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JANE JIE SUN, CEO OF CHINA’S BIG CTRIP TRAVEL SITE, FRONTS OUR LIST OF 25 EMERGENT BUSINESSWOMEN IN ASIA.

10 | FACT & COMMENT // STEVE FORBES
Is the GOP suffering from tax-cut amnesia?

THE EMERGENT 25

44 | ASIA’S STAR BUSINESSWOMEN
Our list highlights those women who are bringing their ideas, fresh perspectives and energy to the Asian business world.
EDITED BY MARY SCOTT

49 | ON A MISSION
Japan’s Miko Ito has a plan to scrub outer space clean of junk.
BY JAMES SIMMS

53 | JUST THE REMEDY
Samina Vaziralli gives Indian drugmaker Cipla a shot in the arm.
BY ANURADHA RAGHUNATHAN

COMANIES, PEOPLE

12 | FLYING HIGH
China backs two new airports in Cambodia, and a French company may lose its concession.
BY DANIELLE KEETON-OLSEN

15 | PIRATE PLAY
Beijing’s refusal to license South Korean online games allows intellectual property mischief to thrive.
BY AUGUST RICK

16 | IDEALIST ON A MISSION
Taizo Son has found a welcoming laboratory for his high-tech ideas in Singapore.
BY JANE A. PETERSON

22 | NEXT TYCOONS: INDIA’S LALBHAI FAMILY
They are putting new spins on their 121-year-old textile company.
BY ANURADHA RAGHUNATHAN

UNLESS OTHERWISE SPECIFIED, ALL TOTALS AND PRICES EXPRESSED IN OUR STORIES ARE IN U.S. DOLLARS.
BRAND BLINDNESS
NetEase challenges Chinese e-commerce giants on a new battleground.
BY JANE HO

GIRDING FOR GROWTH
A construction boom paves the way for new Vietnamese billionaire Tran Dinh Long.
BY LAN ANH NGUYEN

NOT SO FAST
We’re five years away from safe driverless cars for all, says Carlos Ghosn.
BY PAUL ARMSTRONG

FRANCE’S BIG PIVOT
Can Emmanuel Macron transform Europe’s perennial economic underperformer?
BY PARMY OLSON, WITH ALEX WOOD

PRINCE OF PALLETS
Can you make a killing of a century-old wooden device?
BY JOANN MULLER

WALL STREET’S RICHEST: HEDGEMONY
Forbes’ annual ranking of the top-earning hedge funders.
BY NATHAN VARDI

THE LAST TIMBER BARON
From humble beginnings, Red Emmerson has built a multibillion-dollar logging fortune.
BY CHLOE SORVINO

JUNIOR GUIDES
Crimson Education is a global tutoring empire. All that’s missing is a profit.
BY ALEX KONRAD

THE RIGHT DIRECTION
Mapbox tries to figure out how to compete with Google in the race to steer self-driving cars.
BY BIZ CARSON

FAIR GAME
Sarawut Pornpatanaruk taps into Thailand’s skin-whitening craze to build a $1 billion company.
BY NAAZNEEN KARMALI

THE LIST
The Chearavanont brothers remain at No. 1 with a record $30 billion.
BY NAAZNEEN KARMALI

TV TURMOIL
Digital licenses have turned out to be a dud investment in Thailand.
BY MEGHA BAHREE

THOUGHTS
On leadership.
BY PRISCA ANG
Because we believe that your time is precious
We’re determined to fulfill each and
every one of your moments in life with happiness

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Food, Beverage & Tobacco Industry Group,
Beverage Industry
If past performance is a guide, Malaysia’s election in early May will be a messy referendum on the country’s ruling clique. Prime Minister Najib Razak is using the powerful prerogatives of incumbency against a challenge led by his onetime mentor, former strongman Mahathir Mohamad. Awkwardly allied with Mahathir’s coalition is long-denied opposition figure Anwar Ibrahim, still in jail under Najib (as he was previously under Mahathir).

The result is unlikely to do much for transparent rule of law in Malaysia, let alone for its state-directed economy, which bumps along in spite of it all. But the electoral circus at least tolerates a level of dissent that allows the nation to escape the “not free” category again in this year’s world map from the respected U.S. organization Freedom House. Those are the purple places above; the green are “free” and the yellow in between.

For Asia-Pacific overall, this scoring—based on the UN’s Universal Declaration of Human Rights—is not encouraging. Freedom House says of the region: “Antidemocratic forces on the march.” In Southeast Asia, comparing the latest map with that of ten years ago finds Thailand has slipped down from “partly free,” and Indonesia, beset with Islamist pressure, has dropped a notch from a hard-earned “free.” The only brighter spot, “partly free” Myanmar, drew special barbs in this year’s findings for denying the Rohingya minority even basic human rights.

In a world now more vulnerable to autocrats overall, Asia is not offering many reasons for cheer. (Freedom House identified one upward signal: Timor Leste, with a peaceful power transition.) Hope for the darker quarters of the Korean peninsula is just barely that, as of now. The extraordinary beacon of recent decades, Taiwan, is under new pressure from the mainland amid Beijing’s renewed smothering of so many Chinese liberties.

For a business audience, the connection of these factors to economic gains is always a pertinent question. Some will see periodic contradictions. A telling measure is where the globe’s people, including its most creative and inquisitive, are migrating. Those engines of future growth motor toward “free.”
ON THE HORIZON:
A GATEWAY TO GREATER
GLOBAL COMPETITIVENESS,
A BLUEPRINT FOR SUSTAINABLE GROWTH

Charting a more expansive course for Papua New Guinea’s (PNG) economy requires a world-class maritime gateway, designed for growing trade across Asia and Oceania, and thoughtfully planned to benefit present and future stakeholders. This is precisely the vision for the international port in Motukea in Port Moresby, the bustling capital of PNG—a vision being realized through the strong partnerships between public, private and community sectors.

Port authority PNG Ports Corporation Ltd. is committed to transform the harbor area of Motukea island into a world-class port. Upon full build, Motukea will not only be serving Port Moresby, but will be capable of facilitating the expanding trade with Asia, Oceania, and other markets.

Private sector partner International Container Terminal Services, Inc. (ICTSI), through PNG unit Motukea International Terminal (MIT), leverages its depth of expertise in carrying out major port infrastructure projects, to ensure that the Motukea facility is robustly equipped to support PNG’s growth potential over the long term.

Partner Communities represented by Noho-Magae are engaged across several areas in the program such as providing port manpower and local expertise. With the ICTSI Foundation, ICTSI will provide community programs as part of Motukea’s sustainable port development.

Together, the PNG Government, ICTSI, and the Partner Communities are optimizing PNG’s potential across borders—and working for development that is sustainable across generations.

Headquartered in Manila, Philippines, International Container Terminal Services, Inc. (ICTSI) is in the business of port development, management, and operations. Independent of shipping, logistics, or consignee-related interests, ICTSI works transparently with all port community stakeholders. Operating in both developed and emerging market economies—in Asia Pacific, the Americas, Europe, the Middle East, and Africa—ICTSI has received global acclaim for its port privatization partnerships with governments.
30 Under 30 Asia 2018: the Young Stars, Innovators and Visionary Entrepreneurs

The Next Frontier for Billionaire Investor Jim Breyer: China and Blockchain

Huawei’s 2017 Profit Growth Helps Explain P20 Pro’s Price

Japan’s Richest 2018: a Banner Year and a Wealthier Number One

Singapore’s Accidental Hotelier, Allen Law

Tourism Generates Income Bonanza in Japan

READERS SAY

OUR THIRD ANNUAL listing of young innovators created quite a buzz in Asia (“30 Under 30,” April, p. 27). The athletes category included a snooker star (yes, snooker), Ng On Yee, who tweeted: “Surprised yet honored to be listed! Always proud to see Hong Kong Sports gain international recognition!” Stumagz cofounder Sri Charan Lakkaraaju, a recipient in media and marketing, said in thenewsminute.com: “I feel elated to be part of such a league. It is definitely a morale boost and has inspired me to dream bigger.” Social entrepreneur Ashleigh Streeter-Jones, cofounder of Girls Takeover Parliament, which addresses gender issues in Aussie politics, said in canberratimes.com: “This award opens up a world of possibilities for our work.” A less youthful reader, @jamesladd, was not as enthusiastic, tweeting, “No thanks—I’m waiting for the 30 under 50 list.”

CONVERSATION

THE INTEREST GRAPH

Youth and enthusiasm won out over Jim Breyer’s age and experience:

“The Japanese government aims to attract 40 million tourists by 2020, when Tokyo will host the Summer Olympics.”

“I dare to dream big.”

“Many of the best technology entrepreneurs and leaders I met are from China.”
Congratulations Peter on the listing!

- Cristiano Ronaldo
IS THE GOP SUFFERING FROM TAX-CUT AMNESIA?

BY STEVE FORBES, EDITOR-IN-CHIEF

LOST AMONG porno actress allegations, Syrian chemical weapons, food fights between the President and a rogue ex-FBI director, a North Korea summit and possible trade wars is the issue of tax cuts. The White House barely mentions the subject these days, and many Republicans are remarkably mum about what’s usually their signature issue. With barely concealed glee, the New York Times recently ran the headline: “Public’s Interest in Tax Law Has Slipped, and So Has Trump’s.”

This is a big mistake on the part of the GOP. It needs issues to excite and turn out its base, particularly those who voted for Trump. Right now, a good number of those folks are staying home, as evidenced by the elections in Virginia last November and a special congressional election in a Pennsylvania district that Trump overwhelmingly carried in 2016 but was won by a Democrat in March. The anti-Trumpers are angry, and they are voting.

What should greatly disturb congressional Republicans are the surveys showing that people overwhelmingly consider them to be part and parcel of the Washington swamp, not its drainers.

Instead of vaguely mumbling about perhaps another round of tax cuts, Republicans should be trumpeting specific proposals. When putting these together, they should banish the self-imposed straitjacket of the Congressional Budget Office, which purports to tell us what effects tax and spending proposals will have on the economy over the next ten years. Its projections have almost always been wrong, so ignore them.

Another must: Don’t call this exercise “tax reform.” The word “reform” tells people nothing. Instead, use the phrase “big tax cuts.”

Here’s what an exciting package should include:

- **Payroll tax cuts.** Millions of people don’t pay income taxes, but everyone who receives a paycheck gets dunned for Social Security and Medicare levies. These exactions make up FICA (the Federal Insurance Contributions Act). In 2011–2012 the first two percentage points of FICA tax were suspended. Propose a three-percentage-point holiday for at least five years. Lower-income earners, especially, would see a meaningful raise in take-home pay.

Would this jeopardize the Social Security system? No. Just as was done in 2011–2012, make up the shortfall from general revenues. Anyway, Social Security’s reserves, ostensibly almost $3 trillion, are illusory. There’s not a penny in there, just a bunch of nonmarketable IOUs from the Treasury Department. In other words, all of those trillions were spent as soon as they were collected.

- **Sharply lower income tax rates.** Last year’s tax legislation got rid of most deductions for state and local taxes. The trouble is the bill didn’t slash the federal tax rates, which would have stimulated the economy by lessening the price of productive work, risk-taking and success. Some GOPers snorted that this only hurts blue states, forgetting there are 20 or so vulnerable Republican house seats ensconced there. Speaker Pelosi, anyone?

- **A reduced capital gains tax.** This is a no-brainer. Cuts in this exaction always instantly boost revenues and stimulate investment, the crucial factor in a higher standard of living. Certainly a number of less dramatic but enticing goodies could also be tossed into this tax-cut salad.

Will Republicans have the gumption and imagination to do something like this? Unfortunately, with this crowd, we all know the answer to that question.

High Tech for Legacy Industries

One of the amazing aspects of new technology is how it can be applied with awesome results to traditional “legacy” industries. Sam Walton, a small northwestern Arkansas retailer in the early 1960s, brilliantly employed mainframe computers and software to better manage Walmart’s inventories and supply chains in a way his vastly larger competitors didn’t. This was a critical factor in making his chain the dominant behemoth in traditional retailing.

A similar story is unfolding in agriculture, where high tech is radically transforming what we think of as a bucolic, hardly changing endeavor into a truly cutting-edge one.
with vast increases in productivity. Even as populations grow, food harvests are increasing at a far faster pace.

An even more dazzling transformation is taking place in oil and natural gas, the geopolitical implications of which we are barely beginning to grasp. It wasn’t so many years ago that we were inundated with stories about “peak oil”—the idea that since there were no more humongous oilfields to be discovered, the world would consume oil faster than it could be replaced until the day came when we would run out of the stuff. U.S. oil production supposedly peaked in the early 1970s. Natural gas was so expensive and scarce that regulators told utility companies not to burn it to generate electricity, because it was too precious to use for this purpose.

Behold the situation today! Thanks to such astonishing technological breakthroughs as horizontal drilling and hydraulic fracturing (popularly known as fracking), gas and oil output, especially from shale, have exploded. The U.S. is once again exporting energy.

Far more astonishing, American oil production is higher than ever before. Add up the total production of oil, gas and other petroleum liquids, and we have surpassed both Russia and Saudi Arabia, a situation absolutely inconceivable a decade ago. The reserves in the Permian Basin, located primarily in Texas, exceed those in all of Saudi Arabia. If that isn’t eye-popping enough, consider this: In the next decade or so, the U.S. will be the globe’s lowest-cost producer of both oil and gas. That’s right: We will be able to pump out these hydrocarbons cheaper than Saudi Arabia.

The demand for oil and gas is only going to grow as burgeoning middle classes in China, India and elsewhere buy and drive tens of millions more vehicles, not to mention purchase refrigerators, washing machines and other household goods that will consume more electricity.

As noted energy expert Mark Mills has said: “It’s not just that technology has unlocked the long-known abundance of shale resources that were heretofore too expensive, but that the character of that technology is now in transformation. The future is all about a digital and artificial intelligence revolution. The effect of that will be to lower the bar for break-even costs from shale.”

Imagine, China’s next generation will find itself becoming very dependent on the U.S. for its oil, and Europe will have a major gas alternative to Vladimir Putin’s Russia.

The astonishing fact about the explosion in cryptocurrencies is that their creators have overlooked a fundamental fact: Money isn’t viable if it fluctuates in value, particularly with the wild swings characteristic of this sector. Most buyers are looking to make a quick buck, treating Bitcoin et al. like penny stocks of yore. They forget that the very instability of government-produced money is one of the two critical reasons cryptocurrencies were created in the first place (the other being privacy). If in 2013 you had taken out a mortgage for $250,000 in Bitcoin, you’d owe the bank roughly $18 million today.

Until one of these digital monies effectively ties itself to gold, a basket of commodities or a bundle of major currencies, it will never replace the flawed, traditional central bank currencies we’re currently stuck with. To be a true alternative, a cryptocurrency must also be easy to use for day-to-day transactions. Moreover, the supply can’t be artificially restricted. Fabricated scarcity doesn’t create value; utility and trustworthiness do. Look at the Swiss franc. Its supply is enormous. But because its long-term stability has been better by far than that of any other currency in the world over the past 100 years, people find it highly desirable.

As wise monetary gurus such as Nathan Lewis and John Tamny have pointed out, Bitcoin’s wild swings graphically underscore why monetary unreliability is so destructive. The dollar’s instability since we abandoned the gold standard in the early 1970s is a slow-motion version of what is happening to cryptocurrencies.
The future of Cambodia’s economy, as Tekreth Sam-rach, chairman of the government-controlled flagship airline, sees it, is in tourism. And thanks to China, tourism, like many sectors in the economy, is surging. “To be frank, everyone goes to China to make money,” he says from his office decked with pilot caps and model planes. “So we have to go to China to make money, too.”

Following that logic, the government appears to be making a sharp break from its long-standing partnership with French infrastructure conglomerate Vinci. It’s drafting plans and starting work on two new airports backed by mainland money, despite granting an exclusive, 45-year concession on international airports to a company majority-owned by Vinci. That concession isn’t supposed to end until 2040. The government’s move is meant to address the rapid rise in tourism, but it also reflects Cambodia’s increasingly enthusiastic embrace of booming Chinese investment.

One of the new airports will serve tourism center Siem Reap and the nearby 1,000-year-old temples. The government signed an agreement in 2016 with Chinese company Yunnan Investment Group and two others from Yunnan Province to invest in and build the project. Since March they have been prepping 750 hectares to the southeast of the Unesco World Heritage site. On the company’s website, the group’s chairman, Sun Yun, called it “a benchmark project for the Belt and Road Initiative,” referring to China’s development strategy to connect Eurasia in trade and transportation, with President Xi Jinping at the helm.

The plan for the second airport, in Phnom Penh, is more audacious. Announced in January, this project will be a joint venture between Cambodian developer Overseas Cambodia Investment Corp., or OCIC, and the State Secretariat of Civil Aviation, and built on 2,600 hectares of open land. The airport itself will cover 700 hectares and the rest will become an “airport city,” with a special economic zone, industrial area and housing developments, according to the secretariat’s deputy director-general, Sinn Chanserey Vutha. OCIC will invest $280 million, but the bulk of the funding, $1.1 billion, will come from the Bank of China, he says.

Both Sinn and Tekreth say they have few details about the Phnom Penh plans because the airport was directly ordered and arranged by Prime Minister Hun Sen. OCIC representatives declined to comment; the company is owned by Pung Kheav Se, a local tycoon and chairman of the country’s second-largest commercial bank, Canadia.

As of now, the company holding the airport concession, Cambodia Airports, 70% of which is owned by Vinci and the rest by two Cambodian tycoons and a Malaysian company, won’t be involved in either of the new airports. But Cambodia Airports Chief Executive Eric Delobel exudes confidence, saying his company will “accelerate and intensify” investment and development at its three airports regardless of whether the concession ends. He says negotiations are under way but won’t reveal details.

Though Cambodia’s aviation market is far smaller than Vinci’s largest markets in Japan and elsewhere, it’s important because it’s growing so quickly. Vinci, which generated $48 billion in revenue last year, enjoyed a 25% jump in traffic to 8.8 million passengers at its Cambodian airports, the fastest growth of any of its markets.

Cambodia Airports is counting on more traffic. It just spent $130 million to expand its Phnom Penh and Siem Reap airports so they can each handle at least 5 million passengers a year. At the company’s headquarters on Phnom Penh’s outskirts, now
The existing Siem Reap airport, owned by Cambodia Airports, has been expanded to cater to the tourist boom.
Reap, according to Tekreth, the chairman, is the one factor you should judge to invest nearby,” he says.

Overall, Cambodia’s economy already leans heavily on China. Not only is China the primary source of investment in the country, at roughly $1 billion of the total $6.3 billion received last year, but China holds 47.5% of the country’s debt.

As mainland visitors tour the country in droves, Chinese investors are following. Real estate prices rose in response to news of both airports, but Key Real Estate founder Sorn Seap is skeptical investors will make money anytime soon. Construction is characteristically slow in Cambodia, and in the case of Siem Reap, Sorn says the new airport’s location is far from the tourist attractions in the city, so developers will struggle to market businesses near the airport. “I don’t think [the airport] is the one factor you should judge to invest nearby,” he says.

One result of the Chinese investment can be seen in Cambodia’s port city, Sihanoukville, dubbed a second Macau for its grandiose casinos studding the coast as well as the Chinese money flooding in. North of the port and Kampong Som Bay, a contested environmental protection site, China’s Union Development Group will build a $350 million charter airport as part of the company’s $3.8 billion investment in the Dara Sakor Seashore Resort. The city’s airport, also managed by Cambodia Airports, drew a measly 386,000 passengers in the 12 months ended in March, according to Vinci’s first-quarter report, but Sinn says the development of the city makes the small airport worth watching. “Look at Sihanoukville,” he quips. “There is a tourism resort, there will be a big port, and another investment will be oil and gas. When we consider all that, we want the Sihanoukville airport to become the biggest in the country.”

Tekreth says the country will continue to absorb investment from China, just as other Southeast Asian countries have done. “We need jobs for our people, so we need more investment to follow,” he says. “This is the first time in Cambodian history that you see this kind of investment in our country.”

Phnom Penh’s airport could stall amid a city that could support that, “he says. Bangkok, but maybe Phnom Penh isn’t a “[Competing airports] work in places like Bangkok, but maybe Phnom Penh isn’t a city that could support that,” he says.

The new airports face other obstacles. Phnom Penh’s airport could stall amid a fresh dispute over the land between local villagers and rice growers and the government. Sinn, the civil aviation official, maintains that the land is owned by OCIC. Even if the conflict is resolved, says Sobie, the airport’s construction could take a decade, allowing time to resolve Cambodia Airports’ concession.

The concession always included a stipulation to build a new airport in Siem Reap, according to Tekreth, the chairman of Cambodia Angkor Air and also the secretary of state of the government’s Council of Ministers. But Sobie says the government is not sending a good message to investors by seemingly ending a concession with no evidence that the public-private partnership failed.

Meanwhile, Cambodia’s tourism industry continues to soar. It generated $3.6 billion in revenue last year, or 12.3% of gross domestic product. And the mainland accounts for much of the sector’s potential. More than a million Chinese toured Cambodia last year, and the government aims to double that number by 2020. Cambodia’s economy has traditionally relied on the garment industry, but growth in the value of garment exports has steadily declined since 2010, partly because of declining U.S. purchases, according to the World Bank. Recently, the U.S. and European Union threatened sanctions against Cambodia after its Supreme Court dissolved the opposition Cambodia National Rescue Party, months after its candidates were elected in hundreds of communes.

Key Real Estate founder Sorn Seap is the one factor you should judge to invest nearby,” he says.

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Pirate Play

Beijing’s refusal to license South Korean online games allows intellectual property mischief to thrive.

BY AUGUST RICK

A ban on licensing rights to distribute mobile games inside China, levied against South Korean developers for the past year, has hurt the bottom line of the gaming industry’s premier exporter and instead has allowed local copyright infringers to profit wildly in the Chinese market.

A block on new licensing for product distribution in China came in March 2017 after the South Korean government granted the U.S. permission to install the THAAD missile defense battery and radar system on South Korean soil. Since then, not a single new license has been granted for South Korean gaming companies, including Wemade, Bluehole, Smilegate and Nexon, which are some of the world’s most popular online developers.

In that time the Chinese government has authorized the distribution of at least 412 licenses to foreign-made games. Since March 2017, the South Korean government has licensed 111 Chinese online games for sale in South Korea. China has historically been the largest market for South Korean online and mobile games. But since 2016, all mobile games must be approved before they can be distributed in China. Beijing’s unofficial sanctions stretched from videogames and entertainment to retail stores and even tourism.

In 2017, South Korea’s online and mobile gaming industry exports were estimated to be between $3.8 billion (according to the Korea Creative Content Agency) and $4.7 billion (according to the Korea Association of the Gaming Industry). That figure, while hefty, represents off-pace growth due to weak sales from the Chinese ban.

South Korean game developers have been on top of the gaming industry since the late 1990s, and have consistently failed to adequately copyright and protect their product, perennially the newest and most sought-after items. Shanda Games, one of China’s top publishers, claimed in 2016 to be earning more than $100 million a month by distributing The Legend of Mir, which has the same name as the Wemade Entertainment title. The two companies are in the midst of a years-old lawsuit, though a Shanghai court has already protected Shanda’s copyright claims to the sequel. (Though Wemade first developed the game, Shanda contends that it had administered the content over the past ten years.)

Chinese courts have shown an increased vigilance when it comes to copyright infringement and intellectual property protection. In 2014 a policy granted three courts—Beijing, Shanghai and Guangzhou—expanded jurisdiction over intellectual property rights. But the trimmed-down judicial operation of the courts has also ossified in the face of foreign rights holders. In an interview with South Korean press, an intellectual property protection specialist warned that, in China’s courts, “there is an invisible wall that blocks foreigners from operating in the local market.”

PlayerUnknown’s Battlegrounds (PUBG), a popular game developed by South Korea’s Bluehole, was similarly denied licensing in China. The violent nature of the game “severely deviates from the socialist core value and the Chinese traditional culture and moral rule,” the China Audio-Video & Digital Publishing Association declared in an online statement. The content regulator is grouped under the State Administration of Press, Publication, Radio, Film & Television.

Seoul-based Bluehole struggled to attain rights to distribute PUBG in China. The Korean company promptly partnered with Chinese internet giant Tencent, and Tencent took the rights to distribute the game in China. The partnership, which emphasized “working around regulations,” has yet to see the game published, at least not the Korean original. The day before Tencent claimed rights to distribute PUBG in China, they released their own copycat version of the game, Glorious Mission.
In the year since serial entrepreneur Taizo Son moved to Singapore from his native Japan, he’s found a welcoming laboratory for his high-tech ideas.

BY JANE A. PETERSON

Technology guru Taizo Son is on a mission to improve radically the way urban dwellers live and work. He envisions lush green cities where people enjoy largely car-free living, traveling about in vehicles underground or in drones overhead. Most people won’t work in offices; instead they’ll share ideas in cafe settings over steaming lattes. As for keeping healthy, there’ll be do-it-yourself checkups in futuristic bathrooms for monitoring the essentials, and robot chefs to whip up healthy, delicious meals.

It sounds far-fetched, the stuff of science fiction. But this 45-year-old visionary, the youngest brother of SoftBank founder Masayoshi Son, is committing millions of dollars to these ideas. To make them a reality, he pulled up stakes in his native Japan a year ago and moved himself and his family to Singapore. From his new base he travels the globe to find like-minded tech entrepreneurs whose primary passion is not to make money but instead to help better people’s lives by improving their health, education, food, transportation, living quarters and more. If the people he backs never give up, he surmises, they won’t ever fail.

Son has founded or seeded hundreds of businesses since earning an economics degree from Tokyo University. His biggest success so far is GungHo Online Entertainment, which he started in 1998 and which developed Puzzle & Dragons, once the world’s bestselling application for mobile phones. He launched the venture capital firm Mistletoe in 2013 and says he’s since put $150 million into some 80 startups, backing entrepreneurs in more than ten countries. Companies in his portfolio are working on wearable monitoring devices, drones for medical emergencies and other high-tech advances.

Mistletoe focuses on what Son calls “world-changing” startups in deep tech, which includes artificial intelligence and robotics. “Early-stage is our strong suit,” he says during an interview in his new Singapore office. When asked how these outfits are faring, he quips: “They’re still cooking.” He says the funding comes from the money he’s made on previous investments. “I have no investors. It’s 100% principal.”

Forbes Asia listed Son as a billionaire in 2014 on the strength of his GungHo stake. But it turned out that the bulk of his shares were pledged to his brother as collateral for a loan. Today we peg his wealth at roughly $275 million, but it may be more, depending on the value of the startups; he says he hasn’t calculated that himself.

The offspring of Korean immigrants, the Son brothers—there are four in all—hail from Kyushu, Japan’s most southwesterly island. Taizo appears to distance himself from Masayoshi, the second oldest, whose fortune Forbes Asia estimates at $21.9 billion, making him Japan’s richest person. While Taizo served for years as a SoftBank advisor, he indicates that the two do not speak regularly. “He’s traveling. I can’t catch him,” he says coyly. “As a brother, I send a message: ‘Happy Birthday.’”

Taizo seems rather ill at ease during the meeting, as if he’s eager for the time to pass quickly. He rarely gives interviews, and his public relations assistant in Tokyo has already postponed this one twice. She’s listening in from Tokyo on a computer screen.

“So far, so good,” says the enigmatic Son when asked about his family’s relocation to Sentosa, the lush island enclave connected to the main part of Singapore by a short bridge. “Compared with
Son's way: “I unlearned everything. We have no approval process, no management meetings, no procedures, no hierarchy.”
Japan, Singapore is more suitable for a global headquarters,” he says, pointing to the city-state’s tax rules and Smart Nation initiatives to drive the adoption of digital technology, from e-payments to autonomous vehicles. He believes that the Singapore government has the will and the power to make change happen quickly, while Japan’s does not.

The Mistletoe office is in the very swank Spectrum, a technology and innovation business club on the edge of downtown (see box, opposite). The firm’s space is in the middle of a vast open area, and it consists of just a long desk bookended by file cabinets, with room for six swivel chairs. On this day in late February one chair is occupied by Mistletoe’s office manager, three others are draped with sweaters and Son’s spot is piled with edible Chinese New Year gifts he plans to take home. Mistletoe’s small work space in Singapore belies the large workload, though there’s also an office in Tokyo—by far the largest with 70 staffers—and another in Palo Alto, California. The size is immaterial, says Son. Not only are he and his colleagues frequently away on trips, but for most projects, he adds, space won’t be necessary, thanks to the tools of virtual reality and augmented reality. “It will be 100% virtual.”

But for at least one project, the futuristic “Bathroom 2.0,” Son plans to use space at Spectrum for testing. (Fund manager Golden Equator, which owns Spectrum, is a partner.) “We are looking for comrades,” he says, a pitch to entrepreneurs from around the world to get involved.

Son enthuses about his collaboration with the Singapore government, noting that it offers special two-year startup visas for foreign entrepreneurs well suited to relocating in Singapore. “We will build a new town based on new technology,” he says, adding that he’s in talks with officials about a suitable location. “We will create a tangible showcase here to stimulate [similar projects in] the rest of the world.” A government spokesman wouldn’t provide details but says the agency that develops industrial infrastructure will build a new town based on new technology, “We will be 100% virtual.”

Son enthuses about his collaboration with the Singapore government, noting that it offers special two-year startup visas for foreign entrepreneurs well suited to relocating in Singapore. “We will build a new town based on new technology,” he says, adding that he’s in talks with officials about a suitable location. “We will create a tangible showcase here to stimulate [similar projects in] the rest of the world.” A government spokesman wouldn’t provide details but says the agency that develops industrial infrastructure plans to make an announcement later this year.

Steve Leonard, founding chief executive of SGInnovate, a government-owned firm nurturing deep-tech startups, says Son invests in people who “dream big and get others to believe in those dreams. Taizo, with his clear vision, credibility and kind nature, is already making a strong impact in the Singapore ecosystem.” Son joined what had already become a center of venture capital activity. Last year in the Lion City, venture capital investors spread $1.2 billion across 112 deals, with activity this year projected to remain robust. That value was the highest in Southeast Asia.

Before relocating to Singapore, Son invested in two Singapore startups: space-debris remover Astroscale (see Q&A, p. 49) and online gamer Garena, now called SEA, which went public last year. Since the move he has been the lead investor in a $3.5 million round for Singapore-based Hatcher+, which enables fund managers to invest in thousands of startups using artificial intelligence. “Our approach is completely different from the traditional—bottom-up and decentralized,” he explains, insisting that traditional business plans are passé and harmful. “If you make a plan, it will cut off new chemistries.”

Such new chemistries, he believes, happen within a thriving “tech ecosystem.” He aims to help accelerate that in Singapore, bringing tech players together to bounce ideas around, both virtually and at venues such as Spectrum. It’s a method that energizes him. “I am Buddhist,” he says, “but I don’t get inspiration from meditation; my inspiration comes from people.”

When he’s not traveling, Son rises at 6 a.m. on weekdays and spends roughly three hours reading books, white papers and the news, followed by one-on-one meetings and sometimes writing either a blog for staff or a longer paper for his network of entrepreneurs. To maintain good health, Son prefers running and biking. “When I’m exercising, I come up with ideas,” he says. As for sleep, he says he gets six hours a night.

Family is clearly a priority. Weekends and late afternoons are often spent playing with his young son, an only child, including trips to the park and the pool. “I’m not thinking of sending him to high school,” says Son, who’s a strong believer in self-directed

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**FRESH STARTS**

**TAIZO SON IS THE LATEST IN A LINE OF NOTABLE INVESTORS FROM ABROAD WHO HAVE SET UP SHOP IN SINGAPORE.**

<table>
<thead>
<tr>
<th>INVESTOR</th>
<th>KNOWN FOR . . .</th>
<th>WHEN AND WHY THEY MOVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>BRETT BLUNDY</td>
<td>COFOUNDERING BB RETAIL CAPITAL</td>
<td>IN 2013 FROM AUSTRALIA. NOW BUILDING A CATTLE EMPIRE IN NORTHERN AUSTRALIA TO FEED ASIAN DEMAND FOR BEEF AFTER SELLING HIS RETAIL AND PROPERTY INTERESTS.</td>
</tr>
<tr>
<td>RICHARD CHANDLER</td>
<td>COFOUNDERING EMERGING-MARKET INVESTMENT FIRM SOVEREIGN GLOBAL</td>
<td>IN 2006 FROM NEW ZEALAND. NOW RUNS CLERMONT GROUP, HIS PERSONAL INVESTMENT FUND.</td>
</tr>
<tr>
<td>ALLEN LAW</td>
<td>HIS FAMILY’S PARK HOTEL GROUP, WHICH MANAGES THE GRAND PARK ORCHARD IN SINGAPORE</td>
<td>IN 2005 FROM HONG KONG TO SET UP THE GROUP’S HEADQUARTERS BECAUSE HE BELIEVED IT HELD MORE OPPORTUNITIES FOR EXPANSION.</td>
</tr>
<tr>
<td>JIM ROGERS</td>
<td>COFOUNDERING QUANTUM FUND WITH GEORGE SOROS</td>
<td>IN 2007 FROM NEW YORK CITY SO HIS DAUGHTERS COULD GROW UP SPEAKING MANDARIN AND LEARNING ABOUT ASIA.</td>
</tr>
<tr>
<td>EDUARDO SAVERIN</td>
<td>COFOUNDERING FACEBOOK</td>
<td>IN 2009 TO INVEST IN COMPANIES PLANNING TO ENTER ASIA. IN 2011 HE GAVE UP U.S. CITIZENSHIP, SEVERAL MONTHS BEFORE FACEBOOK WENT PUBLIC.</td>
</tr>
<tr>
<td>NATHAN TINKLER</td>
<td>INVESTING IN WHITEHAVEN COAL</td>
<td>IN 2012 FROM AUSTRALIA TO DODGE THE SPOTLIGHT AFTER A SPECTACULAR FALL FROM GRACE WHEN THE COAL BOOM COLLAPSED. HE’S APPARENTLY BACK IN AUSTRALIA NOW.</td>
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Source: Forbes Asia Research
THE COMMAND CENTER

Prepare to be wowed when you enter Spectrum on the fifth floor of Singapore’s Duo Tower. Apart from cutting-edge technology, this enormous space—28,000 square feet—is loaded with sleek design, inspirational quotes, a stand-up meeting room where vintage records can be played, a coffee bar that doubles as a catering station, and a space for conferences and events. The club opened in January, and there are 300 seats for residents, with most yet to be occupied.

This is Taizo Son’s base—a place from where he hopes to help shape Singapore’s tech ecosystem. The rationale is this: If you get key players together—entrepreneurs, investors, executives, government officials, academics, artists—ideas for a better world take shape. Breakthroughs happen. Synergies develop. Startups achieve scale.

Apart from Son’s Mistletoe, 15 firms operate there, including Jenga Solutions (Chinese blockchain consultants), Jobbatical (Estonian headhunters) and MC Payment (Singaporean fintech operators). Resident memberships, which include a desk, start at $455 a month; for the larger nonresident crowd, it’s $275 and up. VIPs willing to pay more get access to Door 25, a whisky bar designed to give elites a “discreet enclave” where they can sip from their own liquor stocks.

learning. “Sometimes he will come to my place while I am working. We will spend time together as he grows.”

Last year Son devoted substantial time to boosting Singapore’s tech players, speaking at both large conferences and small events. This year he’s cut back on that, instead preparing to launch a slew of projects, including the new tech town and Bathroom 2.0.

Another project that commands his attention: revamping education. Son intends to create an updated Singapore version of one of his startups in Japan, Vivita. It’s a self-directed tech hub for children, where creativity reigns. Software experts act as mentors, allowing youngsters to experiment—with 3-D printers, laser cutters and computers—and create their own inventions, including robots. He asks rhetorically, “Why are people sticking to school?” What’s essential, he believes, is honing creativity; memorizing knowledge will become obsolete as robots become ubiquitous. This runs counter, however, to a school of thought that argues for the importance of students building a base of fundamental knowledge to draw on, or else they won’t know what they don’t know when consulting Google or directing a robot.

After 20 years of practicing “Westernized management,” Son drastically changed his approach two years ago. “I unlearned everything and changed to the opposite way,” he says, “and my performance is better.” By that he means that he now has his network of associates at the startups he funds functioning outside of traditional norms. “We have no approval process, no management meetings, no procedures, no hierarchy,” he says. “They invest my money by themselves.” He calls these 70 associates “fellows” and they range in age from 23 to 70.

One fellow is Kenta Adachi, a 37-year-old senior director who joined the network five years ago. He has a seat in the Tokyo office and manages his own $10 million venture fund, called Idaten Ventures, for manufacturing and logistics. Since starting Idaten last year, he’s had free rein to choose which entrepreneurs to back. So far he’s selected six, seeding them with an average of $500,000 each. “Taizo thinks, ‘If you think it is great, do it,’” he says, adding that he often texts his mentor for investment strategy advice. “That’s his way—he trusts me and believes in me.”

In Singapore at Hatcher+, cofounder John Sharp, an Australian, says, “We love the guy. He understands the future of an idea. He is supportive but not a micromanager; he’s more interested in watching you execute.” The company’s office is in JTC LaunchPad at One-North, a large cluster of repurposed Singapore factories that house some 800 startups from 43 countries.

As the interview’s allotted time ends, Son’s public relations assistant interrupts from Tokyo. He’s time to press on to the photo shoot. A grinning Son poses in two locations in Spectrum’s huge lobby, his office manager carrying the laptop so the consultant can supervise. He seems most poised atop a funky green circular chair. Here his whimsical style breaks free. He’s wearing brown Prada shoes with triple-color soles—blue, white and yellow—their thick black laces matching his black leather bag, which sports a tassel. He’s dressed in a close-fitting gray suit and tie, and minus his trademark hat with an upturned brim.

Son sums up his thoughts. On some projects he expects Mistletoe to make money; on others it won’t. “It’s okay if I drop. I can drop,” he says emphatically, referring to his net worth. “I don’t know what it is now—and I don’t care.”

As special advisor to Golden Equator, a fund management/family office group that owns the club, Son can bring tech visionaries in for leadership forums. He’s also on hand to advise on club services, including private counseling on strategy, investment deals and fundraising. According to Shirley Crystal Chua, the group’s chief executive, Son’s affiliation with Spectrum has already proved indispensable. “He brings us reputational value,” she says, “as well as fruitful international collaborations.” —J.A.P.
Beginning its journey nearly 40 years ago in 1979 as a small household-goods company, V3 Group is now a global lifestyle and wellness business with a footprint in 24 countries.

Helmed by Chairman and Chief Executive Officer, Ron Sim, the group has leveraged its deep consumer and retail experience in five core markets—Singapore, Hong Kong, Taiwan, Malaysia and China—developing exciting and dynamic platforms to grow existing and new brands in both online and offline channels.

The entrepreneur extraordinaire kicked off his regional expansion plans after the recession in 1985, when it was clear to Mr. Sim that expansion was necessary to survive and thrive. His resulting successes are underpinned by a sharp business acumen, deep operational skills and strong financial capabilities.

These core capabilities have powered the group from the early phenomenal success of its flagship line of award-winning OSIM premium products, and also have won accolades for its founder, including Ernst & Young’s prestigious “Entrepreneur of The Year” in 2003, Singapore-based The Business Times “Businessman of the Year” in 2003 and “Best Chief Executive Officer” by the Singapore Corporate Awards in 2012.

V3 Group is the realization of Mr. Sim’s vision of building Asia’s leading luxury group across the three focus areas of its Lifestyle, Wellness and Aspirational brands. Expanding through a series of acquisitions over the past 13 years, V3 Group is now poised to accelerate its organic growth trajectory by extending its leadership in its core markets and penetrating new markets globally while broadening its portfolio of brands through acquisitive growth.

The group’s operations currently span more than 670 stores in 24 countries, and features an extensive omnichannel network that provides big data analytical capabilities across all its brands.

OSIM will continue to build on its dominance in the lifestyle category by building and growing its successful operations in China, the world’s second-largest economy. Apart from OSIM in the lifestyle category, V3 Group’s portfolio also includes TWG Tea. The label has 66 stores worldwide and is recognized as one of the finest luxury tea brands in the world. The group’s holdings also include ONI Global, which has exclusive franchise rights to the GNC brand in Singapore, Malaysia and Taiwan. Together with its own developed brand LAC, Xndo and Face On Clinic, ONI Global focuses on helping customers improve their physical, mental and emotional wellness. V3 Group most recently invested in Singapore fixtures manufacturer Futuristic, which produces high-quality store fixtures for leading global brands.

Going forward, a new collaborative strategy will drive the next wave of growth. Tapping on Mr. Sim’s deep experience, V3 Group will identify and work with founders and partners of small and medium-sized enterprises who share his vision.

“Besides creating and making a difference in your own business, it is crucial to identify and partner with like-minded stakeholders and entrepreneurs to bring about collaborative success. We have a wealth of experience operating around the world, and we can leverage on this to build partnerships that will further extend the collective leadership position of V3 Group as well as our trusted partners across the Lifestyle, Wellness and Aspirational categories,” says Mr. Sim.

This philosophy ensures the group is geared up for continued success across all its brands and operations for many years to come.
Building Lifestyle, Wellness and Aspirational Brands

V3 Group of brands:

OSIM

TWG Tea

GNC Live Well

LAC

Xndo

V3 Group Limited

674 outlets, 141 cities, 24 countries in Asia, Oceania, the Middle East, Europe and North America

Singapore • China • Hong Kong • Malaysia • Taiwan • Australia • Bahrain • Cambodia • Canada • India • Indonesia • Japan • Macau • Myanmar • New Zealand • Pakistan • Philippines • Qatar • South Korea • Thailand • UAE • UK • US • Vietnam

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Textiles and More

The Lalbhais of India are putting new spins on their 121-year-old threads trade.

When Punit Lalbhai—fifth generation of a storied textile family from the western Indian city of Ahmedabad—spearheaded a new division within the clan’s Arvind Ltd. in 2009, he wasn’t thinking of shirts and trousers. He envisioned a range of “technical textiles” from fire-protection gear to industrial safety garments to combat clothing. Also on the roster: “glass” fabrics that are used in surfboards, rotor blades, wind turbines and the interiors of metro trains.

“We are pivoting very fast toward becoming a technology company rather than being a traditional textiles company,” says Punit, 36, who joined the company in 2007 and is now an executive director. “We are writing the specs and creating this market for advanced materials in India. This will eventually be a multibillion-dollar industry.”

The $1.7 billion (fiscal 2017 revenues) Arvind group—spanning the gamut from textiles to real estate to retail—is also incubating a host of other ventures led by Punit and his younger brother Kulin. They include technical textiles, water treatment, cotton cultivation and e-commerce. “We have many businesses that we’ve nurtured over the years,” says Sanjay Lalbhai, the 64-year-old patriarch, who chairs Arvind. “Once they become financially strong and generate their own cash flows they’ll be allowed to go their own way.”

One such restructuring is under way—splitting Arvind into three entities encompassing textiles, branded clothes and heavy engineering. The revamp also clarifies the role of the next-gen leaders. “These two guys are the succession,” says Lalbhai, who has a $680 million stake in the flagship and in real estate player Arvind Smartspaces. “They’ll each take the lead on a few businesses. But the wealth is shared.”

While Punit oversees the nearly $1 billion (fiscal 2017 revenues) textile arm along with some incubated businesses like advanced materials, water and agriculture, Kulin is handling the $447 million (revenues) consumer brands arm along with businesses like retail, real estate and telecom.

Father and the two sons are looking to double group revenues by 2022. The road map includes a garment operation in Ethiopia—which allows duty-free access to the U.S., Europe and China. Back home they’re looking to add similar plants in Andhra Pradesh and Jharkhand. Over the next five years, the group hopes to convert 40% to 50% of the fabric that it produces into clothing—compared with just 10% now.

Arvind is also looking to use sustainability as a differentiator, leaning on Punit’s background. With an undergrad degree in conservation biology from the University of California, Davis and a master’s in environmental science at Yale, he’s
Closely knit family: Sons Punit (left) and Kulin “have to run to catch up” with their dad, Sanjay.
In the 1980s the family’s mills took a hit because of the onset of power looms. Four of the seven mills went under and two were merged into Sanjay Lalbhai’s remaining (Arvind) mill. The patriarch survived—by bringing denim to the country. Arvind Ltd. is still one of the largest denim manufacturers in the world, supplying the likes of Levi Strauss and GAP. Lalbhai also stayed ahead of his peers, hiring people from consumer major Unilever in the 1980s and engaging consulting firm McKinsey in the 1990s. “We brought in so many people from Unilever that the chairman called me and asked me not to poach,” he says.

All went well until a debilitating crisis in 1998. While setting up a 450-acre plant, he was plagued by delays and simultaneously faced a drop in denim demand. Debt mounted to $683 million. “Everything that could go wrong went wrong,” he says. But he convinced 80 creditors that he had a viable business and even sold assets to bring in new money. But it took nearly four years to pull the company out of the abyss—in time to provide a Western education for the two sons.

From that low, he’s now careful about ensuring cash flows. The patriarch oversees strategy and innovation at the group level, and he’s in regular touch with at least 40 key people across the group—including his sons, even if they’re needed while vacationing. “I always need to know what could go wrong,” says Lalbhai. —A.R.

steering the group’s green agenda. Arvind is managing 65,000 acres of farmland under the Better Cotton Initiative, a global NGO promoting judicious use of water and approved chemicals. “By doing business the right way you are creating models of sustainability and development that can protect the things you love,” says Punit.

A slew of in-house innovations are already afoot: dyeing without water, clothing from recycled waste and using man-made fibers in blends.

Meanwhile, Kulin, 32, who’s the face of the company in Indian business media, is looking to parlay a portfolio of brands—including international labels like Tommy Hilfiger and U.S. Polo Association—into a $1.4 billion outfit over the next few years. The business has been growing at a compounded 25% over five years.

India is under-penetrated by brands, and the overall market for branded clothing is expected to double by 2021 from $15 billion in 2015. “We expect at least five brands to hit the 1,000 crore rupees [$154 million] mark by 2022,” he says.

This growth potential has attracted the attention of a marquee investor, the India-focused fund Multiples, which invested $110 million in October 2016. “Arvind has an aggregation of brands at price points across the income pyramid,” says Renuka Ramnath, Multiples’ celebrated founder. “They cater to a very large addressable market across casual, denim, formal, teen, kids, innerwear and other segments—all this gives them a huge runway for growth. The platform can attract consumers early and keep them buying for several years.”

The younger scion has also set up an e-commerce play. “The world of tomorrow is very different,” says Kulin, who has an undergrad degree in electrical engineering from Stanford and an M.B.A. from Harvard. “We can use machine learning to figure out customer preferences and show products based on those preferences—not only online but in the store as well.

That way you aren’t hitting everyone with the same bullet but you are targeting your customer in a hyperpersonalized way.”

The brothers are building on a legacy that dates back to 1897 when Lalbhai Dalpatbhai set up Saraspur Manufacturing. His son, Kasturbhai Lalbhai—the current chairman’s grandfather—established seven textile mills for his seven children. Sanjay Lalbhai, representing the fourth generation, joined the business in 1979 and was assigned to materials management. “That hardly took one hour of my time,” he says.

So he teamed up with friends and tried assorted product lines. Some did well, some bombed. “I must have tried a hundred [businesses],” he laughs. “I wanted to create something.” Eventually that led to denim and near-disaster along the way (see box).

The three Lalbhais work together and live under the same roof. While Kulin travels much of the month—the brands business operates out of Bangalore—he gives daily updates to his dad and brother. The sons are encouraged to speak their minds, but when there’s a difference of opinion, Lalbhai senior makes the call.

The family members also work closely with a team of managers. “The two sons work seamlessly without confusing the role of the professionals,” says Multiples’ Ramnath. “Nothing is taken as legacy. Nothing is taken for granted.”

Dad shares different interests with each son. It’s fitness and electronics with Kulin, and with Punit it’s gardening and heartfulness (a meditative process for increasing inner awareness). Father and son devote a good hour to this practice every day. Papa Lalbhai is also involved with all of the group’s forward strategies—be it the internet business or the omni-channel retail push. “I’d rather make a mistake of being too much in the future than be glued to the past,” he says.

As Punit adds: “If there is a generation gap or a mindset dissonance, it’s the next gen trying to catch up with previous gen. We have to run to catch up with him.”

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Brand Blindness
NetEase challenges Chinese e-commerce giants on a new battleground.

BY JANE HO

While Alibaba and JD.com are busy holding each other in check, a new competitor has entered the fray in a bid to secure a foothold in China’s $860 billion online shopping market: NetEase. And it’s doing things a little differently.

In April 2016, the tech company—headed by William Ding, China’s third-richest tech billionaire—started selling fashion apparel, accessories, furniture and home appliances it claims are made by original manufacturers that supply top international brands such as Gucci, Burberry and UGG. But they sell at lower prices on Yanxuan, NetEase’s own label.

How much lower? Here’s an example: An original pair of UGG ankle boots sells for just over $200 on JD.com and Tmall—authorized sellers—while on Yanxuan, an identical pair made by an “UGG manufacturer,” is priced at just $45. The model is working. NetEase’s e-commerce businesses, which includes cross-border arm Kaola, has upped its net revenue by 160% to $1.8 billion. With Yanxuan’s portfolio now covering 10,000 products, Ding aims to rake in more than $3 billion from the site in 2018, as it seeks to catch up with the likes of Taobao and JD.com.

Not to be outdone, Alibaba launched an own-label retail site, Taobao Xinxuan, in 2017, while JD.com rolled out its Jingzao brand in January. Neither is marketing its products as made by big brands’ manufacturers, and neither has come close to Yanxuan in scale.

However, Yanxuan has ruffled some feathers. “Yanxuan’s promotion would mislead consumers to believe they are buying authentic UGG products,” a spokeswoman for Australia’s UGG told Forbes Asia. “We hope consumers would clearly understand UGG is not in any partnership with Yanxuan.” The American Apparel & Footwear Association has also raised concerns about “a potential theft of intellectual property.”

“Any claim that products are ‘made by the same manufacturer’ as another major brand is a telltale sign of a possible bad actor,” says Steve Lamar, the organization’s executive vice president. “The manufacturer is potentially violating an agreement with a brand partner.”

Yanxuan declined to comment when contacted, but according to Pan Xiaoning, director of the intellectual property department at Chinese law firm Yingke, such claims by Yanxuan, even if true, would be in a gray area without the brand’s authorization. “A majority of brands would have binding terms with their manufacturers that forbid them to use the brands for third-party promotion, in which case NetEase’s conduct is more likely an infringement,” she told Forbes Asia.

Chinese consumers don’t seem too concerned. Many of the hundreds of comments on the Yanxuan page selling UGG-style ankle boots praise its value—though some noted that there’s still a quality gap with UGG products. Lynn Zhang, a 43-year-old housewife from Shanghai, was attracted by the brand association and bought a pair of Yanxuan’s ankle boots for each member of her family. “There’s not much design involved in a typical pair of UGG boots,” Zhang says. “and a piece of sheep leather is sold at only $30 at Ikea. Yanxuan has helped us become aware of a product’s cost.”

Others, such as Long Long, a 35-year-old technician at an online game company in Beijing, find not the authentic but the generic products to be Yanxuan’s true strength. Long switched to Yanxuan from Taobao to buy kitchenware and daily necessities “at a slightly higher price with more consistent quality, guaranteed by the big brands’ manufacturers.”

But will this own-label market challenge the e-commerce models of Taobao and JD.com? Chinese consultancy iResearch’s analyst Jiao Dingkun is skeptical: “A holdback for the business model is whether it could find quality plants along the supply chain. There are only a limited number of such plants in China, which will put pressure on the scale-up.”

William Ding’s NetEase raises the existential question: When is an UGG an UGG?
Although a state steel company got going in what was then the communist North in 1960, Vietnam has never had a really huge integrated manufacturing plant—until now. When it opens later this year, the $3 billion steelworks in the Dung Quat Economic Zone, near a deepwater port in Central Vietnam, will serve a modernized economy that as late as 2015 had to rely on mostly Chinese imports of heavy, rolled steel.

This milestone is the handiwork of another Vietnamese newsmaker: new billionaire Tran Dinh Long, chairman of Hoa Phat Group, which is already the country’s biggest steelmaker by market share. He 57-year-old Tran was a construction ministry staffer when he and a half-dozen university chums formed a building-supply outfit in 1992, as the nation reopened to international commerce. Soon Hoa Phat branched into office furniture and then into producing steel piping for such ware. It IPO’d as a metals company in 2007. Ten years later, its revenues reached $2 billion (a 38% yearly jump) with net profit of $350 million, and the rising shares have driven Long’s one-third stake to $1.3 billion.

Today there’s plenty of steelmaking in Vietnam as urbanization (now 34% of the population) creates greater structural needs and government trade policy supports the domestic sector. But none of the other private or state players can match Hoa Phat’s scope. Last year it sold 3 million tons of construction steel, and the Dung Quat factory will better than double that capacity. To that and its pipes production, Hoa Phat is adding galvanized-steel lines. The company’s workforce has doubled in a year to 15,000 as it ramps up for the launches.

Tran’s outfit has been a big part of displacing the Chinese steel that flooded Vietnam (and global markets) after the financial crisis of 2008, when China—which now has half the world’s volume—kept its mills humming. Hoa Phat expanded in the face of that after Vietnam entered the WTO in 2007. Now it has 25% of Vietnam’s market and has begun to export to Southeast Asia. “If Vietnam is a body, Hoa Phat is a cell. The development of Hoa Phat, as well as the steel industry in Vietnam, is based on the need to grow of a developing country,” Tran says in an interview with Forbes in his new office, in a high-rise built with his steel, looking over Thien Quang lake in the heart of Hanoi.

The days of hustling equipment and materials to construction sites 25 years ago
were different for the founders. “We had our bare hands as capital,” he recalls. “Each of us had a motorbike. We started with some small sums borrowed from family and friends, borrowed from the banks, and a lot of business transactions were done through state-owned companies used as proxy. Business was flowing, because everyone was doing business, and the whole country literally started from zero!”

Once Hoa Phat’s manufacturing of piping for furniture as well as scaffolding began, the borrowing got serious—90% leverage through a letter of credit to import a production line from Italy in 2001. That took the company to what would be $100 million in capital today.

Most other companies in Vietnam at the time were using outdated factory tools imported from Taiwan or China. Tran saw the latest technology as a crucial factor to increase competitiveness. “Thinking back, it was a difficult decision. I don’t know how we overcame that challenge. Maybe we were blessed,” he says.

There were stumbles. Hoa Phat tried making copper pipes and cement, even growing sugarcane. The experience made Tran philosophical. “We strictly follow objective laws,” he describes his current approach to business. “We don’t push our subjective will against objective reality.”

But one backer likes the entrepreneurial urge: “Don’t consider Hoa Phat [founders] as industrialists. They should be seen as businessmen who always seek new opportunities and are willing to take risks,” says Vu Quang Thinh, managing director of Vietnam Holdings, an investment fund that’s a longtime shareholder.

Steel is the mainstay, no doubt, accounting for 85% of Hoa Phat’s total revenue and 90% of its profit. In the country’s offices and homes, its frames dominate furnishing. And there’s room for domestic growth: According to a report by FPT Securities, Vietnam’s steel sector is still in early development, with an average growth rate near 17.5% between 2012 and 2016. Steel consumption per capita in Vietnam is about 190 kilos (420 pounds), lower than Asia’s average of 260.

Integrated production, such as looms at Dung Quat, has been key to Hoa Phat’s emergence as Vietnam’s steel leader, beginning with a smaller plant in Hai Duong province near Hanoi eight years ago. Hoa Phat has created a closed system from iron ore to finished, specialized steel products using basic-oxygen furnace technology, known as BOF. Analysts say this process not only helps maintain quality but also is price competitive. Many smaller rivals are still doing electric-arc furnace steelmaking, which uses scrap metal and consumes too much energy.

Tran’s operation has surpassed domestic rivals such as Phat, Tisco (the former state-owned company) and Vina Kyoei (a joint venture with Japan), as well as producers backed by investments from India, Malaysia and Taiwan after the 2007 WTO accession. (The big Dung Quat complex is actually a buildout from the earlier Taiwanese venture.)

And then there’s China. “Standing next to a giant neighbor, you would always need to renovate and innovate to survive,” Tran says. Government policy of late has helped. Starting from 2015, Vietnam applied a tariff on steel products, as well as tightening up regulations on exporting iron ore. Hoa Phat particularly benefits as it builds its integrated capacity.

If steelmaking in Vietnam is an ever widening and state-backed opportunity, it remains competitive and otherwise treacherous. A different Taiwanese investment, by an arm of the Formosa Plastics conglomerate, led to a massive discharge from a coastal semifinished-steel casting plant in 2016 that killed millions of fish and outraged the Vietnamese public. The company was fined but allowed to continue work.

Tran was watching and vows Hoa Phat will spend what’s needed to skirt environmental damage. “We know that the government can love us,” he says, “but the people won’t.”

### AUTO PILOT

Tran Ba Duong, the reclusive chairman of automaker Thaco Corp., is another new billionaire this year. Now 58, he started on the technical staff of a car-repair operation in the 1980s and worked his way up management positions. Tran founded his own company, Truong Hai (now Thaco), in 1997, initially to sell vehicles and later to assemble them for foreign brands such as Kia, Mazda and Peugeot. His company hit a turning point in 2008 as Jardine Cycle & Carriage, an arm of Jardine Matheson, invested $77 million to buy 20% (the stake was later increased to 32%). By 2016, Thaco was leading Vietnam’s auto sector, with a 32% market share. At a 650-hectare complex in Quang Ngai province, it runs five factories for foreign brands and manufactures buses and trucks under its own name. It also owns 15 auto parts factories. In March, Thaco opened a factory costing over $300 million to strengthen its capacity even as auto-import tariffs disappear in Vietnam this year.

Aside from automobiles, Tran’s Thaco owns a 150-hectare real estate development in Thu Thiem, a prominent new area in Ho Chi Minh City. He is known for paying minute attention to details and often requests meetings with management on weekends and in evenings. —L.A.N.
Not So Fast
We’re five years from safe driverless cars for all, says Carlos Ghosn.

BY PAUL ARMSTRONG

The auto industry is experiencing a paradigm shift with the growth of the global electric vehicle (EV) market as well as the emergence of disruptive technologies like the autonomous-ly driven vehicle. Despite the challenge of staying competitive and profitable in this changing environment, Carlos Ghosn, the Brazilian-born 64-year old chairman and CEO of Renault-Nissan-Mitsubishi Alliance, believes the brands under his watch are already in the pole position—and they plan to stay there.

Speaking in Hong Kong recently, Ghosn said the alliance is working well. “We did not join the cemetery of all the mergers in the car industry,” he said. “We were able to find a place for everyone.”

But he is quick to downplay his own role in keeping the three companies aligned. “It is not a question of one person, Superman, doing it all. It’s a team of people. Everybody in his place, everybody at a certain point in time giving the added value and support. So today I have long experience in the industry. I’ve made many turnarounds, so I can support a lot of CEOs who want to listen to me.” And now, little by little, he’s giving many of his responsibilities to others within the alliance able to carry it forward. “They’ll be judged on their scorecard—profitability, growth, embracing technology,” he said.

New but affordable technology—specifically electric vehicles (EVs)—is the alliance’s focus. “Today we’re the largest producer and seller of electric cars in the world,” Ghosn said. “We have the most sold cars in Europe, most sold electric cars in Japan … and we are getting back the title of most sold cars in the United States—all because we started first.”

The group sold almost 500,000 EVs worldwide last year and plans to introduce 12 new models by 2022. But Ghosn admitted the group’s main EV for China—the Nissan Leaf—was too expensive for the world’s biggest electric car market. “When you look at the electric Chinese cars, they are very, very affordable. The price point of the Leaf today is not adequate for the Chinese market,” he said. “[So] we’ve come up with the Kwid EV, a much more affordable electric car,” referring to a crossover project with Chinese partner Dongfeng Motor Group. “That said, I think we have an advance on electric cars with the long experience we have. . . . We’ve sold more than half a million electric cars already and have 12 new models planned—with a lot of them coming in China. But for China, the number of cars doesn’t matter. You have to be in the right segment—the Kwid EV, in my opinion, has more potential for sales than all the other EVs we’ll be introducing.”

What about the other end of the EV price scale, and brands such as Tesla? Ghosn jokes that the media only loves to talk about premium cars. “It’s an important niche, but a niche,” he said. “It’s the other 90 million cars sold—they’re all the bread-and-butter cars, the cars of everyone. Even though people talk about the $80,000 to $100,000 cars, they’re a very small niche in our industry.”

He said most consumers—especially in China—don’t care so much about the technology: “They care about the functionality and the cost. The Chinese government is pushing electric cars . . . obviously forcing carmakers to make the electric car more affordable—and with a lot of functionality.”

Nissan, in particular, has been at the forefront of even more cutting-edge technology, specifically the driverless car. Earlier this year it announced plans to make self-driving taxis—robo-taxis—in Tokyo, and in doing so challenge companies like Uber in an entirely new space. But Nissan won’t be going head to head with Uber, cautioned Ghosn. “We’re going to be providing driverless cars for some companies, but we’ll be managing robo-taxis ourselves in some areas. It’s not direct competition, it’s maybe competition in some cities.”
In the face of a fast-changing economic landscape, China Construction Bank (CCB) has continued to carry out its mission of supporting China’s real economy in recent years. The Beijing-headquartered bank achieved this by consolidating its strengths and leveraging innovation to improve its products and services. This has involved expanding the depth and breadth of its offerings—from loans and other financing solutions to a broad range of advisory services.

The bank’s business structure has also been further optimized and its asset quality has been steadily improving, paving the way for future growth. As a result, CCB’s core performance indicators and market capitalization continue to be among the
top in the industry. Its successes were recognized with more than 100 key awards from prominent organizations at home and abroad last year, which included financial publication Asiamoney naming it “Best Bank in China 2017.”

Focus on National Strategies
CCB has proactively aligned its activities to that of the country’s national strategies. For instance, it was the first bank to support the construction of the Xiong’an New Area, a special economic zone earmarked as the site for a massive new city in northern China. The bank has also strongly supported major infrastructure projects such as the “Belt and Road” initiative, the development of the Yangtze River Economic Belt and the collaborative development of the Beijing-Tianjin-Hebei region. CCB’s loans to the infrastructure sector amounted to RMB3.36 trillion (US$534.31 billion) in 2017, up almost 16% compared with the previous year. Meanwhile, the bank is developing its merger and acquisition teams to support the reform of state-owned enterprises and Chinese companies’ efforts to expand internationally.

To help the corporate sector become more competitive, the bank is supporting efforts by businesses to cut excessive industrial capacity, deleverage and reduce costs. To this end, it has significantly increased its loans to strategic emerging industries and advanced technology sectors. The bank is also leading the way in the marketization of debt-to-equity swaps—with a contract value of RMB589.7 billion (US$93.85 billion) and implementation value of RMB100.8 billion (US$16.04 billion)—which has helped Chinese enterprises reduce their leverage.

The bank has also rolled out innovative products such as the “Fast Loan to Small and Micro Businesses,” “Yunshuidai” and “Yunongtong” to support vulnerable parts of the economy and to help smaller businesses reduce their financing costs. This has led to loans to small and micro enterprises and agriculture-related sectors, which reached RMB1.61 trillion (US$256.21 billion) and RMB1.77 trillion (US$281.67 billion), respectively.

On the consumer front, CCB actively encourages both housing purchases and rentals by drawing on its wealth of experience in housing finance accumulated over three decades. It led the industry in providing comprehensive housing rental solutions and has launched housing rental integrated service platforms. There are more than 120,000 apartments available on its housing rental platforms.

Fintech Innovation
To stay at the leading edge of innovation, CCB accelerated its financial technology (fintech) strategy in 2017. For instance, it launched an industry-leading data management and application system to boost its competitiveness. The “New Generation Core System” is designed to grow the bank’s customer base and create a new revenue stream through system improvements.

In the area of data analytics, CCB has built a big-data working platform and delivered more than 430 big-data application projects, including the establishment of an industry-first property price index and house rental index. The bank also continues to develop comprehensive financial tools that utilize the internet, big data and artificial intelligence to provide customers with superior products and services.

Tapping new technologies, CCB has been successful in managing and controlling its risk by accurately analyzing risk patterns and improving its early risk warning and control procedures. Through these efforts to mitigate risk, CCB’s key indicators of asset quality have been positive in 2017, with declines in both nonperforming loans (NPL) and overdue loans ratios.

In 2017, the group’s NPL balance reached RMB192.29 billion (US$30.60 billion), and the NPL ratio was down by 0.03% year-on-year to 1.49%.

Social Responsibility
Corporate social responsibility continued to be a key priority for CCB in 2017. In particular, the bank is committed to serving the public, improving livelihoods, protecting the environment and promoting sustainable development. For instance, CCB engaged in targeted poverty alleviation by supporting the development of poverty-stricken areas. As of the end of last year, the balance of loans for such efforts amounted to RMB149.26 billion (US$23.75 billion), an increase of 57.4% over the previous year.

CCB also continued to support long-term philanthropic projects—including assistance programs for students and mothers—with charitable donations for the year amounting to RMB77.86 million (US$12.39 million). Meanwhile, CCB remains committed to creating a green bank and developing green credit to facilitate sustainable development.

Finally, the bank has successfully enhanced its consumer rights and protection measures, as reflected by its improved customer satisfaction score. In 2017, the overall satisfaction rating among CCB’s personal customers was 2.9% higher than the average in the banking sector.

Steady Growth Driven by Innovation
In March 2018, China Construction Bank announced its 2017 Annual Operating Results. Here are some of the highlights:

(RMB)
- Total assets amounted to 22.12 trillion (US$3.52 trillion), representing an increase of 5.54% compared with 2016.
- Net profit reached 243.62 billion (US$38.76 billion), representing an increase of 4.83% compared with the previous year, while net profit attributable to equity shareholders improved by 4.67% year-on-year to 242.26 billion (US$38.50 billion). Net interest margin reached 2.21%.
- Total loans and advances to customers stood at 12.9 trillion (US$2.05 trillion), a year-on-year increase of 1.15 trillion (US$182.42 billion), or 9.75%. Total customer deposits increased by 960.84 billion (US$152.71 billion), or 6.24%, year-on-year to 16.36 trillion (US$2.6 trillion).
- Return on average assets and return on average equity were 1.13% and 14.8%, respectively.
- Total capital ratio was 15.5%, nonperforming loan ratio was 1.49% and the provision coverage ratio was 171.08%.
- In view of a strong business performance, the board of directors recommended a final cash dividend of 0.291 per share (tax included).
France’s Big Pivot

Take a centrist president with a mandate and a private sector background, mix in the country’s top tech billionaire with the world’s best incubator, and the potential is tantalizing: Can they transform Europe’s perennial economic underperformer into a tax-cutting, job-creating entrepreneurial hotbed?

BY PARMY OLSON WITH ALEX WOOD

The epicenter: Station F in Paris

The world’s largest startup incubator sits inside the bowels of a nearly century-old former freight station, where 3,000 nascent entrepreneurs dart across the 366,000 square feet like cash-hungry ants. More than 30 venture capital firms, from Accel Partners to Index Ventures, pay a $6,100-a-year membership fee for the privilege of making investments on-site; Facebook and Microsoft run programs to try out companies they might buy; Amazon and Google focus on sussing out talent.

Walking around, you see a $20 million installation by Jeff Koons, floating meeting cubes and a blacked-out “relaxation zone,” where overtired programmers leave their shoes outside. “People sleep in here sometimes,” says Roxanne Varza, a California native who runs the incubator, pulling back a curtain to find a young woman doing exactly that.

The most impressive feature, however, is the ground under this complex, known as Station F. That’s F as in France — the project sits in Paris, the capital of a country known as much for constant strikes, mandatory 35-hour workweeks and expensive labor as for the Eiffel Tower and tarte tatin. In France, the payroll tax sits at 42%, with labor laws so convoluted they’ve been inscribed in a red, 3,000-page tome called the Code du Travail. Over the years, few western democracies have proved less hospitable to entrepreneurship and growth.

Station F, which opened a year ago, has an edifice’s version of a new-car smell, providing a big fat counternarrative. “The classical way for three or four decades in France to react to change is to claim that we will resist the change,” says French president Emmanuel Macron, in an exclusive interview with Forbes. The world took notice last year when Macron, at 39, became the youngest president ever elected in France. But his age is less important than his background: Before politics, Macron spent more than three years as an investment banker at Rothschild and also tried to develop an education startup. French politicians, from Chirac to Hollande, have blathered about reform for decades, only to succumb to pressure from change-averse pensioners and myopic unions. Macron gets it, and has staked his entire presidency on delivering. “Perhaps some of them will want to organize strikes for weeks or months. We have to organize ourselves,” the president says. “But I will not abandon or diminish the ambition of the reform, because there is no other choice.”

Using executive orders, he’s quickly pushed through a raft of
new employment laws, making it easier to hire—and fire. To add some honey to the medicine, he’s also put $18 billion into professional retraining over the next five years, including a controversial extension of unemployment insurance for France’s growing number of self-employed and small business owners. He’s slashing at taxes on wealth, capital gains and worker compensation, and “simplifying everything.”

How far is Macron willing to go? He reveals to Forbes that next year he intends to permanently end France’s notorious 30% “exit tax” on entrepreneurs who try to take money out of France—a tremendous disincentive for foreigners to start a business there and a strong incentive for French citizens to launch elsewhere. In doing so, he’s moving in the opposite direction of President Trump, who has gleefully threatened American companies who expand abroad and promised subsidies for those who stay.

“People are free to invest where they want,” says Macron. “If you want to get married, you should not explain to your partner, ‘If you marry me, you will not be free to divorce.’ I’m not so sure it is the best way to have a lady or a man who loves. So I’m for being free to get married and free to divorce.”

These enlightened policies come just in time. Demographically, France will surpass Germany as Europe’s most populous country within this generation, and it’s an educated lot, rating with the Continent’s best educated, with a slew of elite engineering schools to boot. “France is extremely well-positioned from a growth perspective,” says Jonas Prising, CEO of ManpowerGroup. At the
same time, the competition is heading the wrong way: As it stumbles toward Brexit, Britain continues to deepen the largest self-inflicted wound in modern economic history. Merkel remains politically hobbled by her weakened coalition. And while Trump crowns about the strong U.S. economy, his protectionist trade policies have more in common with Smoot and Hawley than with Reagan and Clinton.

Macronomics is already having an impact. As soon his labor reforms passed in January, the French retail giant Carrefour and the carmaker Groupe PSA announced 4,600 job cuts. Strikes ensued, naturellement. But in the same time period, foreign entities announced up to $12.2 billion in new investments, Macron’s economic advisors say. Disney is budgeting $2.4 billion to expand Disneyland Paris; Germany’s SAP is putting $2.4 billion into R&D centers and startup accelerators; Facebook and Google are scouring the French capital to hire 150 new specialists in artificial intelligence.

Startup life here is improving too. While uncertainty around Brexit undermines London venture capital, French funds, for the first time ever, were outraising the rest of Europe last year, according to the most recent data from market intelligence firm Dealroom. In January, French startups had the biggest foreign represen-
tation at the Consumer Electronics Show in Las Vegas, falling just six shy of the U.S. total.

Perspective remains important. In 2017, France had only three startups valued at $1 billion, versus 22 unicorns in the U.K. and 105 in the U.S. Decades of cultural anti-entrepreneurship can’t be instantly turned off. But the ingredients for change are here. “Countries that we think are very slow are now moving ten times faster than we are,” says John Chambers, the former CEO of Cisco, who pushed through $200 million in investment in French startups before leaving that role in 2015, adding that France now has “the right leader at the right point in time.” London investor Saul Klein, who recently invested in a spinout of British startup success Deliveroo that went on to chase the burgeoning French market, notes that he sits within walking distance of the Paris-bound Eurostar rail service: “It’s closer than Edinburgh or Dublin.”

IN THE TECHNOLOGY ERA, FRANCE has endured a series of Lost Generations. As Gates and Jobs and Ellison begat Musk and Bezos and Zuckerberg, France’s best entrepreneurial minds looked at their domestic opportunities and then booked a ticket to California to work for the Americans. There are some 60,000 French citi-
zens working in Silicon Valley, more than from Britain, Germany or any other country in Europe.

The only major exception: Xavier Niel, France’s eighth-richest man, with an estimated fortune of $8.1 billion. The country’s 40 billionaires have two dominant sources of wealth: luxury/retail or inheritance (or, for many, both). Niel is the only one with roots in the internet. Since this is France, his original angle was l’amour. Or, as they say in internet-speak, porn. France was an early adopter of a 1980s internet forerunner pushed by the French telecom monopoly. As a 17-year-old hacker, Niel forged his father’s signature to get a second phone line installed and developed a pseudonymous chatroom that focused on sex. By 24, he’d sold an online publishing company for more than $300,000. And in 1994, when the World Wide Web was emerging, Niel launched Worldnet, France’s first mainstream internet service, giving away millions of connection kits via magazines the way Steve Case was doing with AOL in the United States. As with Case, his timing was impeccable: He sold Worldnet for more than $50 million in 2000, right before the dot-com crash.

But while that kind of story would have made him a hero in Silicon Valley, Niel, with his middle-class background and lack of formal education, was eschewed by the French business elite. “People didn’t like entrepreneurs much,” says Loïc Le Meur, the founder of LeWeb conference, who started several French tech companies before fleeing to Silicon Valley. “If you succeeded you were not celebrated. You were more like a problem.” They called Niel the pornocrat, and executives refused to be seen in public with him. It’s not a subject Niel likes to discuss. “I forgot all the bad things,” he says of those days. But back then Niel embraced the pirate’s mantle, eventually scoring billions through telecom Illiad, which, with its half-price contracts, has carved into France’s calcified mobile industry over the past decade.

Fantastically rich, in 2013 he netted $400 million by selling 3% of Illiad's stock and set out to cultivate more French entrepreneurs like himself. If real change in France is impossible without political leadership, it’s equally true that government policies can’t move the needle if the private sector isn’t ready to respond. In Niel, Macron found a ready-made partner. Niel’s first big expenditure: $57 million to create 42, a free nonprofit school in Paris that has taught coding to 3,500 students, 40% of whom never finished high school. “42 was one of the most impressive things I’ve ever seen,” says Phil Libin, co-founder of productivity app Evernote. (In 2016, buoyed by its success, Niel launched a far larger outpost of 42—named after the Douglas Adams joke that “the answer to the ultimate question of life, the universe and everything is 42”—just outside of San Francisco, in Fremont.)

From there, Niel launched Kima Ventures to back startups, with a focus on France, bringing in former M&A advisor Jean de La Rochebrochard to run it. De La Rochebrochard quickly suggested investing more money in fewer companies and doubling down on winners, a notion Niel dismissed out of hand: “I don’t need more money. I’m just doing this because it’s exciting, it’s useful and nobody is doing it.” Kima now claims to be the most active angel fund in the world, with 518 investments over the past eight years, according to Pitchbook. De La Rochebrochard says he sees Niel only once or twice a year but hears from him constantly, sometimes asking business school audiences to email Niel and see if he responds within two hours. “Every single time he does,” says De La Rochebrochard.

The prospect of hundreds of French investments would have once been preposterous in a country teeming with overprotective laws that serve the work-shy. Simply leasing an apartment in Paris is a struggle thanks to woefully inflexible property rules; lacking the slip of paper that proves you have one of France’s sacred full-time employment contracts, entrepreneurs and startup employees often find themselves at the back of the line for housing. Employees must give up to two months’ notice if they want to leave, and employers are stuck with them. As recently as a few months before Macron’s inauguration, France implemented a “right to disconnect” law, giving employees a legal mandate—and incentive—to ignore late-night emails.

Furthermore, there was no hub for entrepreneurial activity. The closest Paris had was the Sentier district, the fashion quarter, where dwindling retail prospects allowed for short-term rentals. The rickety narrow spaces offered more character than synergies.

Around this time, Niel met Varza, a young Californian who ran Microsoft’s startup program Bizspark in France. In July 2013 he sent her an email, subject line “Bonjour Roxanne,” offering to foot the bill if she scouted the world’s best startup spaces. Varza emailed her photos and notes to Niel, who then forwarded them to his architect, Jean-Michel Wilmotte, with the instruction to take the best features even further.

Niel is the sole bankroller. He spent more than $300 million to build out Station F and three nearby apartment blocks, which can house 600 entrepreneurs, and added “a few hundred [million] more” for a five-star and a budget hotel being built next door. “It’s completely philanthropy,” he says, standing next to the colorful Koons work that resident entrepreneurs have nicknamed “the unicorn poo.” “This is a gift.”

To gain entry to Station F, startups apply for one of 32 themed programs: Microsoft takes 10 AI startups, Facebook grabs 15 in data, and so on. “They got access to a startup, we got access to their data,” says digital health insurance entrepreneur Jean-Charles Samuelian, who leveraged that Facebook program into a $28 million raise announced this April. For Station F’s in-house program, some 4,000 startups from 50 countries applied last year; 200 got in.

Amid all this activity, investors float around, service providers offer everything from shipping to 3-D printing, and the French government has set up something of a concierge space, where entrepreneurs cut through the red tape to get their business license and tax forms in one place. “It’s like a drive-through American restaurant,” says Tony Fadell, the legendary Apple executive who helped invent the iPod. Fadell then started and sold (for $3.2 billion) the thermostat company Nest as a second act and in 2016 moved his family to Paris as a third act. He’s a completely new type of expat, ensconced in Station F, investing in startups, hindered not a bit by his lack of French. Similarly, Evernote’s Libin
has decided to base a European startup studio out of Station F: “There’s something in the culture that bubbles up really exceptional individuals.”

**AS THE SOUNDS OF SNAPPING** cameras and chattering crowds echoed through Station F on the day it launched, Emmanuel Macron, dressed in a dark suit, asked Antoine Martin, one of France’s newest and most successful entrepreneurs, how he’d built location-tracker Zenly, which he’d just sold to Snap for $213 million. It wasn’t easy, Martin explained in French. At one point he had to pivot the entire business.

“Pivot?” interrupted the president.

Niel, who was nearby, quickly clarified, since “pivot” in French strictly connotes physical movement, not a shift in business strategy. Half an hour later, when Macron went in front of the hundreds of startup founders and software engineers who populate Station F, their phones held aloft, he told a story about promising his wife three years ago that he would become an entrepreneur. But things had changed.

“Je pivote le business model,” he said, prompting laughter and cheers.

Macron is clearly a quick study. And he really does know how to pivot, which gives him a chance to do what his predecessors couldn’t. The son of two doctors and the product of universities that churn out France’s ruling elite, he has the kind of establishment credibility Niel never did. Early in his career, he served as an assistant to Paul Ricoeur, a French philosopher whose life work was finding balance between extreme opposing views. Putting that to use, he worked as a banker at Rothschild, where at 34 he earned more than $3 million advising Swiss consumer-goods giant Nestlé on its $11.8 billion bid for Pfizer’s baby-formula business, even wrestling it away from France’s Danone. He then joined the leadership team of a socialist government, led by François Hollande.

At first he was a deputy chief of staff, but then in August 2014 he was named economic minister, charged with pushing early versions of the reforms he’s now seeing through. Between those stints, he began to develop ideas for an education startup. “I think I understand entrepreneurs and risk-takers quite well,” says the president.

Macron used his brief government stint effectively. “He was asking about what makes Silicon Valley successful,” says Chambers, recalling a dinner he hosted for Macron and other French startup founders in Palo Alto. They talked about why Boston’s Route 128 lost the tech-hub crown to the Bay Area. “He was just learning it. He was absorbing.”

Macron started the political party En Marche to solve the “blockages” that have held France back. He quickly found himself with an incredibly fortuitous hand. His centrist platform breaks some of the left-right political paralysis, allowing him to, say, push labor market reform at the same time he moves to subsidize the vulnerable. Crucially, since both he and his legislative majority are locked in until 2022, he can make the long-term decisions the way president-for-life types like China’s Xi and Russia’s Putin tend to, but with the democratic, free-market ideals of a western capitalist.

The latter trait, as widely noted during his recent state visit to Washington, gives him a natural rapport with President Trump. “I understand very easily this kind of person,” Macron says. “When you see him as a dealmaker, as he has always been, it’s very consistent. That’s why I like him. . . . That’s where my business background helped me a lot.”

But those business backgrounds are also quite different. Trump’s real estate dealmaking always had an I-win-you-lose ethos to it, whereas Macron the banker needed to foster coalitions. “We have a difference in terms of philosophy and concepts regarding the current globalization,” Macron says. And he’s using that to his advantage. After Trump began turning his back on renewables last year, Macron publicly pounced, imploring green-tech entrepreneurs and academics to come to France and, tongue firmly in cheek, “Make Our Planet Great Again.” Two thirds of the ensuing 1,822 applications for grants came from the United States. “If you are in a country where the strategy is not clear regarding climate change, that’s a big issue for many startups,” says Macron, who has been similarly effusive about luring British financial firms. In these areas, France intends to play offense.
IF STATION F REPRESENTS a renaissance in French entrepreneurship, then dinnertime at Station F represents the hurdles to come. The place “empties out by 7 p.m.,” says Karen Ko, who came to Paris for her M.B.A. and now helps run a data analytics startup for care homes at Niel’s giant incubator. “By 8, it’s almost a ghost town.” Meanwhile, David Chernont, of Inbound Capital in Paris, is surely the only startup advisor to say this: “People should stop fantasizing about startups. It’s really hard. You’re going to bed with work in your head.”

Ask anyone at a French startup: Cultural and government habits die hard. At first it was a breeze when Anton Soulier incorporated Mission Food in Paris last year. But then a bill came in the mail. His food-delivery startup had to pay nearly $2,000 in employment tax—before he’d hired a single employee. “Crazy,” he says. In France there’s a de facto legal tax, with every startup needing a good lawyer to the tune of more than $30,000 a year just to navigate the byzantine regulations. When the nascent companies eventually hire staff, each employee’s salary costs will double because of various contributions mandates. And good luck deciphering the pay slips, which have 25 lines of deductions and figures.

President Macron says he’s working on it. “We are basically killing a lot of small taxes that our entrepreneurs had to pay,” he says. But some entrepreneurs are skeptical those changes will come once all the hype dies down. Macron’s reforms haven’t had an effect on Mission Food, Soulier says, noting that some labor law changes from 2002 are only now coming into effect, over 15 years later.

France’s past governments have also been notorious for siding with legacy industries, like the taxi trade, and against newer business models like ride-sharing. “I want this country to be open to disruption and these new models,” says Macron, who then idealistically says the answer is compromise. “My startups create some issues for my big companies like EDF,” he says of the electric utility firm. “But I’m fine with that. And I told EDF, ‘You should invest in this company. Perhaps they will disrupt you. So the best way to proceed is to be a partner.’”

A sound idea, but it’s hard for a government to guide the strategy of former monopolies. “[Macron] hasn’t walked the walk,” says disappointed Macron fan Yan Hascoet, who cofounded Uber competitor Chauffeur Privé. His startup lost almost a third of its 15,000 drivers in 2017 when regulators rolled out an ultra-difficult theory exam in an obvious move to shield the older taxi drivers, who were clogging Paris in protest. “He chose not to touch this topic.”

Macron’s broader problem is getting the rest of his government—and the pockets of entrenched support for incumbents like the taxi trade—on board. The cynical Niel, who proclaims that he doesn’t vote, not even for Macron, understandably thinks true reform will come from the entrepreneurs. But reform requires noise, and French entrepreneurs don’t always like making it. Money is still “negatively connotated here,” says Zenly’s Martin, who says he and his cofounder are staying “out of the sunlight” after their sale to Snap. In the last three years, Nicolas Steegmann sold his startup Supelfix to GoPro; Pierre Valade sold Sunrise to Microsoft; and Jean-Daniel Guyot sold Captain Train to Trainline. They are “all unknown to the general public,” says Martin. And “all have done nine-figure deals.”

Foreigners are more comfortable with the spotlight, and they see progress. “There is a certain informality here,” says Ko, perched on a lime-green cushioned bench in the middle of Station F. “It’s very un-French. You can walk around, you can start a conversation and introduce yourself. I like that because it makes me feel like I’m home.”

Silicon Valley became a force because its alumni helped each generation grow, says Fadell. “Station F and Paris will experience the same multiplier effect.” Among the new alumni, star founders from Criteo (an ad-tech giant that went public in 2013 and is now worth $1.9 billion) and ride-sharing app BlaBlaCar (still private but valued at $1.4 billion) have already become angel investors for the next generation of Parisian startups.

More are coming: International Station F applicants cite Silicon Valley costs, Donald Trump and Brexit as their reason to apply, and all three of those seem fixed for now. France would historically squander such gifts; it’s why Macron moves with such urgency. “Most of the time, leaders decide to reform at the end of their mandate,” he says. Instead, he front-loaded his major initiatives. “Something we have to deliver today is not to be passed tomorrow,” he says. “Late is too late.”
Prince of Pallets

Can you make a killing off a century-old wooden device? Jeffrey Owen might do that.

BY JOANN MULLER

When Johnson & Johnson heard complaints in 2009 about a musty odor coming from Tylenol Arthritis Pain caplets, it retracted its entire supply chain to find the source. The culprit: shipping pallets.

The pill packages had likely been contaminated by trace amounts of a fungicide used to treat the 6-inch-tall wooden platforms, which carried them from factory to warehouse to retailer. The cost of lost production and yanking Tylenol and Motrin off store shelves: $900 million.

The lowly shipping pallet—a ubiquitous tool of modern commerce—has a habit of causing trouble. The wood harbors bacteria, spoiling a shipment of produce. A pallet cracks, sending a stack of televisions tumbling to the floor. In a fire, a stack of wooden pallets is tinder.

Jeffrey Owen thinks his Lightning Technologies, based in Oxford, Michigan, has the answer: a virtually indestructible, lightweight, hygienic and fire-retardant pallet with an embedded tracking chip. The Lightning pallet is made of wood, but it’s encapsulated with a polymer coating that makes the wood durable and easy to sanitize. The chip records everything about the pallet’s journey in real time: temperature, humidity, accidents and, of course, whereabouts.

The high-tech pallets have logistics experts doing cartwheels. “Today there’s no way to measure how the product is handled or controlled for temperature,” says Bob Spence, a vice president at Del Monte Fresh Produce. “And God forbid there’s a recall.” With a smart pallet, he says, “you have the ability to trace that product quickly and determine what field sold it. Then maybe you don’t have to go back and recall everything.”

“We’re going to light up what’s previously been dark,” says Rex Lowe, whose company, Gard, in Irving, Texas, sells and leases the Lightning-built pallets. “I can totally illuminate a potato coming out of the ground all the way to a french fry going into your mouth.”

Smart pallets can tell shippers where and when damage is happening to their cargo, says Laszlo Horvath, a professor at Virginia Tech, which has been studying pallet design since 1976. A TV manufacturer, for instance, might decide to reroute trucks carrying fragile electronics to avoid a bridge that causes load vibration.

The shipping pallet hasn’t changed much since it was invented, along with the forklift, nearly a century ago. Plastic pallets showed up in 1965 but haven’t taken away much of the business because, at $70, they cost three times as much as comparable wooden ones, and they can’t be repaired if they break. Two billion pallets circulate in the U.S. (and some 8 billion globally), many leased from pooling companies that operate much like car-rental agencies.

Owen, 67, got into the pallet business in 2003, after years in the auto industry. Born in Cynthiana, Kentucky, he would have followed his father into tobacco farming if not for the surgeon general’s warning on cigarettes. He ended up in Detroit, representing a variety of suppliers and eventually running his own plastics business. It was Lowe, a veteran of the pallet business, who persuaded Owen to start manufacturing plastic pallets. Owen sold his firm, Palm Plastics, for $35 million in 2009.

By then a pallet expert himself, Owen was hired in 2013 by a financial firm to evaluate an innovative pallet technology from Oria International, a research laboratory in Auburn Hills, Michigan. The investors passed on the opportunity, but Owen was intrigued. He paid $1 million to license Oria’s patents. Then he spent four years perfecting the polyurea spray coating (with the help of chemical giant BASF).

Creating a more durable pallet with tracking technology isn’t a new idea. Lightning’s selling proposition is rolling a bunch of innovations into one: a pallet that is lightweight, sustainable, hygienic, easily repaired and skid-free. It uses active, rather than passive, ID chips, which can beam information to and from the cloud anywhere, anytime.

Lightning’s manufacturing process is as innovative as the pallet itself. In place of traditional hardwood lumber, it uses
plywood made from fast-growing trees harvested on plantations in Russia and South America. (U.S. suppliers don’t exist, Owen says.)

Inside the company’s sparkling factory 45 miles north of Detroit, computerized milling machinery cuts openings for drainage and handholds plus a tiny compartment for the electronic tracking device. Two platforms, milled from different types of plywood, sandwich stubby legs made from laminated strand lumber, leaving openings for forklift access. The assembly dances its way through an automated line, twisting and flipping as high-velocity robots spray it. It’s a surprisingly clean process. The factory is across the street from a landfill, but not a speck of waste ends up there. The sawdust is sucked up and sold to become wood pellets. Excess spray is trapped in giant tanks and recirculated.

Even before achieving mass production, Lightning Technologies has $87 million in pallet orders, primarily from Costco’s suppliers. Other well-known retailers are lining up to rent pooled pallets from Lowe, who says he can save $1.50 a trip from the typical $5 to $6 a trip that competitors charge for wooden pallets. For a retailer that uses 100 million pallets a year, Lowe says, that’s a savings of $150 million.

Costco co-founder Tom Walker, who retired as executive vice president in 2013, remains keenly interested in pallet design. “Cost is how we live and breathe,” he says. “If we can pick up a dollar on a pallet, we can reduce our water cost by 2 or 3 cents per bottle.”

The challenge now is producing pallets fast enough. Owen has raised $20 million so far, including an undisclosed sum of his own money, and expects to ramp up manufacturing this summer. Most of the early investors come from Sweden, including Lars Wrebo, a former chief operating officer at Volvo Cars who is now chairman of Lightning, and the Bergengren family, which made its fortune in wheelbarrows. Owen has grand ambitions: ten plants globally within five years delivering $1 billion in revenue. (Lightning and Gard are in talks with potential joint venture partners to open production facilities in China and Korea by the end of 2020.)

That’s not a stretch, says Lowe. “The whole world moves on a pallet. I don’t care what you bought in your house. It came there on a pallet.”
Luxury watchmaker Richard Mille and automotive brand McLaren have leveraged their respective dedication to unparalleled design and technical excellence to embark on a 10-year partnership to produce some of the world’s most unique timepieces. Despite being youthful brands, both have made a deep impression in their respective industries with their stunning creations.

Richard Mille has been a fan of both stylish classic cars and high-performance Formula One racing cars. His admiration for the engineering and authenticity, as well as the design and materials of these automobiles, has clearly influenced his horological creations.

While the Richard Mille brand has forged its own unmistakable style by looking at a wide swathe of disciplines for inspiration, motorsport’s technical and aesthetic vision has been the most influential of these.

The trademark endurance, performance, lightness and maximum resistance of a Richard Mille watch requires incorporating cutting-edge technologies and materials, many of which are employed in the automotive arena, and best exemplified by a McLaren high-performance sports car. Achieving this requires a deep commitment to research and development (R&D). Indeed, both Richard Mille and McLaren today boast the best R&D capabilities in their respective fields.

“We make watches you can wear for any occasion, just as McLaren creates cars that can be driven on a daily basis. We don’t produce watches to put in a safe waiting for the next generation. Given that our field is governed by very complex engineering systems and huge investments in R&D, as well as a lot of tests, I find it fascinating that at the end of it all, you have a fantastic, living object. I love the fact that ultimately, we make art. These are works of art, living pieces of

Adds Mike Flewitt, the Chief Executive Officer of McLaren Automotive: “And that’s where the beauty lies. We take advantage of science, engineering and the latest research to go beyond what anyone has done before. We use new materials to improve function. Neither of us make things just to own as pieces of art that sit in a collection. We want them to be used. “We don’t use new technology just to say we are first. We use new technology because it makes for better performance—lighter weight, more strength, greater durability,” he says.

A Pursuit of Excellence

Richard Mille and McLaren’s partnership has flourished because of a common goal: the pursuit of perfection achieved through attention to technical excellence. This involves an unswerving attention to detail and the use of exotic materials when required. There is a focus on both form and function, without comprising on either.

In particular, there is a shared obsession with precision, regardless of the shocks, vibrations or other physical stresses that their timepieces or cars may encounter. “There are so many similarities in the way we approach a problem, such as saving weight, reducing vibrational impact and resistance. Whether in the world of automobiles or that of watches, ergonomics is a field of research where developments are similar despite differing applications,” says Flewitt.

However, Mille notes that the solutions it garners from the automotive world must be adapted to meet the constraints of the domain of watches. “After all, a Formula One car might run one hour to an hour and a half a day, but a watch must keep ticking 24 hours a day, 365 days a year,” he says.

A Shared Passion

The new RM 11-03 McLaren Automatic Flyback Chronograph timepiece that Richard Mille has created with McLaren is the purest manifestation of this fruitful
partnership. The watchmaker’s designers have gone beyond the superficial to imbue the timepiece with the essence of the two brands.

For instance, rather than merely have a strap that resembles a tyre, the team sought to incorporate many of McLaren’s design cues, such as the carmaker’s signature orange livery. The complex grade 5 titanium crown is inspired by McLaren lightweight wheel, and titanium pushers fitted to the case echo the design of the distinctive headlights of the McLaren 720S.

Adorning the bezel are titanium inserts that are similar in shape to the iconic McLaren F1’s air-intake snorkel and bears the carmaker’s logo. The McLaren Speedmark logo is also incorporated on the rubber strap specifically developed for this edition.

The case of the RM 11-03 McLaren is made of Carbon TPT® interlaced with Orange Quartz TPT®, resulting in an extremely resistant and lightweight case that pays tribute to a color that is synonymous with McLaren. The material enhances the mechanical performance of the RM 11-03 and offers resistance to harsh environments.

“The idea is not to overpower what is a fine-looking watch, but to create a unique product that reflects both our companies’ core values and identities. The end result is a fantastic looking timepiece,” says Flewitt.

“Our collaboration continues to be focused on materials, details and design, all key creative aspects. Cutting straight to essentials, you really feel the connection between the brands in this latest watch. It is anything but superficial,” he says.

The RM 11-03 was created in close collaboration between McLaren Design Director Rob Melville and Richard Mille Engineer Fabrice Namura. “The idea was to take on a real technical challenge and come up with something other than a mere dial with an inscription. I find the 720S designed by Rob Melville mesmerizing beautiful, and we wanted to give the RM 11-03 McLaren curves that were similarly both aesthetic and functional,” says Namura.

The RM 11-03 McLaren Automatic Flyback Chronograph McLaren is the first timepiece the two brands have worked on together, and was unveiled at the Geneva International Motor Show during a reception hosted by Flewitt and Mille. It will be issued in a limited edition of 500 and available initially to mainly McLaren Ultimate Series clients.

The RM 11-03 is an example of how two brands from different fields can join hands to produce something truly spectacular if they share the same passions. Says Mille: “The common denominator our universes share, what our clients ultimately expect, is passion. Heart is everything. When we speak of emotion, it’s not something frivolous, it is a very important matter.”

Under the bonnet of the RM 11-03 McLaren

The RM 11-03 McLaren Automatic Flyback Chronograph is the latest timepiece that has emerged from the partnership between Richard Mille and McLaren Automotive. Under the bonnet of the RM 11-03 beats the automatic RMAC3 caliber with a flyback chronograph.

Inspired by speed, the instant return of the counter to zero makes it possible to quickly restart the stopwatch function. The movement features a 55-hour power reserve powered by two barrels mounted in parallel and a balance wheel with variable inertia. Reflecting Richard Mille’s attention to detail, the winding of the watch can be adjusted to the wearer’s activity level.

The baseplate and bridges for this caliber is made up of PVD-treated grade 5 titanium to ensure the requisite stiffness and perfect functioning of the going train. This design was inspired by the chassis of a race car, which must always exhibit tremendous torque resistance while remaining light in weight.

Meanwhile, the satin-finish grade 5 titanium upper bridge further accentuates the depth of the caliber, creating a visual trajectory around the annual calendar and oversized date as well as the 12-hour chronograph and countdown counters.
**Hedgemony**

**BY NATHAN VARDI**

EVEN THE KINGS of Wall Street suffer from an income disparity. The top five hedge funders earned nearly half of the $16.8 billion we tallied for our annual list of the 25 highest-earning hedgies. Two members of the roll, Philippe Laffont and John Armitage, are newly minted billionaires thanks to their mega-paydays. Both are dyed-in-the-wool stock pickers, a seemingly rare breed these days.

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<td>900 Millennium Management</td>
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<td>7 Daniel Loeb</td>
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<td>8 Steve Cohen</td>
<td>700 Point72 Asset Management</td>
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<td>9 Andreas Halvorsen</td>
<td>600 Viking Global Investors</td>
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<tr>
<td>9 Christopher Hohn</td>
<td>600 The Children's Investment Fund</td>
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<td>11 Joseph Edelman</td>
<td>500 Perceptive Advisors</td>
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<td>11 Philippe Laffont</td>
<td>500 Coatue Management</td>
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<td>11 David Shaw</td>
<td>500 D. E. Shaw &amp; Co.</td>
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<td>11 Paul Singer</td>
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<td>15 Stephen Mandel Jr.</td>
<td>450 Lone Pine Capital</td>
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<td>16 John Overdeck</td>
<td>400 Two Sigma Investments</td>
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<tr>
<td>18 Larry Robbins</td>
<td>380 Glenview Capital Management</td>
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<td>19 Chase Coleman III</td>
<td>350 Tiger Global Management</td>
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<td>20 James Dinan</td>
<td>300 York Capital Management</td>
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<td>300 Melvin Capital Management</td>
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<td>20 George Plotkin</td>
<td>300 Soros Fund Management</td>
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<td>23 John Armitage</td>
<td>270 Egerton Capital</td>
</tr>
<tr>
<td>24 Leon G. Cooperman</td>
<td>250 Omega Advisors</td>
</tr>
<tr>
<td>25 Michael Hintze</td>
<td>200 CQS</td>
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**Michael Platt**

After returning money to outside investors two years ago, Platt has dialed up the leverage and taken on more risk. His new formula is working: In 2017 his BlueCrest Capital generated a return of 54% on its assets, net of all costs.

**Daniel Loeb**

Known for sending brash letters to corporate boards, Loeb, whose flagship hedge fund returned 18.2%, has quietly surpassed his peers with solid performances in recent years.

**Christopher Hohn**

One of the hottest hedge fund managers at the moment. Last year the activist investor's main $18.5 billion fund returned 27% net of fees.

**Philippe Laffont**

Laffont has spent 19 years focusing solely on tech. His Coatue Management now oversees $16 billion, which goes into stocks and vehicles that invest in private companies and startups. Coatue’s main fund returned 24% net of fees in 2017. The Belgium-born Laffont cut his teeth analyzing European telecom companies for hedge fund legend Julian Robertson.

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1 2017 earnings. Pretax figures include the personal gain of each manager's interest in his funds plus fee income after accounting for firm expenses and profit-sharing arrangements.
What do Joanne Kua, a 33-year-old scion of a wealthy Malaysian family who is transforming her father’s staid insurance and finance business, and Indonesian grandmother Nurhayati Subakat, 67, who has pioneered halal beauty products, have in common with Miki Ito, a Japanese scientist who plans to scrub the cosmos clean of space junk, and Vietnam’s Dang Minh Phuong, who founded and runs a logistics company? They are on Forbes Asia’s first Emergent 25 list of women making their recent mark in regional enterprises.

These listees reflect the broader impact women are having in the Asian business world, even as the number of women in senior business positions globally retreated over the past year, according to consultancy Grant Thornton. Its 2018 “Women in Business” report says APAC firms gained gender diversity but notes that results across the region were patchy: a strong uptick in India, with the number of women in senior roles rising to 20% from 17%, but disappointment in Japan as the rate there remains stuck around 5%.

This group of 25, chosen for the money they generate, the influence they wield and the ideas and trends they are advancing, bring fresh perspectives to Asia-Pacific’s growing business world.

RESEARCH AND ADDITIONAL REPORTING BY: CAROLINE CHEN, RON GLUCKMAN, JANE HO, JOYCE HUANG, SUNSHINE LICHAUCO DE LEON, LAN ANH NGUYEN, JANE A. PETERSON, ANURADHA RAGHUNATHAN, ELAINE RAMIREZ, JENNIFER SCHULTZ WELLS, JAMES SIMMS.
Estina Ang 64

FOUNDER, EXECUTIVE CHAIRMAN AND CEO
GHIM LI GROUP
SINGAPORE

Ang started her garment-making business in the 1970s as a subcontractor with $3,000 and six sewing machines. Today the global textile and apparel supplier is one of the largest in Asia, shipping about 60 million pieces annually, with the bulk of its $156 million in 2017 revenue coming from major North American retailers, including Walmart and department store company Macy’s.

Recently Ang has focused on creating a digitized supply chain from the firm’s headquarters in Singapore. In December 2016 publicly listed arm GLG bought a fabric mill in Malaysia for $20 million; last year it added garment factories in Vietnam and Malaysia. Three quarters of GLG’s 7,000 employees are women, and the company has a female-led board and management team that includes daughter Felicia Gan.

Lorraine Belo-Cincochan 39

CEO AND PRESIDENT
WILCON DEPOT
PHILIPPINES

Since taking her home-improvement and building-products retailer public in March 2017, Belo-Cincochan has led the family business on its most aggressive expansion yet. Wilcon—which includes Wilcon Depot big-box stores and Wilcon Home Essentials shops—has opened 7 more outlets, boosting its total nationwide to 43.

Belo-Cincochan, who became CEO in 2016, joined the team in 2000, working as trainee to then president William Belo, her father, who started Wilcon with one tiny shop in Quezon City in 1977. “Life for me has been work, from the very beginning,” she says. (William Belo is now chairman.) She has computerized Wilcon’s manual systems and guided its stores from traditional to big-box format. Wilcon posted an 11% gain in revenue for 2017. Since its IPO the stock has more than doubled.

Dang Minh Phuong 47

FOUNDER AND CHAIRMAN
MINH PHUONG LOGISTICS
VIETNAM

Dang is a scrappy player in Vietnam’s underdeveloped but fast-growing logistics market. She has built MP Logistics into a company with more than 1,000 vehicles providing forwarding and logistics services, mostly to Japanese companies, as well as air and ocean freight, warehousing and project cargo. Last year she entered into a joint venture with Samsung SDS, a unit of the South Korean giant, to provide services to the conglomerate’s businesses in Vietnam, where half of all Samsung smartphones are made.

She also inked a deal with U.S.-based Enterprise Rent-A-Car, the world’s largest car-rental company, to become its first franchise in Asia, providing long-term rentals for employees of multinational companies, starting this year. Eventually it will expand to short-term rentals. It’s not her first foray into passenger transport: MP Logistics also owns 67% of Saigon Air Taxi, which is being restructured to become a car-rental service as it faces increasing competition from ride-sharing platforms Grab and Uber.

Dang founded MP Logistics in 1995 with about $10,000 as foreign direct investment flooded into Vietnam after its Doi Moi economic policies opened up the market. Asked about her success, she says, “My father told me: ‘It’s not a big deal if you lose your assets. But if you lose your credibility, you lose everything.’” Dang says she’s looking for investors.
THE EMERGENT 25

Miwako Date 46

PRESIDENT
MORI TRUST
JAPAN

The daughter of Mori Trust Chairman Akira Mori and grandchild of Taikichiro Mori, founder of the Mori real estate empire, Date became president of the property-development giant two years ago. Since 2008 she has led the company's expansion in the hotel business by making deals with major brands such as Marriott International and boutique hotel pioneer Ian Schrager; it now has more than 100 properties in Tokyo and across Japan. Mori Trust estimates hotel revenue hit $312 million in the year ended March 31, nearly doubling over the past six years and accounting for about one fifth of the firm's expected almost $1.5 billion in revenue in the same period. Date has made luxury hotels a pillar of the privately held Mori Trust's growth strategy and wants to tap into Japan's tourism boom, especially ahead of the 2020 Tokyo Summer Olympics.

Elizabeth Gaines 54

CEO
FORTESCUE METALS GROUP
AUSTRALIA

Gaines is the first woman to run a major Australian publicly listed mining company. She joined the world's fourth-largest iron ore producer in 2013 as its first female board member, bringing management and board experience from the banking, construction and travel sectors. She became CFO in early 2017 before being named CEO in November and has reduced Fortescue's heavy borrowing costs through refinancing and debt repayment.

Her appointment comes at a challenging time for the miner: Prices of its low-grade iron products are under pressure as Chinese steelmakers, complying with tougher antipollution measures, move to higher-quality grades that can be processed more efficiently. China, the miner's biggest customer, remains its core focus, Gaines says, though the company is looking to broaden market share in Asia and Europe. Gaines stresses her highest priority at work is safety and wants “to empower the entire Fortescue family to look out for their mates.”

Jyoti Deshpande 47

PRESIDENT OF THE CHAIRMAN’S OFFICE, MEDIA AND ENTERTAINMENT
RELIANCE INDUSTRIES
INDIA

Deshpande moved into her newly minted post at Reliance Industries in April, tapped to play a critical role in India’s $20 billion media and entertainment sector. She has access to Reliance’s 160 million customers using 4G broadband service and is charged with building exclusive content for them in the form of music, movies and original series across 11 languages. “This is content they can consume on their phones, tablets or televisions seamlessly, anytime, anywhere,” says the 25-year industry veteran.

She will also manage the investments that Reliance has already made in the sector: in U.S. broadcast heavyweight Viacom, Indian film and TV production house Balaji Telefilms and, most recently, Indian movie producer and distributor Eros (where she was global CEO and managing director before getting her new gig). Also under her purview is a deal Reliance announced in March to buy music-streaming service Saavn through its JioMusic, creating one of the largest streaming services in the world. Deshpande will report directly to Reliance Industries chairman and managing director Mukesh Ambani, who says, “She will not only give wings to our plans but also play a pivotal role in transforming the sector.”

Deshpande seems to have the answer to keeping calm in what can sometimes be a chaotic industry. “I meditate twice a day,” she says. “It helps me focus my energy and stay positive.” She loves movies and follows cricket, tennis and soccer.

Christina Gaw 45

MANAGING PRINCIPAL
GAW CAPITAL
HONG KONG

With $18 billion under management, Gaw Capital has grown into one of the world’s largest private equity real estate companies. CEO Goodwin Gaw is its leader, while brother Kenneth is the numbers man. “My strength lies in interpersonal skills,” says younger sister Christina, 45. Largely working behind the scenes, she oversees fundraising and runs investor services.

She joined the firm in 2008, 3 years after her brothers founded it. Before that, the mother of four worked in investment banking with UBS and Goldman Sachs for almost 16 years. The trio acquire underperforming assets and refurbish and reposition them for a tidy profit. Last year the firm raised $3 billion of equity commitments and completed 28 deals, with transaction volume reaching $7.2 billion.
Nisaba Godrej 40  
EXECUTIVE CHAIRMAN  
GODREJ CONSUMER PRODUCTS  
INDIA

Godrej succeeded her father, Adi Godrej, as executive chairman of the 121-year-old Godrej Group’s consumer-goods flagship in May 2017, after spearheading a decade of transformation in various roles at the Mumbai outfit.

During that time, she parlayed a domestic player known primarily for hair dye and soap into a global company selling products such as insecticides, tissues and deodorant. Nearly half of its revenue comes from international businesses, up from 21% ten years ago. Over the past decade, revenue has soared to $1.5 billion from $221 million while market capitalization has climbed 17 times to $12 billion from $700 million. The company has created a niche catering to the hair-care needs of African women, racking up $325 million in sales from this segment alone in the nine months to December 31, 2017. New products rolled out in the past five years account for a fifth of Godrej Consumer Products’ global growth and more than a third of domestic growth.

Godrej—who has a 4-year-old son and a year-old daughter—cultivates a woman-friendly workplace by offering flexible hours, work-from-home options and a program that helps women who have dropped out of the workforce at midmanagement level to return. The company’s board boasts five women, the highest of any listed company in India.

Han Seong-Sook 50  
CEO  
NAVER  
SOUTH KOREA

When Han took the helm of Naver in 2017, the company was forced to pivot. Not only did she break a glass ceiling as the internet giant’s first female CEO—in a country where just 2.6% of CEOs are women, according to data from Meerea Forum and CEO Score—she also set the course for the company to expand beyond its home market and invest in big data and other advanced technologies.

The former tech journalist and internet entrepreneur launched the company’s Naver Pay mobile-payment service and its V Live music-streaming app, which has gained popularity in Southeast Asia through Korean pop celebrity fan meetups. Han says gender diversity is especially important in helping product designers target both male and female users.

Under Han’s watch as the company’s first nonengineer CEO, Naver, with a market capitalization of $23.5 billion, has committed some $467 million to developing artificial intelligence and blockchain technologies, and plans to target global markets with its Clova AI platform. Naver reported a 7% gain in profit for 2017 to a record $1.1 billion; revenue also hit a record, jumping 16% to $4.7 billion.

Aki Hashimoto 44  
PRESIDENT  
STELLA CHEMIFA  
JAPAN

It’s a long way from pasta and wine to specialty chemicals, but that’s the road taken by Aki Hashimoto to become president of Stella Chemifa. Hashimoto, who worked at two Italian restaurants before opening her own in Osaka, joined the century-old firm founded by her great-grandfather in 2012, taking the top job in 2015. Her aunt, Junko Fukada, who is chairman, first asked her to help set up a day-care facility within the company as a contract worker. After a successful opening, Hashimoto joined the firm. The family, including Hashimoto and Fukada, has a 15.3% stake in the company.

Semiconductor- and LCD-making chemicals are Stella Chemifa’s largest sales segment and command a 70% global market share. Electrolytes for lithium-ion batteries (used in electric and hybrid cars) are another core product. Hashimoto is striving to build up the medical unit. She is self-effacing: “Even though I have little experience in the chemical industry, I don’t think I will come in second to other people of my generation in terms of my experience in the world,” she says. “It takes an established sense of pride in yourself to say ‘I don’t know’ about things you don’t know about.”
Kim So-Hee 34  
CEO  
NANDA  
SOUTH KOREA  
Kim created Nanda in 2004 in her early 20s with the help of her mother and aunt as an online secondhand market for women’s apparel. Today the company has an online and an offline global presence with three brands: Stylenanda and KXX (both clothing lines), and 3CE (cosmetics). Unlisted Nanda posted 2016 net profit of $20.4 million on sales of $101 million, riding the Korean pop-culture wave. Nanda says several companies are eyeing a major stake—including global cosmetics giant L’Oréal—after it announced last year that it was looking for a buyer to help boost its international expansion.

Nanda’s growth accelerated after the launch of 3CE cosmetics in 2009, which became popular with Chinese consumers. Now 3CE generates 69% of revenue, with half of total company sales coming from abroad. Nanda has 14 brick-and-mortar outlets in South Korea and 59 in the rest of Asia and Australia. Says Kim: “Our greatest achievement is still under way. Style is never boring.”

Joanne Kua 33  
GROUP CEO AND EXECUTIVE DIRECTOR/MANAGING DIRECTOR  
KSK GROUP/KSK LAND  
MALAYSIA  
Since joining her father’s insurance and finance business seven years ago—following several years abroad in banking and insurance—she has transformed KSK Group into a diversified conglomerate, adding property development and tech investments while boosting staff 28% to 700. Kua revels in the corporate metamorphosis, saying every day is “like a roller-coaster ride.” Total group assets now hover around $410 million.

Her tycoon father, Kua Sian Kooi, who took the company private in 2013, is the executive chairman and handles its strategic direction. Her sister Cindy, one of three siblings, heads up KSK Insurance. The family is close-knit, Joanne says; she is single and lives with her parents. Forbes estimates the family’s net worth at $300 million. Kua considers her 66-year-old father a mentor, leader and visionary, and meets him for breakfast daily and sometimes for dinner too. “My father taught me to dream.”

Kua cites her debut project for KSK Land, KSK Group’s foray into property, as her foremost achievement. Called 8 Conlay and due to open in 2020, the triple-tower Kempinski hotel and branded residences, valued at $1.4 billion, is dramatically altering the capital’s skyline, with two of its skyscrapers curving to form the Chinese character for 8. An avid traveler, Kua keeps in close touch with friends and family. “They keep me happy and going every day. They are my backbone.”

Hu Weiwei 36  
FOUNDER AND PRESIDENT  
MOBIKE  
CHINA  
Hu pedaled her way to a windfall last month when she sold her bike-sharing app, the world’s largest, to Meituan Dianping in a cash-and-stock deal widely reported to total $2.7 billion. What’s more, she gets to continue running the company she founded three years ago and built into a juggernaut, with 9 million bikes handling 30 million rides daily in more than 200 cities in 15 countries. Today, Mobike’s registered users number 200 million, up from 11 million in 2016.

Mobike has received more than $1 billion in funding since its inception, including $600 million in June from investors led by Chinese internet giant Tencent, which also backs Meituan Dianping, China’s largest local services e-commerce platform. The deal fuels the rivalry between Tencent and another of China’s tech giants, Alibaba, which has invested in bike-sharing app Ofo. Mobike cited intense competition as one reason for the deal. Under the agreement the two companies will share technology as well as customer service and marketing support.

In her spare time, Hu plays basketball, runs and—no surprise—cycles.
On a Mission

Space is less a final frontier these days than a final garbage dump. Japan’s Miki Ito has a plan to scrub space clean of junk.

BY JAMES SIMMS

Depending on the size cutoff, there are anywhere from 20,000 to 100 million fragments speeding around earth at up to 8 kilometers per second, ranging from tiny specks of forgotten satellites to chunks of failed rockets. Collisions between objects create even more debris, a situation that left unchecked could theoretically make space unusable.

That’s where 35-year-old Miki Ito comes in. With a master’s degree in aerospace engineering from Nihon University, Ito is president of Astroscale Japan, which was founded to find cost-effective ways to clean up space. Astroscale, which has raised about $53 million in funding (see story, p. 16), has its corporate headquarters in Singapore but carries out development in Japan, where it has a research agreement with the country’s space agency and is developing a demonstration satellite called ELSA-d to remove space junk.

As Japan struggles to bolster its number of female executives, Ito is a rare woman in STEM and one of just a few at an aerospace startup. In an interview with Forbes Asia, she explains what inspired her career:

Ito: In junior high school, the movie Independence Day left an impression on me. The alien spaceship was so futuristic and beautiful. After that, I wanted to do work related to space—that could have been as an astronaut or building rockets. I entered college with the general idea of space and entered a lab that was working on satellites.

What was your experience in STEM at a Japanese university? There are quite a few women in chemistry, biology and architecture. But there are not that many in engineering. It didn’t really affect me that there were mainly men around me. Not being overly feminine, I didn’t feel that they treated me differently because I was a woman.

What’s behind the mini-boom in Japanese space startups? Investment has become easier because of small satellites. And it’s become cheaper. They’ve gotten smaller because high-performance components have become smaller and less expensive, and the realization . . . that off-the-shelf commercial components can work in space.

What was your experience before joining Astroscale? I was a satellite engineer for a program to build small satellites sponsored by the Cabinet Office. They were 50-centimeter cubes weighing 50 to 60 kilograms to observe the earth with two cameras. The goal was to quickly and cheaply make satellites that would just get the job done.

What is Astroscale’s business model? With [telecommunications, aerospace and other companies] wanting to put up low-earth-orbit satellites by the thousands for communication and earth observation, if a satellite fails the service provider will want to send a replacement. But that isn’t possible unless the broken satellite is first dealt with. We can put physical targets on the satellites of companies we have contracts with, in case one needs to be captured and pushed back into the atmosphere to burn up. Our satellite would capture the broken satellite and propel itself and the dead unit into the atmosphere. The technical hurdle for this is much lower than for current debris already in space.

When do you expect commercialization? We plan to launch the ELSA-d demonstration satellite toward the end of 2019 to test its chase, capture and deorbit capabilities and to commercialize starting in 2020.
**Cindy Mi 35**
**FOUNDER AND CEO**
**VIPKID**
**CHINA**

Working as an English-language teacher in Beijing in 2013, Cindy Mi realized there was untapped demand from students desperate to learn the language. “The classroom as we know it had not really changed in over 200 years,” she says. “I knew there had to be a more efficient way to match this huge demand from China with a supply of the best English teachers.”

Her answer was Vipkid, an online platform that pairs students with tutors in North America. Today it is the world’s largest K–12 English-language online educator, with 30,000 native English speakers providing lessons to 200,000 students across 35 countries. Operating in a rapidly growing space, Vipkid estimates 2017 revenue at $800 million, up from $300 million in 2016. The company raised $200 million in its most recent funding round in August, led by Silicon Valley venture capital firm Sequoia with Chinese internet giant Tencent as strategic investor, bringing total funding to more than $325 million.

Mi started teaching English at 15 at an extracurricular school set up by her uncle in Heilongjiang Province in northeastern China. Never much of a rule follower and singled out by her teacher for reading science fiction in class, she quit high school at 17. She followed her uncle to Beijing where they cofounded a brick-and-mortar school called ABC English before she left to form Vipkid. Mi went on to graduate high school through equivalency exams and also earned a degree in English literature; she has an M.B.A. from Cheung Kong Graduate School of Business in Beijing.
Arini Saraswaty Subianto 47
PRESIDENT DIRECTOR
PERSADA CAPITAL INVESTAMA
INDONESIA

It’s been a little over a year since tycoon Benny Subianto died, leaving his daughter Arini at the head of the family holding company. Her company has interests in wood processing, palm oil, rubber, property and healthcare, as well as a 12% stake in coal giant Adaro Energy, where she sits on the board, and a 5% stake in conglomerate Astra International.

Subianto, whose wealth stands at $870 million, had known since 2010 that she would succeed her father, thanks to discussions he had at the time with all three of his daughters (Arini is the eldest). The mentoring started early, when she was about 13, she says, but with the emphasis less on business and more on values and mindset. “He taught me the importance of having a vision, setting a target for myself and to never give up.”

When not on the job, Subianto can be found traveling with her two sons or cheering at their basketball games and soccer matches. As to whether they will succeed her, she says she will adopt her father’s relaxed approach: “He let us follow our hearts and pursue our own passion. I think how my dad taught us and led us had left a great impression in our lives.”

Nurhayati Subakat 67
COFOUNDER AND CEO
PARAGON TECHNOLOGY & INNOVATION
INDONESIA

Subakat’s journey began in 1985 when she founded a company called Pusaka Tradisi Ibu with her husband, a trained chemical engineer. They made hair-care products, before launching an affordable makeup line called Putri in 1993.

A devout Muslim, this trained pharmacist became aware of rising demand for halal makeup and skincare products, and in 1995 her Wardah (which means “rose” in Arabic) flagship halal beauty brand was born. Subakat introduced her products in pesantren (Islamic boarding schools) and sold them door-to-door using a multilevel marketing plan. In 2011 she renamed the privately owned company Paragon Technology & Innovation. As of 2017 PTI had 8,300 employees and, according to market research firm ecommerceIQ, held 30% of the beauty-products market in Indonesia.

Subakat now plans to expand overseas; at the moment her products are available only in Indonesia, Malaysia and Bangladesh. All three of Subakat’s children are involved in the business (she also has seven grandkids). Son Salman is marketing director while her other son, Harman, focuses on operations. Her daughter, Sari Chairunnisa, works in R&D.

Jane Jie Sun 49
CHIEF EXECUTIVE OFFICER
CTRIPI.COM INTERNATIONAL
CHINA

Sun joined Ctrip in 2005 as chief financial officer and served in other senior executive positions before rising to CEO in 2016. With 300 million members and a $24 billion market capitalization, the largest online travel agency in China had a 39% rise in revenue last year, showing hefty growth in international bookings. Under Sun, Ctrip has increased railway ticketing to cover more than 30 countries in Asia and Europe; in March it launched car-rental services in 6,000 cities internationally; in 2016 it upped its stake in China’s brick-and-mortar agency chain Traveling Bestone, adding 1,000 new stores to Bestone’s existing 5,500 and bolstering offline sales by a third; and in 2015 it absorbed heavyweight competitor Qunar.

However, it’s not all plain sailing. Ctrip lowered its revenue forecast for the first quarter of 2018 to 9% to 11% growth from 15% to 20%, hit by customer complaints on social media about hidden charges and leaked footage of abuse at its day-care center run by a third party. Ctrip has vowed to hold the operator’s staff responsible and increase supervising efforts.

In her free time Sun pursues travel of a different kind: running marathons.
Tan Su Shan 50
MANAGING DIRECTOR AND GROUP HEAD OF CONSUMER BANKING AND WEALTH MANAGEMENT
DBS
SINGAPORE
Tan has built a mighty consumer-banking and wealth-management empire at DBS, clocking steady growth since she took the helm in 2013, with her division racking up record revenue of $3.53 billion last year. Since Tan joined the bank in 2010 wealth assets have grown 20% annually, hitting $156 billion at the end of 2017, putting DBS among the top six wealth managers in the region.
Tan says her major accomplishment has been changing the bank’s culture to make it more focused on innovation, earning DBS the accolade “world’s best digital bank” from Euromoney magazine in 2016. Her revamp includes an iWealth platform, where highfliers manage their own transactions, and a mobile-only “digibank” in India and Indonesia.
Outside of work, Tan, a mother of two, advocates for women and children. She helps KK Hospital bring poor kids to Singapore for complex surgeries, and during her years as a parliamentarian, from 2012 to 2014, she lobbied the government to let women freeze their eggs before marriage to help prolong their biological time clocks, something that has not yet become legal.
As one of three women on DBS’ nine-member executive committee, could Tan one day step into the CEO shoes? She declines to comment, calling any speculation “premature.” As for her future, Tan is adamant she’s not quitting the fast lane—certainly not to “sit on a beach”—anytime soon.

Supamas Trivisvavet 43
CEO AND PRESIDENT
CH. KARNCHANG
THAILAND
Since taking over as CEO and president of CH. Karnchang in 2015, Supamas has expanded the focus of Thailand’s second-largest construction company, looking to opportunities across the region. Besides bidding on a growing network of rail lines and roads at home in Bangkok, she has focused on power projects, including hydroelectric in Laos and a thermal plant and solar photovoltaic plant in Thailand. Supamas returned from studies in the U.S. in 2006 to join the company founded by her father, Plew Trivisvavet, and his four brothers 46 years ago. (Her father is now executive chairman of CH. Karnchang and still works full time). Supamas has ramped up bidding for Bangkok’s MRT, the capital’s rapid transit rail system. An estimated $9.6 billion in contracts are expected to be signed this year; Supamas is optimistic CH. Karnchang will get 20% to 25% of the work.

Mercy Wu 40
CHAIRWOMAN AND CEO
ESLITE GROUP/ESLITE SPECTRUM
TAIWAN
When Mercy Wu was made chairman of Eslite Group after her father died of a heart attack in July, she was 39, the same age as her dad was when he opened the first 24-hour bookstore in Taipei in 1989. Eslite is now the island’s largest retail bookstore and lifestyle chain, with 44 outlets across Taiwan, Hong Kong and China that combine bookstores, art galleries, restaurants and department stores. It also has a boutique hotel in Taipei and a residential property in Suzhou, China. The privately held group is opening an outlet in Shenzhen, China, next year.
Wu offered to work for her father in 2004. When she came onboard, with no business background, the group’s book business was operating at a loss. In 2010 “Boss,” as she called her father, put Wu in charge of day-to-day operations as well as expansion in Asia. At the time, he said she possessed “a greater dose of both shrewdness and romance” than his own, qualities he said were crucial to running the business.
Just the Remedy

Under Vaziralli’s guidance, Indian drug major Cipla gets a shot in the arm from U.S. acquisitions.

BY ANURADHA RAGHUNATHAN

In 2011, Samina Vaziralli, a third-generation scion at Cipla, was being groomed for succession with her younger brother. Four years later he stepped out, leaving her to take on the legacy of India’s third-largest pharma company.

By 2016 Vaziralli had moved to the highest executive post, vice chairman, at the Mumbai outfit and charted an expansion course encompassing India, the U.S. and South Africa, with China and Brazil also in her sights. That included spearheading the company’s entry into the U.S. in 2015 through the acquisition of two generic-drug makers valued at a total of $550 million.

Until then, Cipla—which makes drugs to treat respiratory and cardiovascular diseases as well as cancer, malaria and AIDS—had worked with partners in the U.S., the world’s largest pharma market, handling R&D and manufacturing but selling the drugs under its partners’ labels. “The value was all in the front end, and we wanted to own the front end,” says Vaziralli. “We had the capability and the technology. So we decided to launch ourselves.”

The results are there to see. Revenue from the North American market has surged to $392 million in the year ended March 31, 2017, from $148 million in the year ended March 31, 2015. North America contributes 18% of total revenue, and there’s more to come as Cipla has 97 drugs awaiting final approvals from the U.S. Food & Drug Administration. A further 40% of revenue comes from the domestic market and about 12% from its South Africa portfolio. For the first nine months of fiscal 2018, revenue at the maker of branded and generic drugs rose 13% to $1.8 billion, while net profit rose 22% to $198 million.

Vaziralli, 42, didn’t grow up with the idea of running the company, founded by her paternal grandfather in 1935. She got an undergrad degree in commerce at Mumbai’s Sydenham College, then went to the London School of Economics in 1998 for a master’s in finance, joining Goldman Sachs in London right after. She moved a couple of years later to their New York office, then returned to India in 2004 and took a break to focus on family. In 2011 she joined Cipla, where her uncle Y.K. Hamied is nonexecutive chairman and her father, M.K. Hamied, is nonexecutive vice chairman. The family, which has a $2.5 billion net worth stemming from a 37% stake in Cipla, decided to hand over operational control to professionals at that time. Vaziralli started shadowing her uncle and father and soon became the company’s global head of strategy and M&A. It was a rocky period marked by top-level exits and changes in business direction. Vaziralli steadied the boat by building a second and third line of professionals. Cipla hired a CEO with whom she works closely; he handles operations, and she acts as the bridge between family and management as well as family and the board. In 2015 her brother, Kamil Hamied, left to become a venture capital investor in London, something he had flagged a year before. The transition “was fairly easy,” Vaziralli says.

A key element of the Cipla legacy is affordable drugs, in particular lifesaving HIV drugs, primarily in Africa. It’s seen as a savior in countries like Uganda that were ravaged by AIDS. “There was a time when the [Ugandan] capital city of Kampala would be lined with coffin makers—when you drove up from the airport,” says Vaziralli. All that changed when Cipla made antiretroviral drugs available for less than $1 a day. “In Dr. Hamied’s words, ‘What’s the use of developing lifesaving medicines if you can’t make them affordable to the patients?’” asks Vaziralli, quoting her uncle.

Vaziralli says one of the key strategies she uses for work-life balance is to set priorities. “Every day you have to make a choice—a choice to embrace one thing and to let go of another,” she says. “You also have to create a support system.” Her two sons, 8 and 12, sometimes do homework at the Cipla headquarters or drop in to have lunch with her. She also makes time to attend squash tournaments with her elder son, a nationally ranked player. And she has an athletic streak, running three or four half-marathons a year: “My best thinking and focus has come when I am running.”
The Last Timber Baron

From humble beginnings traipsing through California’s vast forests with his dad, Red Emmerson has built a multibillion-dollar logging fortune by being cheaper and more aggressive than anyone else.

BY CHLOE SORVINO
One of the largest fires to burn in California’s Sierra Nevada mountain range, the Rim Fire tore through 257,000 acres on the edge of Yosemite National Park in 2013. Not long after firefighters doused the flames, a fleet of bulldozers and trucks arrived, sent by billionaire Archie Aldis “Red” Emmerson. Workers began ripping up the trees even as the brush nearby was still smoldering.

“We’ll be in there before the smoke is out,” Emmerson boasts in a rare, three-hour interview from his Douglas-fir-paneled boardroom in tiny Anderson, California, which is wedged between the Shasta-Trinity and Lassen National Forests, about two hours north of Sacramento. Emmerson recalls the Fountain Fire of 1992 in Shasta County, 50 miles northeast of Anderson, that burned 64,000 acres and 272 homes: “We had trucks coming down the road that had flames on the back.” At 89 years of age he walks slowly but has no problem piloting his silver Dodge pickup truck to work before 8 a.m., six days a week. Adds his son Mark, who is CFO, “We get in, and we are very aggressive after a fire.”

Nicknamed “Red” as a teen for his hair color, Emmerson is happy to reminisce about the many fires from which his Sierra Pacific Industries has profited. Wearing jeans held up by a belt buckle emblazoned with the insignia he brands on his ranch’s cattle, the feisty tycoon, who runs the business with his two sons, George, 61, and Mark, 58, makes more money from logging after forest fires than any person in America. When the government sells contracts to cut down trees after fires in na-
tional forests—a controversial practice known as postfire salvage logging—Emmerson buys in at a steep discount, often paying one half to one fourth the price for traditional wood. Sierra Pacific then turns the usable lumber (about 90%) into boards and other wood products to sell to homebuilders and lumber retailers like Home Depot, Menards and Lowe’s.

Sierra Pacific has little competition, thanks to a 1990 law that prohibits bidding from any lumber companies that export logs. That eliminates rivals like publicly traded Weyerhaeuser and Rayonier as well as big Canadian firms.

It’s a profitable niche. While Emmerson refused to comment on his company’s finances, Forbes estimates that Sierra Pacific, which Emmerson owns entirely with his two sons and daughter, has operating profits (before adding back depreciation and amortization) of approximately $375 million annually on sales of $1.5 billion. Salvage timber, which it sometimes buys for pennies on a dollar, is a significant contributor. Based on an analysis of records obtained in a Freedom of Information Act request, Forbes estimates that Sierra Pacific’s operating profit margin for products made from salvage logs can be as high as 40% and contributed as much as $100 million at its peak in 2015.

Salvage logging is just one extreme example of how Emmerson has built his lumber business over nearly seven decades. From buying spare parts for his sawmills at bankruptcy auctions to aggressively acquiring California land when other timber companies were selling, Emmerson has successfully carved out a fortune by being opportunistic and cheap. That has enabled him to become America’s richest lumberman—worth more than $4 billion—and, in these times of increased scrutiny and globalization, the nation’s last great lumber baron. “It is better than I ever thought it would be,” Emmerson says. “Because the trees will grow, and they get bigger.”

Over the decades, Emmerson has amassed more timberland in California than anyone else. He is the third-largest landowner in America, behind billionaire conservationists John Malone and Ted Turner, according to The Land Report. Overall, Sierra Pacific is the fourth-largest lumber producer in the U.S. The company gets around 70% of its annual revenue from the sale of lumber. In California, about half comes from logs cut down on its land and 16% from logs in national forests, much of which is salvaged wood. Sierra Pacific also operates a millwork division, which makes door frames and moldings, and a manufacturer of high-end, custom-built windows. Together the two divisions bring in roughly $400 million in sales.

While Emmerson’s resourcefulness has helped him climb into the top ranks of the world’s wealthiest, critics say these riches have come at the expense of the environment and taxpayers. More than 250 scientists signed a letter asking Congress to protect forests from postfire logging, saying that it “can set back the forest renewal process for decades.” That’s because it strips the land of nutrients, preventing it from regenerating. Not only is the carbon stored in the charred tree trunks not reabsorbed by the soil—worse, it is released into the atmosphere as greenhouse gas.

“It’s a degraded landscape,” says Chad Hanson, a scientist who studies postfire logging and whose nonprofit John Muir Project has won injunctions against four Sierra Pacific postfire contracts. “Fire is not the thing that’s creating areas of devastation and wastelands. It’s logging, especially postfire logging.”

Sierra Pacific rejects the scientists’ analysis, arguing that the process can speed up recovery. “It’s about extracting the value we can from a bad situation,” says a company spokesperson.

Regardless, logging in national forests is costly for taxpayers, says Hanson, who estimates they are on the hook for $1 billion a year, at least $500 million of which is directly related to postfire salvage. That’s the amount the government pays to build roads to remote areas destroyed by fires and for herbicides the forest service sprays prior to logging to make clear-cutting easier, among other costs. Meanwhile, the federal government pulls in about $150 million annually from selling the timber in national forests, about one fourth of which comes from postfire logging. “It’s a bad deal financially for taxpayers, but it’s a great deal for the mills,” says economist Ernie Niemi, who has studied the impact of forest management since the 1970s. “It’s very hard to justify any salvage logging. It’s like they’re bandits.”

BORN IN 1929 NEAR Oregon’s Willamette Valley, Emmerson grew up the only son of a heavy-drinking father nicknamed Curly. He was sent to a strict all-boys boarding school in Spangle, Washington, in 1945. The Seventh-day Adventist school didn’t serve meat, so Emmerson fried up hamburgers in his dorm room and sold them to friends. He was kicked out a month shy of high school graduation for coercing a friend
to pin a condom on the bulletin board. His dad had moved to California, his mom to Alaska, so a family friend took him in and he graduated from a public school in Washington.

In 1948 he purchased a yellow Ford convertible and drove down to California, where his father had a portable sawmill that he wheeled through forests. In 1951 Emmerson and his father built a sawmill in Arcata, a town not far from Redwood National Park. The next year Emmerson was drafted into the Korean War. While he was away, Curly’s drinking habits put the sawmill in jeopardy of closing. When Emmerson got back, he took over and turned it around, investing in better equipment and adding a second production shift. For many years he worked seven days a week. For exercise, he chopped wood. “We didn’t have any money. We didn’t have any timberland. We were the poor guys,” Mark says.

The 1960s brought on a short-lived partnership with another father-son firm, Mike and John Crook. In 1969 their joint venture had $38 million in sales—$263 million today—and they took it public; at the time, Emmerson was president, John Crook was executive vice president, and each owned 40%. Five years later the partnership dissolved. Crook had wanted Sierra Pacific to become a retailer for builders and do-it-yourselfers, and vetoed buying more land. Emmerson took the company private, buying out Crook and the other shareholders for $38 million. Free to buy timberland, Emmerson soon amassed around 150,000 acres, though most of Sierra Pacific’s logs still came from national forests. At the time, public pressure from environmental groups to reduce sales from national forests was mounting. Worried about tightening regulations, timber companies like his frantically bid on government logs while they could, driving up prices and throwing the economics out of whack. In 1980, amid the buying frenzy, Sierra Pacific purchased 73% of its timber from the government and lost $13 million.

But there was a silver lining. The high timber costs drove rivals out of regulation-heavy California. In 1988 Santa Fe Southern Pacific Corp. sold 522,000 acres of prime timberland to Sierra Pacific for $460 million. The Santa Fe deal turned Sierra Pacific into the biggest timberland owner in California. “Bank of America gave us credit for half a billion dollars,” recalls Emmerson. “And it’s more than we deserved. It was a monstrous deal for us. Today that land is worth, I think, three times what we paid for it.” Over the next decade, Sierra Pacific purchased 800,000 more acres from Georgia-Pacific, among others. It now has 1.68 million acres in California and 291,000 in Washington State.
Even with its massive landholdings, Sierra Pacific relies on national forests to supplement the timber from its own land, at a time when the federal government sells less than one fourth of what it did four decades ago. Over the past seven years, around 16% of Sierra Pacific’s California timber has come from U.S. Forest Service land. That’s one reason why Emmerson turned to salvage logging after fires or insect infestation. In 2015, at the peak of California’s drought, the company acquired 58% of its federally sourced logs through postfire salvage logging. In 2017, it was 19%.

Sierra Pacific has also stacked the deck in its favor by building a dominant network of sawmills in northern California. It now has ten mills there, at eight locations, and they are all close to federal forests. No one else owns more than three. Even if smaller rivals win postfire contracts, they often end up reselling to Sierra Pacific, which gets around 31% of its California timber indirectly. “We have somewhere to take it,” Emmerson says.

TO EMMERSON, POSTFIRE logging is just another form of his legendary bargain hunting. Even as his business grew, he flew coach, stayed at the cheapest motels and ate lunch packed by his wife, Ida, while on the road. “Limos” kept at airports for employees became a running joke: One car had a mushroom growing in the backseat; another had a gaping hole in the floorboard. The limos routinely lacked power steering, modern brakes and air-conditioning.

The company is just as scrappy today. Sierra Pacific often buys whole pallets of used steel and spare parts, like motors, car batteries and farm tools, at bankruptcy auctions or on eBay for its own fabrication shop to reuse. The IT guys buy old computer parts online. Because it picks up so much in bulk at auctions or through bankruptcies, Sierra Pacific has set up an eBay store to sell the parts it doesn’t use. “We bought an airplane that was sitting in Russia for two years. We bought it for the parts,” says Mark, who joined the company in 1985. Adds his older brother, George, who is president: “A lot of our competitors don’t do that kind of stuff.”

BEING THRIFTY AND aggressive has helped build the business, but it has also created plenty of challenges, including dozens of lawsuits. The biggest one it’s ever faced resulted in a record $122.5 million settlement. The Department of Justice alleged in 2009 that Sierra Pacific’s negligence helped lead to the Moonlight Fire, which burned 46,000 acres in Lassen and Plumas National Forests two years earlier. In the summer of 2007, Sierra Pacific hired Howell’s Forest Harvesting, a small firm owned by one person, to log in that area. A bulldozer brought in and operated by Howell’s allegedly struck a rock and caused a spark. The loggers left without checking the site for flames or smoke, even though it was a “red flag” day, meaning high fire potential, according to the government report. A bigger red flag, the DOJ argued, was that Howell’s equipment had already started three other fires that summer, at least one of which Sierra Pacific allegedly knew about, raising questions about why Sierra Pacific was working with the firm. The DOJ’s lawsuit against Sierra Pacific, Howell’s and other, much smaller parties sought close to $800 million in damages for negligence. In 2012, Sierra Pacific and the others entered into a voluntary settlement, agreeing to pay $55 mil-

Logs brought to Sierra Pacific’s Anderson, California, sawmill are cut into flat boards, which are then scanned using a proprietary algorithm to find the most profitable way to cut them up. A 4x4 has higher margins than a 2x4, for example. After drying out in the kiln, the boards are sorted into several grades, packed into bundles with bar codes and shipped out across the country to retailers like Home Depot.
lion and forfeiting 22,500 acres to the federal government but not admitting any wrongdoing. Emmerson’s portion: $47 million and all the land. “We had a gun to our head,” says Mark, who spends a quarter of his time in Washington, D.C., and thinks the company was targeted for being so rich and successful.

Sierra Pacific is appealing to the Supreme Court. It thinks it has a chance because a California court ruled in its favor in 2013 in a related case and ordered the state’s Department of Forestry & Fire Protection to pay the defendants about $30 million. The judge ruled that the investigation was “corrupt and tainted” and that the prosecution “destroyed critical evidence . . . and engaged in a systematic campaign of misdirection with the purpose of recovering money from the Defendants.” That case is ongoing. “It’s pathetic. Stuff like this, it’s just demoralizing and it’s wrong,” Red Emmerson says. “But I’m sick of it. Let’s go run our business.”

The problems aren’t just with contractors. An hourly employee who worked for Sierra Pacific for over a decade was convicted of starting five fires in a national forest last summer. He pleaded guilty and was sentenced in November to 20 years to life in prison and ordered to pay a $25.2 million fine. Sierra Pacific was not implicated in the case. The culprit gave no reason for his actions, but the conviction highlights a dirty secret of the industry: Sawmill workers, who often rely on overtime, can benefit financially from forest fires. The other dirty secret is that local forest service officials, who decide whether to sell the salvaged wood, benefit from the sales. Proceeds from such sales typically go to regional offices. Once debts tied to salvage logging are paid off, the offices can use what’s left to pad their budgets.

It’s not just the forest fires that have gotten Sierra Pacific into hot water. It has been sued at least 19 times for its logging practices but says it has not lost a case. It hasn’t been so lucky defending its sawmills. In 2007 Sierra Pacific paid $13 million to settle a lawsuit involving four of its mills with California’s air quality regulator. The agency claims it operated without air-pollution-control equipment and falsified reports to conceal the violations. (Sierra Pacific says it self-reported the issue.) In 2016 the company settled two other lawsuits that related to Clean Water Act violations due to illegal runoff from some sawmills.

“There’s harvest rules, Clean Air Act, Clean Water Act,” says Emmerson, whose daughter-in-law worked at the Environmental Protection Agency under George W. Bush and now lobbies for a different timber company. “They’re all with good purposes, but the environmental community uses them as obstructionist tactics to stop things from happening.”

But the political winds are changing, with the climate in Washington becoming more favorable. Donald Trump’s administration has rolled back protections on federal land and recently approved a $28 million reforestation plan that will include clearing more trees on land burned in the Rim Fire.

Still, Sierra Pacific is looking to push beyond California to places where it might not have to spend so much time fighting environmentalists and bureaucrats. In 2017 it tried to acquire six sawmills in Georgia and Florida but lost out to a publicly traded Canadian firm. It has been more successful expanding in Washington State, where Sierra Pacific has invested more than $1 billion, largely on timberland and four sawmills. In late 2016, Sierra Pacific opened a $100 million mill in Shelton, just 80 miles southwest of Seattle. (Despite his record investment, Red’s thriftiness is on display: Nearly every staircase is recycled from an old sawmill.) The company says it is simpler and quicker to cut in Washington than it is in California. Sierra Pacific is now the largest lumber producer in the state, which has been home to publicly traded timber giant Weyerhaeuser for 118 years. Sierra Pacific is able to cut away in Weyerhaeuser’s backyard due in part to regulations that prohibit exporting companies from buying logs from state or federal forests.

Emmerson, who is still very involved in the company’s strategic direction, spends much of his time now looking for timberland acquisitions and infrastructure investments. Recent projects include the opening of a new manufacturing plant in Red Bluff, California, and the $60 million rebuilding of a sawmill in Burney, California.

Emmerson may be old, but he isn’t ready to step away. “Red doesn’t work as much as he used to. Sometimes he’s not here on Sunday. And that’s about the truth,” Mark says. Emmerson responds with a laugh: “[My children] are better educated, better organized than I ever was. And smart. But I still think there’s some things I can do pretty good…. I’m very optimistic about the future.”
Junior Guides

At age 23, Jamie Beaton and Sharndre Kushor have built a global tutoring empire. All that’s missing at Crimson Education is a profit.

BY ALEX KONRAD

In October 2014, Julian Robertson had a presumptuous guest on his hands. Jamie Beaton, 19, had confidently strolled into the hedge fund billionaire’s home office to talk about software used by some of the scholars sponsored by Robertson’s foundation each year. Beaton, small-framed with auburn bangs mopped across a boyish face, looked even younger than his age. And the Harvard undergrad seized his chance to ask why he hadn’t landed one of the 22 full-tuition scholarships himself. “I thought, My God, what a question,” Robertson says. “Then I got to know him, and I hired him on the spot.”

Beaton, who’s now 23 but still looks like a teenager, stands out as one of the fresh faces at Stanford Business School, where he’s nearly halfway through an M.B.A. and a master’s in education. A full-time student since that meeting with Robertson, he still finds time to be chief executive of Crimson Education, a college admissions and tutoring startup he cofounded with his girlfriend, Sharndre Kushor, five years ago.

With Kushor serving as chief operating officer in their native New Zealand, the two have quickly built quite the global empire. Crimson, they say, connects 20,000 students to a network of 2,300 part-time instructors and advisors, overseen by 204 full-timers. They have raised $37 million from outsiders while giving up only 55% of their company. The last round of venture funding, in 2016, valued Crimson at $160 million.

Launched to help students from Asia and the Pacific get into glamorous U.S. colleges, the company has expanded to serve students in 40 nations, including Brazil and Russia. Revenue? Circumstantial evidence is that it’s in the low eight figures. As for the bottom line, the founders’ silence suggests outside investors are patiently waiting for it to turn black.

You’d be forgiven for thinking the founders are stretched a bit thin. Kushor spent the first three years of Crimson getting a degree in health sciences from the University of Auckland. And Beaton, after adding two Stanford degrees to his two from Harvard, plans to carry on with a Rhodes scholarship at Oxford this fall or next. But somehow the two have made it work—even maintaining a romantic attachment across 6,500 miles.

Six months before founding Crimson, Beaton and Kushor toured Europe with a group of Model UN students from New Zealand. As the two began dating in spring 2013, they hatched the idea for what became Crimson. “I hadn’t had any role models in my life that explored overseas and global opportunities for their studies,” Kushor says.

By the time Beaton met with Robertson about his scholarship miss, Crimson’s numbers were already good enough to impress the semiretired Tiger Management founder. Robertson led a $1 million seed funding and enlisted Beaton in a two-year side gig as an analyst. With the cash, Beaton and Kushor hired their first full-time staffer in Australia and opened an Auckland office.

To develop their student-consultant matching system, they turned to J. Galen Buckwalter, a psychologist who designed similar tools for eHarmony. The software, in which Crimson has invested several million dollars, uses a range of metrics to match a student’s skills and personality to admissions advisors (mostly veterans of college and high school admissions offices) and subject tutors (mostly undergrads working part-time).

As Crimson picked up new customers through word of mouth, Beaton used his status as a Harvard student to recruit tutors from Ivy League schools. He scored a powerful supporter when Larry Summers, the former Harvard president and one-
time U.S. treasury secretary, agreed to advise Beaton on his thesis. "I kind of assumed he was overextending himself," Summers says. "I was waiting for him to drop a ball. But he does 48 hours of things in every 24-hour day."

Crimson’s international flavor includes its funding (Chinese venture capitalist Chen Xiaohong is an investor) and partnerships (such as ones with Dulwich College’s branch operations in Shanghai, Seoul, Singapore and Myanmar, in which Crimson tutors students starting at age 12), and it has opened satellites in Cape Town, Munich, Zurich and Singapore in recent months.

Fees vary by country, but $50 an hour is typical for video consultations, which can start early in high school. By the time a customer is done with college applications, the bill has mounted to anywhere from $5,000 to $10,000. Crimson’s clientele tends to self-select for financially comfortable high achievers; still, Beaton says, the average Crimson student who applies for financial aid receives $41,000 a year.

Seyoon Ragavan, a 19-year-old Crimson client, had already represented Australia in math Olympiads when his parents, both Sri Lankan immigrants with technical jobs, encouraged him to think about Princeton. He found Crimson through an info session at his Sydney high school and signed up with a consultant to help him with the application process and his school’s final exams. He’s now a freshman at Princeton. In New Zealand, Jessica Cox read about Crimson in an online news article and began doing 10 to 25 hours of work a week assigned by Crimson tutors. Cox will study biological sciences at Oxford this fall.

Crimson has big plans in North America, where it has recently opened four offices. But here Crimson faces a mature market full of counselors like Top Tier Admissions and test prep companies like Kaplan and Princeton Review. Michele Hernandez, who runs Top Tier, is skeptical that students can learn much from video consultations about admissions. “You can go to Khan Academy and watch videos for free,” she says.

While Kushor has worked on Crimson full-time since 2016, the company will turn seven before it has the undivided attention of its other boss. Robertson chuckles when asked whether he’s ever backed a leader who built a successful business while remaining a full-time student: “Jamie is a young guy with a brilliant mind, and he works hard. I think he can do it all. But I think he’s overdoing the education part.”

An exuberant fast talker, Beaton declares his case studies at Stanford have all been Crimson-focused—meaning, he says with a straight face, he’s really receiving unpaid consulting help from classmates, whom he also targets as potential hires. “At Crimson,” Kushor says, “we’re pretty excited about the fact that we are a learning organization.” Maybe it’s okay to learn on the job—at least if you are in the education business.
The Right Direction

Developers love Mapbox’s customizable, plug-and-play maps, which power apps like Snapchat and the Weather Channel. Now the startup needs to figure out how to compete with Google in the race to steer self-driving cars.

BY BIZ CARSON

Eric Gundersen sipped tea and haggled for maps as he sat in the basement of a government office in Kabul. A tattooed, fast-talking American with perennial stubble, Gundersen was running an 18-person international development consulting company when he was commissioned by the U.S. State Department to plot problem areas in the country in the aftermath of Afghanistan’s 2009 presidential election, which was marked by low turnout and allegations of voter fraud.

Gundersen, now 38, needed to visualize data trapped in thousands of PDFs of voter records. But in 2009, as Google Street View cars were snapping photos of cities around the globe, views of Kabul were still largely blank. “It’s almost like trying to think about the world before Wikipedia,” he says. So Gundersen and his team mashed up their own maps using Mapbox, a tool they had started to build a year before.

Nine years later, more than 350 million people touch a Mapbox visualization every month, whether they realize it or not. The company provides maps for Snapchat, the Weather Channel and the fitness app Strava. It powers ETAs for grocery-delivery app Instacart and works with Tesla, Lyft and Uber.

Investors have put $230 million into the company, at a valuation of around $700 million. Mapbox is on track to generate an estimated $100 million in revenue this year but no profits. One problem: Only 3% of Mapbox users pay for it. The company hopes to move that a couple of percentage points and achieve profitability by building out mapping services for self-driving cars and augmented reality. But that means competing with Google. Mapbox is more customizable than Google Maps, but it’s an open question whether such advantages will be enough to overcome the search giant’s deep pool of engineering talent and even deeper pockets.

Mapbox has gotten this far by focusing strictly on the developers, creating a basic building block, à la Stripe or Amazon Web Services, that a wide variety of businesses can use. While many mapping companies give users a finished map, Mapbox is akin to a box of Legos that engineers can customize. It’s easy to change the fonts and the color scheme and add features like turn-by-turn directions and terrain information. Four-square became Mapbox’s first major customer in 2012, ditching Google Maps for the less expensive, more flexible alternative.

The service is free to start but still not cheap to scale. For extensive enterprise use, the average annual contract starts at around $40,000 and can reach into the millions, like its $5 million contract with Tesla. The “freemium” model has some hidden advantages. Developers have usually been playing with Mapbox for months before Gundersen ever walks into a meeting to close a sale.

Widespread adoption has other benefits. Mapbox doesn’t need to send out pricey cars or satellites in space to map the world. “Map data is not like food, air, water that’s just around. It takes active work to make it,” says Young Hahn, Mapbox’s CTO. Whenever someone opens a Mapbox map, that person’s phone or computer sends three pieces of anonymous data back to the company: longitude, latitude and a time stamp. These billions of data points constantly improve Mapbox’s real-time plug-and-play map of the world. “Every time you touch the map, the map is learning,” Gundersen says. “It’s that flywheel.”

It took nearly a decade to build that virtuous cycle. When Gundersen left Afghanistan in 2009, he ran Mapbox as a small project within his consulting company for several years. The consulting business subsidized Mapbox for a while, but after almost missing payroll in 2010 and racking up nearly $250,000 in personal debt, Gundersen started looking for backers. He finally secured a $10 million funding round in October 2013.

Today more than 1.1 million engineers have registered to use Mapbox’s software, and the service has buy-in from developers like Jody Kelman, a self-driving-car product manager for Lyft, which uses Mapbox’s maps to show passengers in its autonomous cars what the vehicle is seeing on the road. “Making tools that engineers like to use is a really impressive feat,” she says. “Engineers are really hard to please.”

Gundersen’s next challenge is to turn that technical praise into more paying customers. That won’t be easy, but the potential payout is enormous. “If we get this right,” he says, “we’ll be inside everything.”
CEO Eric Gundersen with a Mapbox rendering of San Francisco. His company is ramping up quickly, adding 69 employees in just the last quarter.
The First Red Scare: March 22, 1919

BY ABRAM BROWN

ALMOST 30 YEARS before Senator Joseph McCarthy’s Red Scare witch hunts, a similar hysteria gripped America. A year and a half after the fall of czarist Russia to the Bolsheviks, a Senate subcommittee investigating communists in the U.S. was whipping up fury and angst—emotions echoed in B.C. Forbes’ opening column. “Are you aware that two or three hundred Soviets have already been organized in the United States?” he asked. “Did you ever suspect that there are thousands upon thousands of revolutionaries who are daily and nightly planning and plotting to set a torch to this country?” His solution to the problem: “Spread enlightenment . . . [if] any of your workers or your associates have misconceptions concerning what Bolshevism really is, take the time to explain matters.”

The panic subsided only after the Palmer Raids, a series of extrajudicial roundups of supposed anarchists and communists. They were led by Attorney General A. Mitchell Palmer, who hoped to use the detentions to position himself as a law-and-order presidential candidate. The raids climaxed in January 1920, when the government arrested thousands of people across the country in a single day and held 1,600 for deportation. Less than 30% of them were actually expelled. Public opinion shifted against Palmer soon after, and fears of communist infiltration abated further when his prediction of violent May Day activities didn’t come to pass. Later that year, he lost his bid for the Democratic presidential nomination.

SIGN OF THE TIMES

Clothes for GI Joes
One of Midtown Manhattan’s most popular spots was the Reclamation Shop, where “our sturdy, bronzed boys in khaki and blue”—unemployed veterans newly returned home—“can buy at small cost slightly worn civilian suits.” Finding a job became an even tougher task for former doughboys when the 1921 recession raised unemployment to 11.9%, at the time the highest in American history.

PLUS ÇA CHANGE . . .

Business Barriers
Democrats in Washington had lowered tariffs in the previous decade, and Forbes bristled at the idea of the high levies’ return: “Any nation which seeks to take undue advantage of any other nation must in future reckon upon retaliation.” Sure enough, Republicans returned to protectionist tariffs after fully reclaiming power in 1920, setting the stage for a period of dramatically reduced world trade and increased global political tensions.

AMAZING AD

The Big Citi
As National City Co. put it, its bonds were nothing less than the “carrier of civilization and prosperity!” The financial institution would certainly prove it could prosper—growing into today’s $176 billion (market cap) Citi.
Forbes Under 30 Summit Asia will bring together some 300 young leaders, entrepreneurs and gamechangers from Forbes’ “30 Under 30 Asia” lists, as well as CEOs, mentors, industry leaders, investors and disruptors. The summit will feature three days of motivating panels, tech demos, networking, as well as a food and music festival.

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Thailand’s 50 Richest

SARAWUT PORNPATANARUK

Fair Game

List newcomer Sarawut Pornpatanaruk tapped into Thailand’s skin-whitening craze to build a $1 billion company.

BY NAAZNEEN KARMALI

Thailand’s tourism boom drew a record 35 million-plus foreign visitors in 2017, more than one fourth from China. The free-spending Chinese contributed an estimated $16 billion to the Thai economy. Cashing in on this surge is Thai beauty brand Namu Life SnailWhite, whose range of products such as facial creams, sunscreen lotions and bodywash gels—in its signature all-white packaging—is hard to miss at the duty-free outlets at Bangkok’s Suvarnabhumi Airport.

Despite its off-putting name, which is drawn from one of its main ingredients, snail slime, SnailWhite is a big hit with Chinese tourists. Thai women, too, are eagerly slapping SnailWhite cream onto their faces because, apart from yucky snail mucus, which is collagen-packed and said to have wondrous antiaging properties, it also contains skin-lightening agent alpha arbutin, a bearberry extract.

The quest for whiter skin, a controversial topic in the Western world, shows no signs of abating in Thailand or, indeed, across large swaths of Asia. Whitening creams account for half of the $320 million Thai market for facial creams, according to research firm Nielsen.

“SnailWhite can totally rejuvenate your skin,” boasts Sarawut Pornpatanaruk, founder and CEO of Do Day Dream, the company behind SnailWhite. Looking younger than his 41 years, Sarawut, who regularly uses his own products and insists company executives do so as well, could easily pass as a model for his own brand. CFO Piyawat “Pete” Ratchapolsitte, says his boss doesn’t look a day older than when he first met him five years ago.

One of four newcomers to the Thai 50 Richest, Sarawut is ranked at No. 45 with $675 million. He gained his spot after taking his eight-year-old company public last December, raising $130 million. Shares of Do Day Dream, of which Sarawut owns more than two thirds with his family, are up 82% since the IPO. With a market capitalization of close to $1 billion, the company is valued like a hot tech startup, at an eye-popping 18 times its annual sales of $54 million. “During the IPO road show we were often asked whether the price was too high as we had priced the shares at a premium—54 times trailing earnings. But the company has done far better than we could have ever expected,” says Pichet Sithi-Amnuai, president at Bualuang Securities, the IPO’s lead underwriter.

Analysts say investors are bullish as they expect Do Day Dream (or Triple D, as it’s sometimes called, for its stock ticker symbol, DDD) to continue delivering hypergrowth. Since 2014, sales have been on a tear, growing 56% on an annual compound basis. Sorrabhol Virameteekul, strategist and head of digital research at Bangkok’s Maybank Kim Eng, expects that trend to continue over the next three years, driven largely by rising exports to China. (His securities firm supported the IPO.)

The skin-care market in China is estimated at $30 billion, according to Kim Eng’s Sorrabhol. After a two-year pursuit, Do Day Dream, which had been selling in China through limited online channels, recently secured regulatory approval from China’s Food & Drug Administration. The company can now tap a wider market through local distributors.

Sarawut says that he is focused on SnailWhite’s regional expansion. “We see a huge opportunity outside—in China, of course, but also in countries such as Indonesia and the Philippines,” he notes. China already accounts for 30% of annual revenue.

One of three siblings, Sarawut hails from a family that owns a car-paint manufacturer. After completing business studies (including a doctorate) at local universities, he joined the family trade, working as a factory manager before joining top management. But Sarawut, who enjoys reading Marvel comics, yearned to break away: “I had a different dream.”
Shelling out: “I want SnailWhite to be all over Asia,” says Do Day Dream founder Sarawut.
A decade later, he decided to start a cosmetics venture focusing on skin care, getting four of his friends, who were marketing experts, to join him. (They have small stakes.) Although the Thai skin-care sector was booming, it was dominated by multinationals such as L’Oréal, Unilever and Procter & Gamble. A local brand of some size was Smooth-E, founded by a dermatologist and known for its dermatological creams. Moreover, he explains, net margins in cosmetic products were more than 20%, compared with 5% in car paints. With his factory experience he was confident he could handle the production side. “My father wasn’t happy at all and predicted that I would soon return to the family fold,” he says, smiling.

Starting out as a contract manufacturer for small skin-care brands, he initially juggled his work in the family business with the new venture. Noting that the skin-care market in both the premium and mass segments was crowded, Sarawut spotted a niche for a Thai version of what he calls a “premium mass product.”

He latched on to the idea of snail-serum creams that were all the rage in South Korea but hadn’t made inroads into Thailand. “Thai consumers found the Korean creams too oily and sticky,” explains Sarawut. Using imported Korean snail slime, he developed a lighter version that would be absorbed into the skin faster and was better suited to the humid Thai weather. To this he added the skin-lightening agent. “It took eight months and at least 100 versions to perfect the product,” he recalls.

Within months, SnailWhite had gone viral, and Sarawut had to contend with fake versions. In the first year, SnailWhite had online sales of $3 million and was ready to hit retail stores.

To rev up demand, Sarawut unleashed an advertising blitz on television, radio, print and billboards using TV celebrities. By 2015 he had moved out of the family business to concentrate on his own venture. That same year he expanded the product range to sunscreen lotions and cleansing products and invested in a factory at an industrial park 50 miles north of Bangkok.

Tik Narudee, manager of a Watsons department store in central Bangkok, says that aspiring to have fairer skin is still culturally acceptable. “It’s popular products is Fair & Lovely cream, the nonprofit organization Women Of Worth has won strict guidelines for advertising such products.) Sarawut doesn’t see any threat of a backlash against SnailWhite, saying that aspiring to have fairer skin is still “culturally acceptable.” He is introducing new products every year, and the original cream, which was his sole product at one time, now makes up 37% of total sales.

Now that SnailWhite features among the country’s top ten in facial skin care—Smooth-E is in this group too—Sarawut says his father no longer disapproves of his move. “I want SnailWhite to be all over Asia. I still have a dream.”}

Additional reporting: Busrin Treerapongpicht
The Forbes Global CEO Conference is an annual gathering for some 400 global CEOs, tycoons and entrepreneurs. Under the theme of ‘The World Reboots’, this year’s conference will examine how CEOs, companies and countries must all face the challenges—and opportunities—coming from accelerating disruption. Some liken this era to the fourth global revolution. The world in 4.0 mode will affect how companies are built and led, where money is made or lost, and how all of us live, work and play.

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Thailand’s 50 Richest

BY NAAZNEEN KARMALI

Top Heavy
As GDP stirs, holdings of the nation’s very wealthiest get another big boost.

After a subdued spell, Thailand’s economy is gathering momentum. With rising exports and a recovery in domestic demand, the World Bank has forecast that for the first time since 2012, economic growth will exceed 4% in 2018. Relative to this modest upturn, the nation’s richest are enjoying a disproportionate wealth boom, spurred by stock market gains and a stronger baht. The Top 50 are collectively worth more than $162 billion, up by close to one third since we last measured fortunes 11 months ago.

Two thirds of the nation’s richest saw their wealth swell, with the top four alone adding close to $25 billion. Among the big dollar gainers were the Chearavanont brothers of the Charoen Pokphand Group, who remain at No. 1 with a record $30 billion. They got a boost from soaring shares of their key holdings, such as 7-Eleven operator CP All, which benefited from an uptick in consumer sentiment, and Chinese insurer Ping An, whose fintech bets are paying off.

All four energy drink fortunes were up, and none more so than that linked to Red Bull, owned by Chalerm Yoovidhya and his clan. Analysts recommended a revaluation of privately held Red Bull, more in line with its listed American rival Monster, and that pushed Yoovidhya up to No. 3.

Another big winner is hyperactive, Indian-born plastics tycoon Alok Lohia, whose prolific dealmaking since 2014 has seen his Indorama Ventures net 16 acquisitions across the globe, including in Europe and North America. For 2017, the company, which rose to the top ten ranks of Asian plastics makers, reported a 17% jump in revenue to $8.4 billion. A Bangkok resident for three decades, Lohia’s wealth surged 89% to $3.3 billion.

Reflecting rising prosperity, there are 32 billion-dollar-plus fortunes this year, 4 more than in 2017. The four new names on the list include two newly minted billionaires, who join the ranks after taking their companies public. U.S.-educated Sarath Ratanavadi, CEO of Gulf Energy Development, which listed in December, is the richest newcomer, with $3.4 billion. The buoyant beauty business yielded two newcomers, including Sarawut Pornpatanaruk, whose Do Day Dream is cashing in on the skin-whitening craze (see p. 66).

Of the 9 women who feature in the top 50, 2 returned to the fold this year, including matriarch Somporn Juangroongruangkit, chairman of auto parts group Thai Summit, whose son Thanathorn took a surprising plunge into politics.

Net worths are based on stock prices and exchange rates from April 20.

Reporting by Megha Bahree, Ron Gluckman, Sean Kilachand, Suzanne Nam, Anuradha Raghunathan and Busrin Treerapongpichit
Somporn Juangroongruangkit, matriarch of auto parts group Thai Summit, returns to the list after a two-year gap, amid rising exports and new information about the group’s financial performance in 2017. Her son Thanathorn, 39, recently took a surprising plunge into politics, cofounding the pro-democracy party Anakhot Mai (or Future Forward), which is preparing to participate in next year’s much-awaited federal election. Thanathorn, who was running Thai Summit along with his sister Chanapun, proclaims that his mission is to put Thailand “back on the democratic path.” The political novice says he’s well aware of the risks involved in taking on the ruling military junta, but “this is a long-term fight.” Thanathorn’s responsibilities at Thai Summit now fall on his younger brother, Sakultorn.
Television Turmoil

Five years ago, the Thai government’s decision to auction two dozen digital television licenses set off a gold rush. Eyeing the more than $3.5 billion of annual TV advertising spend, as many as 20 newcomers vied with 6 incumbent operators—2 of them state-owned—to grab them. With some bids topping $100 million per license, to be paid over six years, the government was set to reap a $1.6 billion bonanza.

But reality failed to live up to that initial hype. Today, the industry is in the doldrums, with some players struggling to stay afloat. Annual TV ad revenues fell 6% to $3.2 billion in 2017, says Napon Jaison, media analyst at Bangkok securities firm Bualuang Securities. The death of the revered King Bhumidol Adulyadej in October of that year, plunged the country into a yearlong period of mourning, dampening consumer sentiment. With increased competition for shrinking ad dollars, broadcasters also found themselves weighed down by the burden of having to pay license fees.

Additionally, they now have to contend with the accelerating popularity of new screens, such as smartphones and tablets, and online options such as YouTube and Facebook. Total viewership has remained flat at 33.3 million, and is now increasingly fragmented as viewers switch from TV to tablet to phone. Obboon Thirachit, director of credit-rating agency Fitch in Thailand, expects competition to remain a key drag on most TV operators’ cash flow in 2018. He says they will be forced to spend more on content to compete for viewership.

Broadcasters lobbied the government to waive the dues outstanding on their bids or allow them to delay license-fee payments by three years. The government recently agreed to permit the latter. These woes are reflected in the fortunes of these 3 media moguls among the top 50.

The wealth of ailing TV tycoon Vichai Maleenont, the oldest person in the top 50, has more than halved since 2013, when he was worth $2 billion. His media outfit, BEC World, now run by his younger son Prachum, had placed the highest bid, $106 million, for a digital TV license. While BEC World’s Channel 3 remains among the top three channels, the company’s shares are down 85% from their 2013 peak. BEC World reported a 95% drop in net profit to $1.9 million for 2017.

Media baroness Praneetsilpa Vacharaphol, who controls Thai Rath, the nation’s largest-selling daily newspaper, saw her net worth decline by more than one third since plunging into digital TV. Her Thairath news channel, overseen by grandson Vachara, was ranked No. 9 in 2017, down one spot from the previous year. Privately held Thairath has reportedly laid off some employees in recent times.

The reclusive Krit Ratanarak, who controls Bangkok Broadcasting & TV, suffered an erosion in the financial performance of Channel 7, despite it being a market leader. In 2016, the latest year for which numbers are available for Channel 7, revenue fell 20%, while net profit was down more than 40%. Krit has seen his fortune slide to $3.7 billion from $5.1 billion in 2014.
THE LIST

18. SOMPHOTE AHUNAI
$1.93 BILLION
ENERGY ABSOLUTE AGE: 50

19. THAKSIN SHINAWATRA
$1.9 BILLION
SC ASSET AGE: 68

20. WICHAI THONGTANG
$1.85 BILLION
BANGKOK DUSIT MEDICAL SVCS AGE: 71

21. HARALD LINK
$1.8 BILLION
B. GRIMM GROUP AGE: 63

22. PRAYUDH MAHAGITSIRI
$1.7 BILLION
QUALITY COFFEE PRODUCTS AGE: 72

23. KEeree KANJANAPAS
$1.65 BILLION
BTS GROUP HOLDINGS AGE: 67

24. THONGMA VIJITPONGPUN
$1.55 BILLION
PRUKSA REAL ESTATE AGE: 59

25. ISARA VONGKUSOLKIT
$1.5 BILLION
MTR PHOL SUGAR AGE: 69

26. CHATRI SOPHONPANICH
$1.47 BILLION
BANGKOK BANK AGE: 84

27. ANANT ASAVABHOKHIN
$1.45 BILLION
LAND & HOUSES AGE: 67

28. SOMPORN JUANGROONGRUANGKIT
$1.3 BILLION
THAI SUMMIT AGE: 67

29. BANTHON LAMSAM
$1.2 BILLION
KASIKORN BANK AGE: 65

30. PHORNTHEP PHORNPRAPHA
$1.15 BILLION
SIAM MOTORS AGE: 69

31. CHATCHAI KAEWBOOTTA
$1.1 BILLION
SRSAWAD AGE: 66

32. NISHITA SHAH FEDERBUSH
$1.06 BILLION
GP GROUP AGE: 37

33. PETE BODHARAMIK
$935 MILLION
JASMINE INTERNATIONAL AGE: 45

34. SURANG PREMPREE
$920 MILLION
BBTV AGE: 75

UP MORE THAN 10% ▲ DOWN MORE THAN 10% ▼ NEW TO LIST • RETURNEE

PRACHUM MALEENONT: The son of Vichai Maleenont (the oldest member of the Thai 50 list) runs BEC World, which had placed the highest bid ($106 million) for a digital TV license and has reported a 95% drop in net profit for 2017.

PRANEETSLPA VACHARAPHOL: The media baroness has seen her wealth nearly halve since venturing into digital TV.

KRIT RATANARAK: His fortune has suffered as well as a result of Channel 7’s performance.
THAILAND’S 50 RICHEST

HARALD LINK: POWER PLAY
Among the power fortunes rising noticeably this year, is that of Link, third-generation head of the storied B. Grimm Group. He got a boost from taking renewable energy unit B. Grimm Power public last year. It raised $300 million, securing investors such as the Asian Development Bank, as well as Singapore’s sovereign wealth fund GIC and state-owned holding company Temasek. The company operates 30 power plants in Thailand and the region, and plans to double that by 2023. The IPO was the first ever for the conglomerate, which was founded as a pharmacy in 1878. Link says most of the company’s 700 employees bought shares. The day after the IPO, his daughter Caroline, whom he is grooming to succeed him, gave birth to twin sons, “making it an extraordinarily happy two days.”

JAREEPORN JARUKORNSAKUL: WAREHOUSING WINNER
Cofounder and chairman of WHA, Thailand’s leading warehousing and logistics firm, Jareeporn returns to the ranks after a two-year gap. In 2015 she was listed at No. 32 with a net worth of $765 million, along with her then-husband Somyos Anantaprayoon. After their divorce, when she reverted to her maiden name, they dropped out as their fortune was divided. Somyos died in January, passing on his shares to their only daughter, whose inheritance is grouped with Jareeporn’s assets for the purpose of this listing. Under Jareeporn, who has been running the company since 2015, WHA reported record net profit of $100 million in 2017. Last year she listed WHA’s renewable energy arm, WHA Utilities & Power. Hemaraj Land & Development, a company WHA acquired in 2015, is investing $1 billion in Vietnam, with a local partner, to build industrial parks and estates on a 7,400-acre site.
A team of rangers encircled the wealthy hunter camping in a remote wildlife retreat, seizing firearms and the pelt of a rare black leopard. Inside a tent they found remains of other protected animals: barking deer and wild kalij pheasants. When they were offered cash and favors, they adamantly refused, levying corruption charges against the tycoon brazenly hunting in a world heritage site in the west of Thailand.

It sounds like a sensational TV crime drama, but Thailand was gripped by this real-life scandal in February with the arrest of Premchai Karnasuta, 64, managing director of SET-listed construction firm Italian-Thai Development. His picture was splashed across newspapers, caught on the scene. Premchai and his sister Nijaporn Charanchitta were among the country’s richest until 2016, when they were listed at No. 35 with a combined fortune of $630 million. (They have since lagged the 50 list cutoff as the government delayed infrastructure spending, hitting their stock price.)

Premchai was apprehended in the Thung Yai Naresuan Wildlife Sanctuary, where hunting is strictly prohibited. A subsequent raid of Premchai’s home unearthed tusks from African elephants and guns. Charged with poaching protected wildlife, possessing unlicensed weapons and bribing state officials, he was let out on bail; he still has to face trial. Officials at Italian-Thai declined to discuss the case, and Premchai did not respond to requests for comment.

The case continued to dominate news for weeks, prompting widespread public outrage and condemnation from wildlife and conservation groups. Protesters wore black leopard masks. “The Thai public are enraged, and the need to protect the country’s wildlife is stronger than ever,” says Nuthatai Chotechuang, Thailand representative for the U.S. NGO WildAid.

“My perspective of the Thai public is that they are enraged now,” says the head of a major Thai conservation group. The real surprise, he added, was that charges were pressed against someone so rich and powerful. Unless this case is prosecuted fully, he added, “this won’t be a deterrent to others—rich or poor—from acting similarly.”

—Ron Luckman
One of two newly minted billionaires on the list this year, Prachak, 74, owes his debut to last year’s IPO of his $500 million (revenue) TOA Paint (Thailand), the country’s biggest paint company. It has three plants in Thailand, plus factories in Vietnam, Laos, Myanmar, Malaysia and Cambodia. The listing—the first by any paint company in Thailand—raised $360 million, which will be used to ramp up regional expansion. New factories are being built in Indonesia, Cambodia and Myanmar. In 1964, Prachak expanded the family’s hardware business into paint supplies, opening TOA’s first paint factory in 1972. The tycoon, who is TOA’s chairman, long ago handed over operations to his four children: sons Jatuphat, Vonnarat and Nattavuth, and daughter Busatree Wanglee. Jatuphat is CEO; the others serve as directors.

Shipping heiress, who helms the storied GP Group, which celebrates its 150th anniversary this year, saw her family’s fortune cross $1 billion for the first time. Much of the gain was due to the family’s 51% stake in listed pharma unit Mega Lifesciences, founded by her father, Kirit, in 1982. Shares of the company, which is now the family’s biggest asset, were up more than 50% since May 2017. Nishita says she’s planning to recruit Millennials in a big way “to shake things up” at the group. Later this year she’s set to appear as a judge in the Thai version of Shark Tank. It’s her way, she says, of “helping Thai brands get global recognition.”

**NISHITA SHAH FEDERBUSH: PHARMA BONANZA**

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**PRACHAK TANGKARAVAKOON: RICH COLORS**

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When BIG names talk, they talk to the BBC

Big Interviews on BBC World News
Southeast Asia startups are tapping into Asia’s love of food at a discount. Bangkok-based mobile application Eatigo, which is backed by American travel giant TripAdvisor, offers discounts of up to 50% during nonpeak dining periods. Chope, a Singapore-based restaurant-directing platform, rewards diners for making reservations with points they can exchange for restaurant vouchers. Malaysia-based startup Offpeak has a model similar to Eatigo’s, except that it focuses more on restaurants that are trendy.

The discount apps steering more business to food-and-beverage establishments, helping to fill empty seats. Customers may be getting 50% off, but they often make up the merchant by ordering extra items, such as appetizers, says the veteran in this sector, Australian Donna Benton, who started The Entertainer in 2001. All the companies compete in different ways with the remnants of U.S.-based discount-app giant Groupon, which sold its Singapore, Malaysia and Indonesia businesses to fitness subscription service KFit over the past two years; the platform was rebranded as Fave. Groupon had already shut down its Thailand and Philippines operations in 2015.

“The Entertainer app is definitely convenient, especially given that quality food in Singapore tends to be rather expensive,” says Samuel Wittberger, 22. “As someone who really enjoys eating, apps like The Entertainer and Eatigo make good eats more accessible on a more frequent basis.” He says he has racked up some $180 in savings since he purchased The Entertainer app in January, and uses it about twice a month.

Benton got the idea for The Entertainer after she moved to Dubai and noticed that many restaurants were largely empty. She decided that she could connect these merchants with customers who were seeking new experiences and better value. Today The Entertainer offers buy-one, get-one-free deals at more than 10,000 restaurants, attractions, spas and hotels in the Middle East, Europe, Africa and Asia, where the regional headquarters is in Singapore. Businesses in her network range from fast food chains such as KFC to casual joints, high-end restaurants and five-star hotels. But while many promote one-for-one deals only for specific days or times, the restaurants and other venues signed up by The Entertainer must offer deals that are valid seven days a week during both lunch and dinner. “We didn’t start the one-for-one business model. We used it differently,” says Benton, 44, who is also the company’s chairman.

She says the first few years were tough, as she went door-to-door persuading merchants to come onboard, before training them. “You need to do as much as you can because you can’t afford to employ anyone,” she recalls. Now the company has more than 300 employees and the bulk of its revenue comes from the yearly subscription fee it charges, which varies between markets. It also offers white-label services to more than 200 customers, which include big names such as HSBC and Citibank. It works with them to customize voucher books, promotional booklets, websites and mobile apps as part of their loyalty and rewards programs. Benton says its most profitable market is Dubai, followed by Abu Dhabi and Singapore.

The Entertainer’s Asia push came in 2013, when it made a foray into Singapore and then set up shop in Hong Kong, Malaysia and Bali. The region, which is known for its food and its digitally savvy consumers, serves up a platter of opportunities, says Benton: “It’s a food lover’s paradise. It has a vibrant food culture, which is rapidly evolving. It has many food options from street food to fine dining, as well as a broad selection of both Asian and Western cuisine.”

Eatigo, for its part, brands itself as a yield-management company. The startup aims to help restaurants increase their profitability by filling more seats and boosting revenue, says Michael Cluzel, Eatigo’s chief executive and co-founder. Instead of offering subscriptions, Eatigo charges establishments a fee for each diner the app brings in. Diners download the free app and choose from a menu of restaurants, select a time slot along with its corresponding level of discount and make a reservation. As with The Entertainer, its discount offers range from casual to high-end restaurants. “We’re very agnostic as to whether it’s fast food or restaurants,” he says. “What matters is that the place is popular. Eatigo isn’t a marketing
The company was started in 2013 and launched its operations in Thailand in 2014. It has been gaining a sizeable foothold elsewhere in Southeast Asia and now books its largest number of in-app reservations in Singapore. Last year it expanded into four more markets—Malaysia, Hong Kong, India and the Philippines—and Hong Kong already is its best market in terms of revenue. It boasts 160 employees and is looking to expand further in Southeast Asia, says the German-born Cluzel, 45.

Eatigo lists 50 to 100 new merchants monthly on each market’s platform. With 3,000 merchants in its lineup, it serves some one million diners each month and has racked up 2.5 million app downloads. But it isn’t always easy to procure new merchants. Not everyone understands the concept of yield management, and some fear that discounts will cheapen their brand image. Luxury hotels may know the importance of yield management and so don’t have this fear, but independent restaurants might need a longer explanation, says Cluzel: “User acquisition is a lot quicker than restaurant acquisition for sure.”

The growing popularity of Asia’s discount apps is part of a larger trend—the proliferation of applications that match suppliers that have too much stock with buyers seeking good deals, says Professor Wong Poh Kam, senior director at the National University of Singapore Entrepreneurship Center. “The ubiquitous adoption of mobile phones is creating a sufficiently large user base that makes matching more efficient and renders bulk discounts unnecessary,” he says. He adds that discount apps would benefit from real-time data analytics that allow for a more dynamic adjustment of deal offers and location-specific matching.

For now customers at The Entertainer, at least, “know what to expect, how much they’re saving and when to redeem,” while merchants get the value they need, says Benton. “It’s a win-win situation for both sides.”
leadership

“Example is not the main thing in influencing others. It is the only thing.”
—ALBERT SCHWEITZER

“It’s hard to lead a cavalry charge if you think you look funny on a horse.”
—ADLAI STEVENSON

“I must follow the people. Am I not their leader?”
—BENJAMIN DISRAELI

“I am more afraid of an army of 100 sheep led by a lion than an army of 100 lions led by a sheep.”
—CHARLES MAURICE DE TALLEYRAND-PÉRIGORD

“It’s hard to lead a cavalry charge if you think you look funny on a horse.”
—ADLAI STEVENSON

“Hounds follow those who feed them.”
—OTTO VON BISMARCK

“He who wishes to be obeyed must know how to command.”
—NICCOLO MACHIAVELLI

“The first key to leadership is self-control.”
—JACK WEATHERFORD

“Surround yourself with great people, delegate authority and get out of the way.”
—RONALD REAGAN

“The first key to leadership is self-control.”
—JACK WEATHERFORD

“It is a curious thing. Harry, but perhaps those best suited to power are those who have never sought it.”
—J.K. ROWLING

“Show me the heroes the youth of your country look up to, and I will tell you the future of your country.”
—IDOWU KOYENIKAN

“A leader’s job is to have all the questions. You have to be incredibly comfortable looking like the dumbest person in the room.”
—JACK WELCH

“I am the good shepherd. The good shepherd lays down his life for the sheep.”
—JOHN 10:11

“In countries where innocent people are dying, the leaders are following their blood rather than their brains.”
—NELSON MANDELA

“To handle yourself, use your head; to handle others, use your heart.”
—ELEANOR ROOSEVELT

“The /first key to leadership is self-control.”
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“In countries where innocent people are dying, the leaders are following their blood rather than their brains.”
—NELSON MANDELA

“Final Thought
“No one’s a leader if there are no followers.”
—MALCOLM FORBES

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