the potential of China’s mobile phone market and over the next few years made acquisitions that established Sina in the ‘wireless’ business.

That led to Chao being made co-COO in June 2004, a position he used to revamp the site’s advertising sales team and marketing software. But his real talents only became apparent a year later, when industry rival Shanda made an unsolicited raid on the company’s shares. Chao managed to put together a ‘poison pill’ defence.

The ultimate coup

Chao then took over from Wang Yan as CEO in May 2006, but suffered a setback in 2009 when his bid to acquire the assets of Focus Media failed. But he soon pulled off another coup that cemented his place as Sina boss. Together with other members of the senior management, Chao put together a $180 million management buyout, which made his consortium the company’s single largest shareholder. This means that the size of Chao’s net worth is not public, though certainly he is in control of one of China’s most influential internet firms.

Enter Weibo

The company launched Sina Weibo, a Twitter-like service, in 2009. Since then it has racked up nearly 300 million active users and acquired a dominant role in setting the country’s news agenda and forming public opinion. In late 2013, Alibaba acquired an 18% stake in Sina Weibo for $586 million. A year later the microblogging business went public on NASDAQ.

Key info
As of August 2016
Sina Weibo was worth more than $10 billion in market value.

Year born
1969

Sina
He’s the mastermind behind China’s first major management buyout

Photo Source: Imagine China
Charles Zhang was lucky: the Cultural Revolution ended just as he finished middle school. So he enrolled in Tsinghua, one of China’s most prestigious universities. In 1986 he received a full scholarship from Nobel prize winning physicist, Lee Tsung-Dao to travel to the US and attend MIT.

**Getting started**
Zhang discovered the internet early, and after graduating from MIT, he joined Internet Securities Inc and was sent to Beijing to set up its China operation. He saw the potential to build a Chinese internet search engine – in the mould of Yahoo – and in 1996 he jumped ship to create Sohu, which means ‘searching fox’ in Chinese. His portal quickly became a household name in China and listed on NASDAQ in 2000.

**Big Break**
Sohu is the second most popular portal in China (after Sina), and is used by millions of Chinese to read news, blog, and visit chatrooms. Zhang’s goal is to make it one of China’s premier media platforms.

But it hasn’t been plain-sailing. After the dotcom crash, American directors of Sohu tried to remove Zhang. After three years of boardroom struggles he won. China Business News reports he no longer has much time for American management theories.

In April 2009, Zhang listed his online gaming firm, Changyou.com. It runs China’s third most popular game, Tian Long Ba Bu, and makes all its revenues from selling virtual goods (such as medicines to be used in the game).

**Need to know**
Similar to the experience of Yahoo, which got replaced by Google as the dominant search engine, the three big Chinese portals – Sohu, Sina and NetEase – soon lost their first-mover advantage with the rise of the BAT trio (Baidu, Alibaba and Tencent).

While NetEase has reinvented itself as a major online game provider, and Sina has struck gold with its popular weibo service, Sohu’s development in recent years has been lagging behind. As of August 2016, its market capitalisation stood at only $1.6 billion, as compared with Sina’s $5.4 billion and NetEase’s $29 billion.

But Zhang is good at finding inner peace. He is into Buddhism and yoga: “If I am ever asked to teach a course at Tsinghua, I will choose meditation.” He reckons that he will be able to live to 150 if he can rid his life of stress.

Despite his busy work schedule, Zhang is still able to indulge in another passion: mountaineering. A serious climber, in 2003 he went part of the way up Mount Everest, posting pictures on Sohu as he went.

**Key info**
- Zhang’s net worth stood at Rmb5 billion in 2015 according to Hurun’s China Rich List.
- Year born: 1964
Amazon has rarely reported a full-year profit since it was founded in 1994 since the e-commerce giant has chased growth over profitability to compete with established giants such as Wal-Mart. Investors may hope Liu Qiangdong could one day do a Jeff Bezos.

Getting started
As a young man, Liu Qiangdong had an interest in politics. But after graduating in 1996 with a sociology degree from Beijing’s prestigious Renmin University, he decided to go into business instead by opening a restaurant. This first venture was a failure: within a year the restaurant shut down, leaving Liu in debt.

In 1998, Liu set up Jingdong Corporation in Zhongguancun, an area known for its electronics markets. Liu’s presence started off small – he got a stall in the market and became a sales agent for magnetic-optical products. Not everyone was supportive, including his girlfriend at the time, who wondered how a graduate from Renmin University could live such a life. Her parents looked down on entrepreneurship too. Naturally they parted ways.

Big break
Liu was not to be put off and by 2003, he had plans to open a chain of stores across the country. But the SARS crisis then made traditional retailing unattractive, as shoppers were avoiding stores for fear of infection. Liu took the opportunity to launch e-commerce site Jingdong Multimedia Network in 2004, which eventually became JD.com (formerly 360Buy Jingdong Mall), his most famous storefront.

While Taobao and TMall, the consumer e-commerce sites of Alibaba, are China’s largest online retail sites, they do not hold inventory themselves but merely provide platforms for others to trade on – a key difference from Liu’s business model, which more resembles that of Amazon. Together with a low-price strategy, JD.com has been Alibaba’s biggest e-commerce rival in China.

Liu’s strategy has attracted investors, although it has been lossmaking since 2012. In December 2010, his firm completed a round of financing worth $500 million from a group including US retailing giant Wal-Mart. Liu spent it all quickly: all the money was spent on improving the firm’s warehousing and distribution network. Liu has excelled in befriending his enemy’s (Alibaba) enemies. In 2014 it sold a 15% stake to Alibaba’s archrival Tencent. The deal came months ahead of its listing in NASDAQ. In 2016 it also formed an alliance with Wal-Mart by taking over the American giant’s China e-commerce unit.

Need to know
By August 2016, JD.com’s market value stood at $37.5 billion. It is one of the biggest internet firms in China behind the BAT trio. As for Liu’s love life, in 2016 he married Zhang Zetian, an internet celebrity who is 19 years younger than him.
After graduating from Xi’an Jiaotong University, Zhou Hongyi joined Chinese technology conglomerate Founder Group. He eventually became deputy director of R&D.

**Getting started**
In 1998, Zhou started his own website, 3721 (which is a shortened version of a Chinese proverb that sounds phonetically like “regardless of the consequences”). It allowed netizens to use the internet in Chinese – so for example, if someone wanted to go to Sina.com, but they didn’t know the URL in English, they could just type “Sina” in Chinese on 3721.

By 2000, the company had received more than $2 million of venture capital. It survived the dotcom crash and started making money. It soon grabbed the attention of Yahoo, which at the time was struggling in China. The US search giant subsequently bought 3721 for $120 million, and a year later Zhou became the president of Yahoo China.

**Setback**
Under his leadership, Yahoo China became profitable for the first time in 2004, making $10 million of profit from $40 million of revenue. But at the same time, the Chinese search market was heating up: Baidu was strengthened by an IPO in the US and Google started local operations. Zhou found it increasingly difficult to maintain profits, and in August 2005 he resigned, becoming a partner in a venture capital company.

**Big break**
In 2006, Zhou became the chairman of Qihoo Technology, a security software provider. Its main product, 360, is China’s most widely used anti-virus software. Qihoo completed a NASDAQ listing in March 2011. Qihoo has maintained healthy profit growth since its New York listing. However, like many US-listed Chinese tech firms, it has also become the target of short sellers (who typically marry their trading activity with damaging reports by mysterious research houses). For instance, in 2012 it had to battle Citron Research which had published negative reports on Qihoo’s accounting policies, with Qihoo’s management countering the research contained “misleading speculations”. Qihoo is now in the process of delisting its shares from the US in a $9.3 billion deal. If successful, it is likely to refloat its stocks in China.

**Need to know**
Qihoo in 2010 got into a highly public spat with the provider of China’s most popular online message service, Tencent. Qihoo claimed that Tencent’s software, QQ, was scanning and leaking the personal data of its users. Tencent responded by blocking access to QQ for users of 360, while Qihoo reacted by blocking QQ access through its own software. They eventually resolved their differences.
China’s Tycoons

Chen Yizhou
Renren

Born in 1969, in Wuchang, Hubei province, Chen Yizhou’s talents took him first to university in Wuhan to study physics, then to the University of Delaware, before he ended up studying engineering at MIT.

Anything but a dropout
His first job was at Altec Industries, a US service provider to the power and construction industries, heading their North Asia operations. But Chen clearly has a thing for higher education: he quit to study for an MBA at Stanford. It was at Stanford that Chen met his future business partners, two Chinese engineering students with an interest in the internet. In 1999, all three returned to China to set up ChinaRen, a virtual community offering games, emailing and blogging services.

Growth
The start-up targeted university students and by the following year had more than a million registered users. Despite the initial success, ChinaRen was not immune to the dotcom crash. Luckily, the site was considered worth buying, by Sohu for approximately $30 million. Chen joined the acquirer as a senior vice president, but left in 2001.

Chen’s next project was China InterActive, another online venture offering information on popular online games such as World of Warcraft. It then started to gravitate towards social networking sites, buying established players such as xiaonei.com, which by late 2007 boasted a network containing more than 18 million university students from 2,200 universities.

Big break
In 2008 Chen’s venture obtained financing from foreign investors including Japan’s Softbank. Chen then set about creating a new site kaixin.com. A year later he rebranded kaixin.com and xiaonei.com into Renren. Positioning itself as China’s answer to Facebook, Renren went public on NASDAQ in 2011. At one point its market cap was worth more than $4 billion.

The rise of Sina Weibo and WeChat, China’s answers to Twitter and WhatsApp respectively but both offering more interactive features, have become China’s most popular social media apps in the smartphone era. Renren’s web-base service has gradually lost its appeal.

Need to know
As of August 2016, Renren’s market value has fallen nearly 90% from its peak. But don’t write off Chen too soon. He remains a respected figure among younger tech bosses in China. The company has repositioned itself as a venture capital firm investing in promising start-ups. As angel investment goes, one successful deal might be able to revive the fortunes of Chen and Renren.
China's Tycoons

Yu Yu

Dangdang

Getting started
Born in Chongqing in 1965, Yu Yu moved to Beijing at an early age. After graduating with an English degree from the Beijing Foreign Languages Institute, she went to the US. By 1992, she had earned an MBA from New York University and a year later she launched her own financial consultancy. Her time in the US came to an end when she met Li Guoqing, her future husband and business partner. They married, and in 1998, Li moved back to China.

Growth
Yu started to help Li run his publishing company, and although she had no experience of the internet business, she decided that the company would do better as a website, Dangdang.

With around 50 online bookstores in China in the late nineties, it was a crowded space. But Dangdang managed to get $6 million worth of seed capital. Although some of its competitors got more cash from investors, Dangdang – and its competitor Joyo – emerged as the dominant players.

Dangdang’s success did not go unnoticed. In late 2003, Amazon.com expressed an interest in purchasing the company. While Yu was happy to take them on as a strategic investor, the US company’s desire for a majority stake did not gel with her plans. In the end Amazon paid $70 million for Joyo, which remains Dangdang’s largest competitor.

Big break
Dangdang quickly became a major online presence: it has surpassed established bookshops such as Sanlian Bookstore to become the country’s largest book retailer. But like Amazon, it’s also moved beyond books. That expansion requires cash and the company’s 2010 US-listing brought in $272 million.

Investors were pleased – the stock rocketed by 87% on the first day of trading – but not everyone was satisfied. Yu’s husband publicly criticised the deal’s underwriter, claiming that the US investment bank had undervalued the company.

Yu promised that the company would use the proceeds to invest in logistics infrastructure, so that parcels get to the customer quicker. Central to this plan is a platform that will allow the company to receive cash-on-delivery from customers in 1,200 domestic cities.

Need to know
Dangdang has failed to keep up with the likes of Alibaba and JD.com. Local media outlets reported that it only managed to get through 2014 with the help of government subsidies and tax rebates. The company’s share price has now fallen 80% since 2010.

In 2015, Dangdang announced that it will go back to its roots – a physical bookstore – and open 1,000 bricks-and-mortar stores in the next three years.

Key info
Dangdang’s market value stood at $537 million as of August 2016.

Year born
1965

She has focused on selling books online

Internet and Media
Many tycoons in this book are fascinating rags-to-riches stories. Shi Yuzhu is unique: the self-made billionaire fell back to rags but rebounded to become one of China’s richest men again.

**Getting started**

Shi was born in Anhui province in 1962 and graduated from Zhejiang University with a degree in mathematics. He became a civil servant but then decamped to Shenzhen in 1989 to complete a master’s degree in software.

**Rags-to-riches, then rags again**

He made his first Rmb1 million selling software he’d developed, and formed the Giant Group, which is named after IBM’s nickname in China (“the Blue Giant”).

He then diversified into health-related goods, and his Nao Huang Jin (Brain Gold) vitamin product became a bestseller, making Shi a billionaire. However, over-investment in property – he attempted to build Giant Building, the tallest skyscraper of China – soon saw him in trouble. As the Asian financial crisis struck in 1997, his company was left with Rmb250 million of debt and a half-completed Giant Building. At one point Shi had to wear sunglasses wherever he went to avoid his creditors from recognising him.

**Big break**

But Shi was determined to bounce back stronger. In 1998 he borrowed Rmb500,000 from friends – and introduced another product line called Brain Platinum. With some clever marketing, Brain Platinum became one of China’s best-selling healthcare products. By 2001, Shi had repaid all his debts.

In 2006 Shi moved into online gaming. Giant was late to the party, but saw an opportunity to focus on second- and third-tier cities and the countryside, and marketed his own games heavily in internet cafes. The strategy proved to be successful. That’s why Shi likes to go by the title ‘Chief Gaming Officer’ and spends hours every night playing Giant’s own online game (as well as collecting player feedback).

He listed the gaming unit, Giant Interactive, in New York in 2007. The $887 million IPO was (at the time) the largest ever in the US by a Chinese private sector company.

In 2013 Shi led the way again with a $2.8 billion buyout offer for Giant Interactive, becoming one of the earliest Chinese firms to delist from an American bourse. In early 2016 Shi proposed to relist his gaming business in Shenzhen via a backdoor listing. As of August 2016, the company was worth $12.6 billion, or 4.5 times higher that Giant Interactive’s valuation as a New York-listed firm.

**Need to know**

Shi himself has been an active investor in the A-share market. According to Xinhua since 2011 he has been snapping shares in China Minsheng and over 13 months he made a profit of more than Rmb6 billion.
Chen Tianqiao
Shanda Interactive Entertainment

Getting started
Chen Tianqiao graduated from Shanghai’s elite Fudan University in 1995. It wasn’t long until he decided to strike out on his own. In 1999, when he was just 26 years-old, he co-founded Shanda Interactive Entertainment with his younger brother, using Rmb500,000 of savings that mostly came from stock investments. It had four divisions: animation, comics, games and peripherals. A couple of years later, only the online gaming section survived.

Big Break
Shanda’s first major success came when it acquired the distribution rights for The Legend of Mir 2, an online game originally developed by Korean firm Actoz. The game was extremely popular – attracting a (then) record 600,000 simultaneous users in its first year. As a result, Shanda made a return on its investment within just a few months after the game’s launch.

In 2003, Shanda launched its own game, The World of Legend. Once again the game was a success, but it drew unwanted attention when Actoz initiated a copyright infringement lawsuit against Shanda. The case was eventually settled: Shanda acquired a 29% stake in Actoz.

Growth
Shanda Interactive completed a NASDAQ IPO in 2004. The company’s range of online games by now included time-consuming massively-multiplayer online role-playing games as well as more casual games.

As the games market became more competitive, Chen started to diversify his company out of its core business. In 2008, he formed Shanda Literature, integrating the online literature assets that it had acquired in the years before. Next he purchased a majority stake in Hurray! Holdings, a Chinese provider of music and music-related products like ringtones and mobile devices. He then set up a joint venture with Hunan TV to produce online movies and TV series. With these deals under his belt, Shanda has become firmly established as a diversified interactive media company.

Need to know
Local media dubbed Chen as China’s answer to Bill Gates as he briefly topped the country’s rich list in 2005. However, Shanda’s development has been lagging behind the likes of Tencent. In 2013 he took Shanda private in a $2.3 billion deal that aimed to relist the company in China.

Like many other Chinese internet tycoons, Chen has since reinvented himself as a venture capitalist. But rather than focusing on tech start-ups in China, Chen’s investment portfolio has also developed an appetite for undervalued US stocks. For instance, regulatory filings have shown that he has accumulated an 11% stake in Lending Club, a major peer-to-peer lending firm.
The 2013 version of this publication predicted that Wang was a Chinese internet tycoon ‘in the making’. That came true in 2015 when his start-up managed to pull together the investment of both Tencent and Alibaba.

Getting started
Born in Fujian in 1979, at the dawn of China’s reform era, serial-entrepreneur Wang Xing was educated at Beijing’s Tsinghua University where he studied electrical engineering. In 2001, he flew to the US to start a doctorate at Delaware University. But he soon dropped out and returned to China to start his first venture.

First try
In 2004 Wang launched social networking site youdodo.com. He seemed to be on to something – around the same time, Mark Zuckerberg was establishing Facebook. But the site was not a success. At the same time, Wang had another business called youzitu.com, a website that helped Chinese students studying overseas share their digital photos with friends and relatives by printing them out and sending them home. This business also failed.

Can’t stop starting
Wang didn’t give up and in 2005 he launched xiaonei.com. This site focused on students studying at Chinese universities. When the site then started to expand rapidly, Wang didn’t have the capital to fund the pace of growth. So Xiaonei.com was sold to another Chinese businessman, Chen Yizhou, for $2 million. Chen subsequently rebranded the network as renren.com, and eventually listed it (the IPO valued it at several billion dollars).

Wang’s other start-ups include fanfou.com, a microblogging site that went online just months after Twitter started in the US. It was closed down after failing to grow fast enough. Another social network site, hainei.com, targeted white collar workers, but was not able to compete with rivals offering online games on their platforms.

Success at last
Undeterred, in 2015 he founded group purchasing site Meituan. The online-to-offline start-up began as a local version of group purchasing giant Groupon but then moved into the fast growing meal delivery business. Meituan then attracted investment from Alibaba. In 2015 Meituan combined with the Tencent-backed rival Dianping. Meituan-Dianping reportedly has over 80% of the food delivery market. A fundraising round in 2016 has valued the company at $16 billion. Hurun’s 2015 China Rich List believes Wang to be worth around Rmb6 billion.

In his own words
“My patience is a bit longer than most founders, that’s something I’ve gotten from years of start-up experience”
Born in 1966, Hong Kong-native Victor Koo received his higher education in the US, graduating first from the University of California at Berkeley, followed by an MBA from Stanford Business School.

In 1999, after working five years at a venture capital company in Beijing, he became the CFO of Chinese search engine company Sohu. He stayed until 2005, eventually assuming the role of president.

**Getting started**

In 2006, Koo launched his own venture, Youku, an online video site. Unlike YouTube, which focuses on user-generated content, Youku tilts more towards licenced media, mostly from China, Hong Kong and Taiwan.

By showing television shows a day after they were first broadcast, Koo created something akin to an online TV channel. That said, Youku users could still post their own videos, and receive a cash reward if they proved popular.

**Big break**

The site shows high profile content. In 2010, it worked with CCTV to screen an online version of its annual Lunar New Year Gala, and it later bought the rights from the state broadcaster to show matches from football's World Cup. It also shows big Hollywood films, like *Inception*, on a pay-per-view basis (the Rmb5 fee is about the same price as a pirated DVD).

Koo joined China's tycoon club in December 2010 when Youku went public in New York. Rocketing 161% on the first day of trading, shares in the company had more than tripled in value by the next day's close. This was the second-largest debut trading rise for a US IPO in the last decade.

Koo thought that the key to profitability was to increase advertising revenues, and he saw scope to boost sales. Youku currently shows just one minute of advertising per hour, compared to the 12 minutes shown by standard Chinese television stations. So Koo remains confident that his company is on the road to profitability.

**Takeover and taken over**

In early 2012 Youku successfully took over its biggest rival, Tudou in a deal valued at $1.1 billion. The merged entity became China's biggest online video provider. In 2015, Koo said yes to a $4 billion buyout offer from Alibaba.

Now a billionaire, Koo remains the boss of Youku-Tudou. What is driving him on? Alibaba will combine its own entertainment and movie business with Youku-Tudou, with a plan to list the new firm in the A-share market in three years time. If successful, Koo will get richer still.

**Key info**

Youku-Tudou was acquired by Alibaba for $4 billion in 2015.

**Year born**

1966
China’s Tycoons

Chen Ou

Jumei International

“Strive for our dreams, live a wonderful life and be ourselves.... I’m Leo Chen. I’d like to represent myself.”

That was how Chen Ou concluded a TV ad in 2012. The minute-and-a-half monologue turned out to be a marketing miracle. What seemed to be self-promotion helped to turn his firm into China’s leading online seller of beauty products, including brands like Calvin Klein, Estee Lauder and Elizabeth Arden. It also led to Chen becoming one of China’s youngest billionaires.

Getting started

Born in Sichuan in 1983, Chen got a scholarship aged 16 to study computer engineering in Singapore. Before graduation in 2005 he co-founded internet game firm Garena. In 2009 – aged just 26 – he then became the youngest Stanford MBA graduate from China.

Afterwards Chen and two classmates started another venture, Reemake, that ran ad spots in online games. But it struggled to make money and Chen switched tack, restructuring it into a group-purchasing website for cosmetics. It subsequently became Jumei in 2010, growing into more of a B2C platform for cosmetics and concentrating on better-known brands.

Big break

Jumei battled with more established rivals such as VIPshop and Chen began appearing on reality TV shows about young entrepreneurs to win attention. He also networked furiously, persuading Xiaomi’s charismatic chairman Lei Jun to become one of his mentors.

Chen’s efforts helped raise his profile and venture capital firm Sequoia Capital made a $9.5 million investment. Then came the highly successful “I am Chen Ou” campaign in 2012. In a month Chen’s weibo following climbed 50% to 1.5 million fans, while Jumei’s online traffic more than tripled.

Chen said later that the 99-second ad was worth hundreds of millions in advertising spending. But he also said he is aware of the dangers of being high-profile.

Need to know

Jumei went public in New York in 2013. Detractors were soon claiming that he owed his success to his family connections. But he hit back on his weibo. “Since I was a kid I would be beaten up by my father if I didn’t come first in exams,” he claimed. “I didn’t use a penny from my family as I got a full scholarship to study abroad. My father doesn’t know a thing about the internet but I wouldn’t be myself today without him. My character is the biggest fortune he has given me.”

At one point Jumei’s market capitalisation reached $4 billion. It has since fallen to around $850 million. Chen is now planning to take Jumei private and relist the company in China.

Chen is one of China’s youngest billionaires

Key info

Chen was worth Rmb5.5 billion in 2015 according to Hurun’s China Rich List.

Year born

1983
China’s internet heavyweights are building their business empires by acquiring promising start-ups. To do so, they are looking for promising young entrepreneurs to become part of their inner circles. Fu Sheng, the young CEO of Cheetah Mobile, is one of the young tycoons who thrives by “standing on the giant’s shoulders,” reckons Caijing magazine.

**Fu Sheng**

*Cheetah Mobile*

Fu helped to develop Qihoo 360’s Safeguard into one of China’s most popular pieces of anti-virus software. But he later fell out with Zhou and left Qihoo to join venture capital firm Matrix China in 2008. A year later he changed career path again, founding his own software firm Conew Image so as to compete with his former colleague Zhou.

**Big break**

Zhou has made few friends among tech tycoons due to his readiness to confront his rivals (Qihoo has had legal tussle with Tencent, and an ugly battle with Baidu). So becoming the enemy’s enemy has been a good way for Fu to forge allies. When he met Xiaomi’s CEO Lei Jun – who also founded Kingsoft Security, with Tencent’s CEO Ma Huateng as a co-investor – Lei invested in Conew. In 2010 Conew merged with Kingsoft Security and became Cheetah.

Cheetah has since grown into a leading player in internet and mobile phone security applications. As of August 2016, it had a market capitalisation of $1.9 billion – having gone public in New York in May – making Fu (owning 8%) one of the richest internet tycoons under 40.

**Need to know**

Fu is a big fan of trendy American tech products and he made headlines back home when he wore a pair of Google Glass spectacles while banging the opening bell on Cheetah’s trading debut. He was also one of the first people in China to buy a Tesla Model S. He wrote a weibo post in July talking about his driving experience in the electric car. And it began with a thank you to Lei Jun…
China’s Tycoons

Most Chinese internet firms face a common problem known as the ‘Tencent ceiling’ – or more specifically, the question of what to do if Tencent comes onto their turf and offers them direct competition.

This is a riddle Renren – once hyped as China’s Facebook – failed to solve. The NASDAQ-listed firm began to lose its appeal after Tencent launched its networking and messaging app WeChat. Since 2011 it has lost 90% of its market value. But Zhou Yahui, a former Renren staffer, found a way to burst through the Tencent ceiling. And he is now being dubbed ‘China’s richest man under 40’.

Getting started
Zhou was born in 1977 in the scenic city of Lijiang in Yunnan, the son of junior government officials. In 1999 he was admitted to the postgraduate school at Tsinghua University, although he decided to suspend his studies as part of a trial scheme that saw the university grant seed capital to some of its students.

With a grant of Rmb500,000, Zhou created a website that claimed to be China’s biggest provider of original online comics. The business survived for four years (the other 19 start-ups funded by Tsinghua all failed too).

In 2004 Zhou returned to Tsinghua to finish his studies. But a year later he left to join Renren, learning how to run an internet firm from his new boss Chen Yizhou.

In 2008 Zhou moved again, leaving Renren to establish Kunlun Tech, his second start-up.

Big break
Kunlun initially distributed online games in China, specialising in free, browser-based role-playing games. “I also had to face the Tencent ceiling,” Zhou later recalled, given Tencent’s dominance in online gaming. With Tencent focused on the Chinese market, Zhou looked for less contested turf in other Asian countries. The company started exporting titles to portals in Japan and Korea and Southeast Asia. “In China we can never defeat Tencent,” Zhou told Sina Tech. “But it took four years for us to be the second largest web-based gaming firm in Korea, and the biggest in Japan.”

Kunlun went public on Shenzhen’s ChiNext stock market in January 2015. The company has partnered with the likes of Rovia, makers of the Angry Birds series, and Supercell, which makes Clash of Clans (though in the latter case, Tencent has now bought the Finnish firm, which may complicate that relationship).

Need to know
“Chen Yizhou is always my master,” Zhou claims of his former boss. In fact, Zhou has followed Chen’s example and has himself become an active investor in other internet start-ups. His profile was raised too when in March Kunlun acquired a 60% stake in Grindr, valuing the world’s most popular gay dating app at $155 million.
China’s Tycoons

Cai Dongqing

Alpha Entertainment

A trip to Hong Kong in 1992 inspired him to make mini 4WD (four-wheel drive) toy vehicles. He founded Alpha and co-hosted a mini 4WD tournament for kids with a Guangdong broadcaster. In 1995 he duplicated the formula, on a bigger scale. This time he organised a national tournament and more than 600,000 youngsters from 28 cities took part. It greatly popularised his firm’s toy products and the company was able to build up a nationwide network.

Big break
In 1996 Cai’s Alpha brought to China a Japanese cartoon series about 4WD racing. The programme was well received by young audiences. Cai began to incorporate cartoon entertainment and bring over more animation series as well as branded toys from Japan.

In 2004, Cai renamed his company Alpha Entertainment. Two years later it produced its first TV franchise, a cartoon series about the adventures of yo-yo-playing youngsters (he used it to help sales of a yo-yo product he’d imported from Japan). Alpha’s animation business began to take off just as Beijing began to encourage Chinese firms to develop their own cultural businesses. Alpha Entertainment went public in 2009 on Shenzhen’s small- and medium-sized enterprise board. The company was valued at less than Rmb5 billion at the time. As of August, its market value had exceeded Rmb37 billion. According to CBN’s rich list, Cai has a net worth of Rmb22 billion.

In his own words
“I want every kid in the world to be able to see Alpha’s cartoons, and spread the Chinese culture to every corner of the world,” Cai once said of his goals.

Walt Disney began as a cartoonist in 1923 by producing a series known as the Alice Comedies (remakes of Alice in Wonderland). The company he founded would go on to become one of the world’s biggest merchandisers of toy products. In Guangdong a toymaker is now striving to become China’s answer to Disney.

Getting started
Cai Dongqing was born in 1969 in Guangdong’s Shantou. As the eldest son of a farmer, Cai didn’t even have the chance to enter high school. He worked as an apprentice at a local factory, and in 1986 he set up a plant making small plastic instruments for kids. His first start-up was a disaster and Cai was soon forced to work in a factory. Before long he came up with a new venture: making toy trumpets. This time Cai was able to accumulate enough money from the toy sales to fund his next big idea.

Can he become China’s Walt Disney?
China's Tycoons

Wang Zhongjun
Huayi Brothers

Born to a military family in Beijing in 1960, Wang Zhongjun followed the family tradition by enlisting at the age of 16. After leaving the army, he worked for a few years as an art designer and photographer, and then as an advertising manager.

Big Break
In 1989, Wang flew to the US to attend university – first studying media at the University of Michigan, followed by a master’s degree from State University of New York. While studying, he worked part-time – and by the time he returned to China in 1994, he had saved $100,000, mostly from delivering food. He used this money to set up Huayi Brothers Advertising Company with his brother, Wang Zhonglei.

Wang got into making movies via television. In 1998, he met a friend who told him about the TV business. Wang quickly invested in a TV drama and subsequently doubled his money. He then invested in three feature films, but only one made a profit.

Growth
His luck changed when he met director Feng Xiaogang. In 2000, after working together on A Sigh, Wang and Feng decided to cooperate over the long term. At the same time Huayi Brothers and Taihe Film Investment Company was established, with Wang acquiring Feng’s studio for Rmb600,000.

With Feng at the creative helm, Huayi went on to have a series of hits – such as Sorry Baby, Big Shot’s Funeral and Assembly. Its blockbuster, Aftershock, was selected as the Chinese entry for the Best Foreign Language Film category at the 2011 Academy Awards.

Need to know
In 2009, Huayi Brothers became one of the first companies to list on the Growth Enterprise Board in Shenzhen, raising Rmb620 million. It has been one of the best performing stocks on the ChiNext. As of August 2016 Huayi Brothers’ market value stood at Rmb36 billion.

Wang’s ambition is to become China’s Time Warner, as well as its Walt Disney – the idea is that Huayi will not be just a film and TV company, but a broader media and entertainment enterprise.

And to relax
Wang has the typical pastimes of a movie mogul – such as tasting fine cigars and collecting contemporary art. And others not so typical: “I still have a niche hobby, planting trees! I have now planted more than 500, mostly ancient and rare species.”

The Wang brothers have been smashing records at both the Chinese box office and in art auctions. A piece of Song Dynasty calligraphy, for example, was acquired by Wang for a record Rmb207 million in 2016.
Wang Changtian

Enlight Media

TIME magazine was co-founded in 1922 by Henry Luce, who worked as a journalist before launching his media business with his former Yale classmate Briton Haddon. The venture would later merge with Warner Communications to create the entertainment giant Time Warner.

The early career path of Enlight Media’s Wang Changtian evokes similarities with that of Luce (who was born in China’s Shandong province). Wang will be hoping that his own firm can build a global reputation too.

Getting started
Wang was born in 1965 to a rural family in Dalian in Liaoning province. As one of the best performers in the 1984 gaokao (China’s college entrance exam), he enrolled at Fudan University in Shanghai to study journalism. In 1988 he was given a position at the news bureau for the National People’s Congress and in 1990 he became a financial journalist at a state-run newspaper. But Wang says he’d always been fixated on another goal: a mission to entertain.

The stage was set in 1995 when he joined Beijing Television as a producer. Wang founded Enlight Media in 1998 as the central authorities began loosening the rules for privately-held firms to provide content for state-run television. After making a number of popular shows, Enlight went into the movie industry too, partnering with state firms to distribute and co-invest in local films.

Big Break
Enlight Media went public in Shenzhen in 2011. But it was not until 2013 with the release of Lost in Thailand that it started to earn international recognition. Casting no major celebrities, the movie cost Rmb30 million to produce but ended up surpassing Rmb1 billion at the box office. It also validated Enlight’s strategy of betting on up-and-coming directors like Xu Zheng (the actor-director of Lost in Thailand) and Vicki Zhao (the starlet turned first time director for So Young) for action and romance films.

“Some of the older directors are not very creative and their attitude toward filmmaking is outdated, so I don’t like to work with them,” Wang told The Entrepreneur.

Need to know
Wang has made no secret of his international ambitions, including plans for Hollywood expansion. The internet giant Alibaba paid $384 million for an 8.8% stake in Enlight in March 2015, valuing Wang’s company at $4.3 billion. As part of the deal, Enlight would invest in five films produced by Alibaba’s entertainment unit Alibaba Pictures.

Enlight’s market capitalisation stood at $5 billion as of August 2016. The Forbes 2016 World Billionaire List estimates Wang’s net worth at $2.4 billion.

He produced the first Chinese movie to make Rmb1 billion at the box office

He produced
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billion at the
box office

Key info
The Forbes 2016 World Billionaire List estimates Wang’s net worth at $2.4 billion.

Year born
1965

互联网与媒体
China’s Tycoons

Jia Yueting
LeEco

When a record share price made Apple the most valuable company of all time last year, it was unthinkable for Foxconn to contemplate life beyond the US giant.

But Jia Yueting needed just five minutes to convince Foxconn boss Terry Gou that he should be doing just that.

Getting started
Born in 1973, Jia’s first job after university was at a tax bureau in Shanxi. He quit a year later and joined one of the many coal mining firms in the inland province. In 2002 he switched tack, launching his own business selling telecoms equipment to state-owned firms. That venture would later become Sinotel Technologies, which went public in Singapore five years later.

Big break
Jia founded LeTV in 2003. With 500 or so YouTube copycats already crowding the market, LeTV instead adopted the subscription model used by US firm, Hulu. Jia focused on copyrighted material and domestic TV series. This meant LeTV was an early adopter of copyrighted content, which has since become an industry norm. LeTV’s business grew quickly and it floated its online unit Leshi Internet in 2010. The company soon began to produce its own TV content too.

Big break two
The Foxconn deal came about in June 2012, when Jia attended an event at which Terry Gou was guest of honour. When Jia asked for a meeting with the Foxconn chairman, Gou gave him five minutes before dinner. Jia grabbed the chance to wax lyrical about how Foxconn could beat Samsung with LeTV’s “complete ecological model”, linking electronic gadgets and their content to interactive TV. Gou’s interest was piqued and Jia ended up spending an entire week at Foxconn’s headquarters negotiating a strategic partnership.

Since then Jia has expanded his business interests into making TV sets and smartphones. In 2016 he rebranded his booming business empire as LeEco. Its new smartphone model Le2 has presale orders of 20 million, according to China Business Journal, and it could become “the best selling smartphone of 2016”.

Need to know
Many tip LeEco to be the biggest challenger to the BAT trio. But Jia’s stellar rise has not been without a few bumps. Jia went missing for nearly five months in 2014, fuelling speculation that he had been caught in the crossfire of a Beijing power struggle.

Jia reappeared, reporting that he was away from China undergoing an operation, as well as hammering out the details on foreign deals, including Faraday Future, a US-based electric car maker he bought.

In his own words
“Apple is outdated and losing momentum in China... Apple’s iPhone SE, from an industry insider’s perspective, this is a product with a very low level of technology.”
Lu Feng
Wind Information

In its early stages Wind mostly provided customised reports for brokerages. Enraged by broking houses that treated him like a “factory worker”, Lu made a pilgrimage to Bloomberg’s New York office in the late 1990s. After that he decided to transform Wind into China’s equivalent: selling terminals to institutional clients.

Big break
Demand for financial data, as well as for Wind’s terminals took off with major financial reforms in 2005. More than 90% of Chinese financial firms are now using Wind’s services. Three quarters of the Qualified Foreign Institutional Investors permitted to buy Chinese equities, are also captive clients.

Hurun put Lu’s net worth at Rmb6.5 billion in 2015 although the figure may well rise once Wind decides to go public. Its less influential rival Shanghai Great Wisdom (another provider which tried to adopt Bloomberg’s model but ended up being sued by the American firm for copyright infringement) is now trading on a market capitalisation of Rmb6 billion.

So far – and unlike Bloomberg – Lu’s business has concentrated on market research and data rather than trying to break news.

But its main domestic competitor has already made the foray into news. Shanghai Great Wisdom now owns newswire service AAStocks.com. Wind is yet to make a similar move.

Need to know
Employees have complained that Lu keeps “a stone face for 80% of the year”. But according to Lu, this is also modelled on Michael Bloomberg as “an angry boss stops staff from getting lazy”.

Bloomberg by Bloomberg is a business bible as far as Wind Information’s founder Lu Feng is concerned. He made Michael Bloomberg’s biography essential reading for all his managerial staff, and grew Wind into China’s answer to the American media and software giant.

Getting started
Lu was born to a rural family in Hubei. He graduated with a computer science degree from Shaanxi University of Science and Technology in 1992 and was allocated a job at a textile industry bureau. He quit after three days, complaining that “there are no computers”.

Following Deng Xiaoping’s 1992 Southern Tour, Lu went to Shenzhen to look for work but ended up empty-handed. He then turned to Shanghai for opportunities, where he was inspired by a trip to the stock exchange. Outside there were brisk sales in data sheets about listed firms. The information wasn’t sold cheaply at Rmb10 per A4 sheet.

Lu rented two old computers, hired a few typists and started selling digitalised financial information via modems and CD-ROMs. The start-up would go on to become today’s Wind.