

Zong Qinghou

Wahaha Group



Before the emergence of Alibaba, Wahaha was the most iconic company from Hangzhou. Both Zong Qinghou and Jack Ma started their careers in a Hangzhou school, and both would make the stellar rise to top China's rich list.

Getting started

Born in 1945, Zong Qinghou's high school closed its doors during the Cultural Revolution and he was sent to the countryside. In 1981 he returned to Hangzhou and until he turned 42 worked as a salesman at a firm (owned by a school). Then he and two colleagues borrowed Rmb140,000 to start selling children's health drinks. The business was named Wahaha, which means 'laughing babies'.

Big break

The company attracted investment from Danone in 1996 and launched 'Future Cola' in 1998 – a direct assault on Coke and Pepsi. Wahaha is one of China's strongest brands in

soft drinks, bottled water, fruit juices and yoghurt beverages.

Wahaha has 70 manufacturing bases and sells its products through two million sales outlets. Wahaha takes pride that it has grown so big without incurring any debt.

However, it did have a long dispute with Danone, which accused it of selling identical products under the Wahaha brand in violation of their joint venture agreement. The dispute began in 2007 and saw Wahaha instead launch its own products outside the Danone JV structure. The fighting ended in 2009, when Danone agreed to sell its 51% stake in the JV to the Chinese partner.

In 2012 Wahaha expanded into retailing, with plans to open 100 department stores. The first one was opened in Hangzhou. Zong said that by having its own shops, Wahaha would have more of a say in the distribution of its products. And in terms of sales, Zong believed that it could help in goal of boosting revenues to Rmb100 billion. Things have not gone according to plan, however, as an increasing share of the retail market is moving online, leading to underperformance in its shopping malls.

Management style

Zong says his role model is Mao Zedong. Internally his management ethos is known as 'Zong at the helm, with power only decentralised on minor issues'. He says an enterprise needs to be run like an army with a unified will. Then again, incentives are less Maoist. Performance-related pay means bonuses constitute about half of yearly staff compensation, and workers get equity too.

And to relax

Despite being one of China's richest people, Zong doesn't splash his money about: he likes to eat tofu and vegetables; his only concession to luxury is high quality Longjing green tea, which he drinks in large quantities.

Before the internet era Wahaha was the most iconic firm from Hangzhou

Key info

New Fortune magazine puts Zong as the fifth richest man in China in 2015 with a net worth of Rmb88 billion.

Year born
1945

Luo Hong

Holiland



The 49 year-old Luo Hong is from Sichuan and his first job was as a photographer's assistant.

Getting started

On his mother's birthday he could not find a cake he liked. So he baked one himself and thought the result so good that he opened his first bakery. He soon opened more shops. In 1992 he founded the company Holiland.

The late Robert Rich – the American billionaire inventor of non-dairy whipped topping – was so impressed by Holiland that he came to meet Luo personally. A deal was then inked to use the “Cream King's” products.

By 2012 the unlisted firm had close to 1,000 stores and revenues of around Rmb2 billion. Regular cakes account for 60% of the company's sales, while moon cakes and sweet dumplings account for another 20% and 10% respectively.

Holiland's business went through a crisis in 1999, due to a folk superstition in the northeast

of China (a key market) that 99 was an unlucky number. So fewer people celebrated birthdays, leading to a collapse in cake sales, and big losses.

Luo responded by bringing in a professional manager, Xie Li to run the business. He then decided to reconfigure his work-life balance very much in favour of the 'life' part.

And to relax

Forbes magazine has cited 24 world business leaders with an 'outstanding' hobby. It mentioned Warren Buffett (ukulele), David Rockefeller (entomology), Bill Ford (tae kwon do) and Luo himself (wildlife photography).

In fact, Luo has become more famous as a photographer than as a businessman, going as far as Antarctica twice and Africa 38 times to photograph wildlife. But after his long sojourn Luo now says he wants to get more involved in the business again; he says the company's “rhythm is now too slow”.

In fact, being out in the wild has helped Luo come back to the cake industry with new ideas. He showed one interviewer a photo of a swan floating on the River Cam in Cambridge – it will be the inspiration for a series of luxurious Black Swan cakes, to be priced between Rmb400 and Rmb10,000 (the most expensive one will be a wedding cake delivered in a Rolls Royce). More generally, the company is expanding its range of delights to include more mooncakes and sweet dumplings.

Given he has amassed hundreds of thousands of photos, he also embarked on an ambitious project to build his own personal exhibition hall in Beijing. The project cost Rmb500 million and covers an area of 120,000 square metres. It is the biggest individual photography museum in the country and opened in mid-2016 to positive publicity.

His firm bakes cakes but he is more famous as a photographer

Key info

He's built the country's biggest photography museum to display his collection of wildlife photos.

Year born
1967

Liu Hanyuan

Tongwei Group



Liu Hanyuan was born in Sichuan province in 1964, where he graduated from the Fisheries Vocational School. His first job at the Lianghekou Reservoir Fishery saw him earn a monthly salary of Rmb41.

Getting started

In the early 1980s fish were expensive and a luxury for most inland Chinese. But Liu invented a large metal cage which could be used to farm fish. From an initial 185kg of carp, he bred a record 1,390kg catch in his cage.

But he surmised that others would soon copy his design and he'd not profit from it. Instead, he realised that his experiences would spawn a wider industry of fish farmers. What they would need was feed for their fish.

In 1986 Liu built a fish feed factory in his hometown of Yongshou. Still only 22 and with no formal degree in mechanical engineering or design, the self-taught entrepreneur nevertheless oversaw the construction and

installation of a plant with an annual feed output of 5,000 tonnes.

Growth

In 1992 his Tongwei Feedworks relocated to Meishan. Investing Rmb10 million of his own funds, he built a new factory with an annual output of 100,000 tonnes. He also opened research and development facilities, looking to expand into pig feed and pet food.

Liu's story is one of ever-increasing scale. In 2000 he opened a plant in Guangdong capable of an annual output of 500,000 tonnes. By 2003 he had 40 facilities and by 2009 his volumes had hit 5 million tonnes per year – making him the world's largest aquatic feed producer.

His Care Pet Food had also taken a leading position in the domestic pet food market. He listed Tongwei in 2004, and in 2012 saw sales hit Rmb13.5 billion. In May 2009 he opened one of Asia's largest feed facilities in Vietnam, and is eyeing expansion into Africa.

Need to know

Tongwei bought a 50% stake in a small solar firm in 2002. What started as a small investment is turning into the company's core business. With Tongwei's agribusiness providing a healthy cushion, the company was able to capitalise on a bearish global solar market and expand. In 2013 Tongwei acquired LDK Solar for Rmb879 million. Tongwei is now planning to invest Rmb26 billion to increase production capacity to produce 5 gigawatts of solar cells annually. Tongwei wants to derive more than half its sales from solar within five years, up from about 30% at the time being.

The 'fish king' is reinventing himself as the 'solar king'...

Key info

Liu was worth Rmb16.5 billion last year according to Hurun's 2015 China Rich List.

Year born
1964

Photo Source: Imagine China

Tao Huabi

Laoganma Special Flavour Foodstuffs



Tao Huabi, 68, was born in Meitan, a small town in Guizhou province. She never attended school, was widowed at 20 and became a rickshaw driver, before saving enough from various jobs to open a restaurant selling homemade rice noodles in 1989.

Getting started

Tao's 'restaurant' was in reality only a stall, located next to a vocational college. But her low prices and homemade cooking attracted plenty of students. She made the noodle sauce herself, mixing sesame, chilli and oil. In 1994 she expanded her business to a nearby highway, giving truck drivers a jar of her chilli sauce for free if they ate in her restaurant. The word got out through the trucking network. Soon people were coming to the restaurant just to buy bottles of Tao's sauce.

In 1996 Tao moved into the chilli oil processing industry and Guiyang Nanming Laoganma Special Flavour Foodstuffs plant was set up. Initially, there was no mechanical production line. All the sauces were hand-

made, even though employees complained that slicing the peppers was damaging their eyes. Tao worked alongside them. "Imagine they are just apples," she told them. "Then your eyes won't sting."

Growth

At first Laoganma chilli oil was sold only to noodle restaurants nearby. Although production volumes were small, there was still surplus supply. To find new clients, Tao carried baskets of chilli sauce to supermarkets and eateries across the city of Guiyang. Demand began to grow. Orders came in from other cities too.

Today, Laoganma is a leading chilli oil brand in the food industry. Besides chilli oil, Tao has developed 10 new product lines such as tofu in chilli oil and hotpot condiments. Machine-based production lines have also replaced manual operations, increasing her scale of production. Her factories turn out more than 430,000 jars a day.

The company now exports to more than 50 countries. The local government is pushing Tao to consider an IPO, but she has declined so far: "I don't know about IPOs at all. I only do the things I know how, like making better sauces."

Through her substantial purchases of the local pepper crop she also reckoned she had helped lift two million farmers out of poverty.

Need to know

Tao says her management philosophy is to treat company staff as family. The firm provides free food. On their birthdays employees get a bowl of noodles – made by Tao herself.

Due to her lack of schooling, the self-made lady had to be taught how to sign documents. When she was finally able to write her own name, she invited all her staff for dinner to celebrate.

**She makes
China's most
famous chilli
sauce**

Key info

Tao Huabi was worth Rmb7 billion according to the 2015 Hurun Rich List.

**Year born
1947**

Chen Sheng

Tiandi Yihao



Chen Sheng is a butcher, which is probably not what you would anticipate given he attended one of China's most prestigious universities.

Getting started

Chen was born in Zhanjian in Guangdong in 1961, getting into Peking University in 1980.

A bachelors degree in economics got Chen a government job earning Rmb80 per month. He quit in 1990 and began trading and then growing vegetables in commercial volumes. This venture made Chen his first million. Then he took an unorthodox career choice: he rejoined the state sector. This time he drew a salary of Rmb300 a month working with a state-owned property developer to learn more about the industry. In 1993 Chen founded his own real estate firm, which grew into the largest in his hometown.

Big break

Chen got his next business idea from the dining table. Inspired by a new Guangdong culture of drinking spirits infused with

vinegar, Chen started producing apple cider vinegar in 1997. The new beverage was called Tiandi Yihao (Tiandi means 'heaven and earth'; yihao means 'number one') and it proved hugely popular. The drink now accounts for 40% of China's fruit vinegar market and Tiandi Yihao has been valued at Rmb4 billion. The beverage business went public on Beijing's over-the-counter bourse the New Third Board in 2015. According to CBN the company's market value was Rmb13 billion in August 2016.

Pork too

Chen first invested in pig farming in 2006 and branded his produce as Yihao Native Pig. The new venture shot to nationwide fame in 2008 when Chen used his old-boy connections to hire Lu Buxuan, a fellow Beida graduate, who is known in the domestic media as "China's most famous butcher".

Need to know

Why is Chen's colleague Lu Buxuan famous? Lu graduated in 1989, a tumultuous year. It meant his early career was derailed by his involvement in anti-Party activities. But a 2002 newspaper article describing Lu slaughtering pigs in a wet market made him a household name – it seemed unexpected given Lu had been known as a gifted poet at Beida. His memoir *The World in a Butcher's Eyes* has been a bestseller for years.

Chen's decision to hire Lu was a masterstroke as he has become the face of Chen's pork business. The two have even started China's first butchery school. In fact, thousands of applicants with degrees now vie to get a spot on the trainee management course at Yihao Native Pig every year.

He's made billions from selling fruit vinegar

Key info

Chen's Tiandi Yihao accounts for 40% of China's fruit vinegar market.

Year born
1961

Wan Long

WH Group



In imperial China, butchery was a trade that carried a lowly status. Marrying a butcher was seen as an undesirable option. But being the most prolific butcher in modern China is an entirely different state of affairs.

Shuanghui Group, China's biggest meat processor, slaughters 30 million pigs a year and supplies 25% of the country's domestic market. Following a \$7.1 billion buyout proposal (including debt) for its giant US counterpart Smithfield in May 2013 Shuanghui's chairman Wan Long was even hailed by China National Radio as the "Steve Jobs of Chinese butchery".

Getting started

Wan was born in 1940 in the city of Luohe in Henan province. Before finishing high school, he joined the railway corps of the People's Liberation Army. Demobilised five years later, Wan returned to Luohe and worked in a meat processing plant for the next 16 years.

In 1984, when state-owned enterprises were being forced to undergo market reform, Wan became the first "democratically elected" plant

manager. It wasn't particularly good news. He took over a lossmaking plant with significant debt. But Wan soldiered on with his fellow workers and began selling pork under the Shuanghui brand.

Big break

When Shuanghui began to expand, Wan had trouble getting capital. Company folklore records that he waited for hours in a snow storm on a banker's doorstep for a Rmb300,000 loan. When the drunken financier finally returned home at midnight, Wan won him over with two cases of dry-cured ham.

The incident stirred Wan's distaste for local bankers, so Shuanghui began talking to foreign investors. The first investment, in 1994, was made by property tycoon Nina Wang, the late chairwoman of Hong Kong's Chinachem and once Asia's richest woman. Later Wan teamed up with a series of other foreign investors, mostly private equity firms, in a successful bid for Smithfield in the US. After completing the acquisition the combined company was renamed the WH Group. The pork maker went public in Hong Kong in 2014 – following an abortive attempt earlier the same year. WH's market capitalisation was HK\$90 billion as of August 2016. According to Hurun, Wan is worth Rmb5.5 billion.

Need to know

Wan is about to turn 75 (his birthday is in April). But discussion of his retirement is a banned topic in his firm. He says that his favourite pastime is inspecting hogs waiting to be slaughtered, where he scrutinises such detail as their colour, weight and even how quickly they run. "This is the key for our cost structure," Wan explains.

He also insists on taking three showers each day. "Showers make me sleep well. It is a must," he opines.

Retirement is a banned topic in Shuanghui, a rule installed by the 75 year-old tycoon

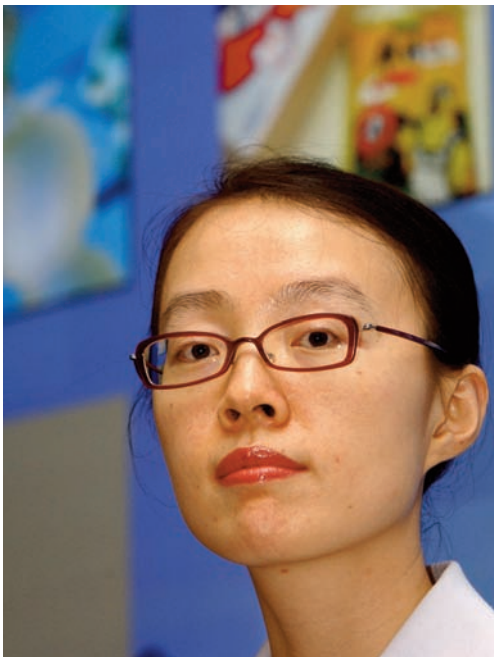
Key info

WH is now the world's biggest pork producer.

Year born
1940

Zhu Linyao

Huabao Group



Zhu Linyao has the most beautiful nickname among Chinese tycoons: the queen of fragrance. But most investors probably don't know much about the chairwoman of Asia's biggest flavouring maker.

Getting started

Zhu Linyao was born in 1970 in Sichuan province. While studying in Beijing she developed an interest in flavours. On graduating she started a trading business. She discovered that flavours and essences offered a great opportunity.

Growth

It is difficult to identify the early course of Zhu's path to success. She never talks about that part of her life, and doesn't give interviews. Her husband is Lin Guowen, who is currently a Shenzhen delegate to the CPPCC (an advisory body to China's parliament). In 1996 he invested in her business, Huabao Group, with a core focus in the manufacture of tobacco flavourings, such as menthol.

Big break

Huabao began working with China's biggest tobacco mills, entering into joint venture agreements. For example, in 2001 it created Yunnan Tianhong, which became the major provider of flavourings for all the cigarette brands of the Hongta Group, one of China's biggest cigarette makers. Huabao held 60% of the JV, and Hongta the remainder.

Since the alliance was forged, Huabao has been the only flavouring supplier for all Hongta tobacco products. Using the same model, Huabao established key partnerships with eight of China's top 10 tobacco firms, setting a huge barrier for competitors to enter the same market. By establishing these key partnerships with all the big mills, Zhu cashed in on China's huge cigarette market.

Food for thought

Viewing tobacco as a fast maturing area, Zhu decided in 2004 to move into food flavours. She established research centres in Shanghai, Yunnan and Guangdong, as well as further afield in Germany. She has focused on working with big food groups such as Danone and Yurun.

Going public

In 2004 Zhu acquired an inactive Hong Kong-listed firm via a reverse takeover. She began transferring Huabao's assets into the listing vehicle and renamed it Huabao International.

A flurry of asset injections jacked up Huabao International's share price. In 2006 Zhu took the chance to sell down her stake. According to regulatory disclosures, she sold 40% of her stake in Huabao International, in return for HK\$4.4 billion.

Chinese media says Huabao is the largest listed flavour and fragrance company in Asia.

She is known as the "Queen of Fragrance"

Key info

Huabao's Hong Kong-listed unit was worth \$1.2 billion as of August 2016.

Year born
1970

Chen Zemin

Sanquan Food



Chen Zemin was born in Chongqing in 1943 into a military family. After graduating from medical school he worked in a hospital in Zhengzhou and in 1984 was promoted to deputy head of another hospital in the city.

Getting started

To earn extra money to cover his two sons' tuition, Chen opened an ice cream store with Rmb15,000 borrowed from friends. He made the equipment himself and business was good.

Chen proved to be a good chef too. In Sichuan he learned how to make *tangyuan*, a traditional Chinese dessert (it's a sweet-sauced rice ball boiled in soup). Then on a business trip to Harbin he saw local people freeze their dumplings outside in winter. This gave Chen an idea for making a new type of *tangyuan* and three months later, the first frozen *tangyuan* were born under the brand name Sanquan Tangyuan.

Selling the concept

After a general manager of a supermarket tried Chen's recipe, he introduced frozen Sanquan Tangyuan into his store. Chen changed strategy accordingly – putting more effort into cooking at street markets and persuading store managers to try his product.

With this technique, he got his frozen *tangyuan* into most Zhengzhou supermarkets. After a year promoting his product, he quit his hospital job in 1992, creating his own company, Sanquan Group, at the age of 45. Even as it grew, he was one of its most active salespeople, driving around in a second-hand van equipped with kitchen tools.

"Maybe it looks stupid, but it works" was Chen's verdict. Sanquan Tangyuan started to have success in other markets like Xi'an, Shenyang and Beijing. By the end of 1993, his factories were producing 30 tonnes of frozen *tangyuan* a day.

Need to know

By 1995 copycat versions of Sanquan Tangyuan's products were also appearing. Chen chose to focus on improving quality. His theory was that a competitive market would end up producing stronger players who, in the end, would be better able to compete with foreign peers. Soon he'd expanded into more than 400 categories of frozen foods such as dumplings and rice-puddings.

He also started a fast food chain – Youzhiyouwei (Yummy) – to sell his own products. He listed his firm in Shenzhen in 2008 and by 2010, sales hit Rmb2 billion. In 2011 revenues declined the numbers were down to Rmb1.8 billion after a food safety scandal hit fellow dumpling maker Wanchai Ferry, disrupting consumer confidence. In 2015 the company sold Rmb1.2 billion worth of *tangyuan*. That business segment accounted for about 29% of its total revenue. According to Hurun, Chen's net worth is Rmb5.5 billion.

"A little rice ball would tell a big story"

Key info

Sanquan sold Rmb1.2 billion worth of *tangyuan* – a traditional Chinese desert – in 2015.

Year born
1943

Zhu Xinli

Huiyuan Juice



Born in 1952 to a rural family in Shandong's Dongli county, Zhu Xinli was a farmer by trade. Even as a kid he showed business acumen, digging up herbs that could be sold as Chinese medicine.

Getting started

At the age of 20 he was sent to a school that trained mechanics and mastered how to repair cars. In 1982 he rented a truck and helped local farmers to move things around. The one-man logistic venture gradually turned Zhu into a millionaire. In 1984 villagers in his hometown elected him as their Party chief. Zhu helped alleviate local poverty too by advising the farmers to grow grapes instead of corn, of which there was then a glut in China's northeast.

Zhu's capitalist successes caught the eyes of more senior, and reform-minded Party members. He climbed through the ranks to head a local state-owned factory. In 1991 Zhu

obtained an economic management degree from Shandong's Party school.

Big break

A year later, now aged 40, he quit his stable bureaucratic job and once again founded his own venture. He made the decision after peering at a newspaper photo that showed a bitter-faced farmer biting into an apple. Behind him there was a cart full of rotten fruit. The caption read: "I can't sell them, so I eat them."

Determined to give local fruit growers a more reliable outlet to dispose of their crops, Zhu acquired a Shandong canned fruit factory and subsequently grew it into Huiyuan Juice.

Huiyuan Juice went public in Hong Kong in early 2007. Within a year Zhu decided to sell. Coca-Cola came knocking with a \$2.3 billion takeover bid. It meant Zhu could receive more than Rmb7 billion for his 42% stake. But the lucrative exit was nixed by a mix of nationalism and China's new antitrust laws.

After the setback

In the wake of the failed deal, Zhu vowed to make Huiyuan even bigger and ventured into soft drinks. He hired demobilised soldiers to man a vastly expanded distribution network. Their military training, Zhu suggested, would help meet strict sales targets. By the end of 2015, Huiyuan's 100% juice products accounted for 60% of the market by volume and 49% by sales.

But increasingly fierce competition means Zhu's equity stake has declined in value. As of August 2016, the market value of Huiyuan stands at around \$1.1 billion, or less than half of what Coca-Cola was willing to pay for it in 2007. Hurun's 2015 Rich List puts Zhu's net worth at Rmb4.5 billion.

"Patriotic Chinese should drink Huiyuan's products everyday if they don't like a national brand acquired by Coca-Cola"

Key info

Huiyuan's 100% juice produce has a 49% market share by sales.

Year born
1952