

THE BIG PICTURE

Who is Yunfeng Capital?

The turbulence surrounding Jack Ma has now spread to his private equity firm.

BY ELIOT CHEN — SEPTEMBER 12, 2021



Credit: Yunfeng Capital

It's been a turbulent few months for Alibaba founder Jack Ma, ever since the Chinese government abruptly halted the [initial public offering](#) of his financial company Ant Group. Some of that turbulence has now spread to [Yunfeng Capital](#), the private equity firm Ma set up in 2010 which has invested in some of China's fastest-growing companies.

At *The Wire*, we periodically focus on prominent firms investing in China, introducing them to our readers and mapping their corporate and shareholding structures. So far, we've featured [Hillhouse Capital](#), [IDG Capital](#), and [5Y Capital](#). This time, we take a closer look at Yunfeng Capital, the firm with a reported \$7.2 billion of assets under management according to [PitchBook](#) and ambitions to be a major player in China's tech sector.¹

A BRIEF HISTORY OF YUNFENG

Jack Ma co-founded Yunfeng more than a decade with David Yu Feng. The two founders gave the firm its name: "Yun" from Ma Yun, and "Feng" from Yu Feng.

Prior to becoming Yunfeng's chairman, Yu founded Target Media, an outdoor advertising firm. That company merged with rival Focus Media in 2006 after the latter narrowly pipped it to an IPO. Focus founder Jason Jiang Nanchun later became one of Yunfeng's original limited partners.

While Yunfeng is not as large as Zhang Lei's powerhouse firm, Hillhouse Capital, it has bet on some of the country's hottest startups, including smartphone maker Xiaomi and genome sequencer BGI. (See our March 2021 BGI article, "[Jolly Gene Giant](#)".) In the past, Ma has [expressed ambitions](#) for the firm's assets under management to grow to \$100 billion, a moonshot sum that would put it among a small club of global private equity firms including Blackstone, Carlyle Group, and KKR.

Yet Yunfeng has stakes in several businesses that have suffered from the Chinese government's recent moves against prominent private enterprises, including Ant and [NetEase Cloud Village](#), another company whose IPO was abruptly put on ice. It's also set to take a hit on its investment in the ed-tech startup [VIPKid](#), whose business model of hiring overseas tutors to provide after-school education services has all but collapsed with Beijing's crackdown on private education.

Even before Ma fell out of favor with Beijing last year, Yunfeng had raised eyebrows over the blurred line between his and its interests, and the resulting potential for conflicts of interest. Alibaba and Yunfeng have invested in companies together; in turn, Alibaba and Ma have both invested in Yunfeng, and Yunfeng has invested in Alibaba and Ant.

Yunfeng co-founder David Yu [said](#) in 2014 that Ma does not sit on its investment committee that signs off on final decisions. And in Alibaba's [SEC filings](#), Ma says he plans to donate any of his personal earnings from Yunfeng to charity, without claiming tax deductions.²

Below are some current members of Yunfeng's management team.

 <p>DAVID YU 虞锋 Co-Founder</p> <p>David Yu Feng co-founded Yunfeng Capital with Jack Ma in 2010. He previously founded outdoor advertising firm Target Media in the early 2000s, which was eventually acquired by rival Focus Media in 2006 for \$325 million. Yu received his MBA from China Europe International Business School in 2001 and his bachelor's and master's degrees in philosophy from Fudan University.</p>	 <p>HUANG XIN 黄鑫 Partner</p> <p>Huang Xin is a member of Yunfeng Capital's investment committee. He was previously vice president of finance at David Yu's Target Media, where he oversaw Target's merger with Focus Media. Huang previously worked for General Electric. He obtained his MBA from China Europe International Business School in 2011, and has a bachelor's degree in accounting from Fudan University.</p>	 <p>ZHANG KE 张可 Partner</p> <p>Zhang Ke became the CEO of Yunfeng Capital's publicly listed subsidiary, Yunfeng Financial Group, and affiliated insurance company YF Life in October 2020. He was previously the chief strategy consultant at central government-backed China Taiping Insurance Group. Zhang holds a Ph.D. in Economics and a bachelor's in philosophy from Sichuan University.</p>	 <p>ZHU YIKAI 朱艺恺 Managing Director</p> <p>Zhu Yikai, who also goes by Allan, has been a managing director at Yunfeng Capital's since its founding in 2010. He received an MBA from Fudan University in 2002, and a second MBA from the Cheung Kong School of Business in 2011. Zhu also has a master's degree in economics from Fudan University.</p>
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Data: PitchBook, Yunfeng Financial, Yunfeng Capital

YUNFENG'S LIMITED PARTNERS

Yunfeng Capital's limited partners include many people in [Jack Ma's inner circle](#), as well as several state-owned enterprises, according to data from PitchBook. An archived version of Yunfeng Capital's old website lists the founding limited partners who made early personal investments in Yunfeng.

They include:

- Shi Yuzhu, chairman of gaming developer Giant Interactive;
- Jason Jiang Nanchun, founder and CEO of Focus Media;
- Liu Yonghao, chairman of New Hope, China's biggest animal feed producer;
- Shen Guojun, founder of industrial investment group China Yintai;
- Wang Jianguo, chairman of appliance maker Five Star;
- Zhu Xingliang, chairman of Suzhou Gold Mantis Holdings;
- Wang Zhongjun, then-chairman and CEO of Huayi Brothers Media Co., Ltd.;
- Wang Yusuo, founder of natural gas distributor ENN.

Yunfeng Capital LPs

According to PitchBook, Yunfeng Capital has ten different funds, including RMB and USD funds. Since its establishment, it has attracted more than 80 different limited partners. Below are 12 recent LPs as tracked by PitchBook.

Alibaba Group

Corporation

The Chinese conglomerate started by Yunfeng co-founder Jack Ma. Yunfeng has at times resembled a corporate VC arm for Alibaba, investing in companies aligned with Alibaba's growth strategies.

China Pacific Life Insurance

Insurance Company

State owned insurance company, a subsidiary of China Pacific Insurance Company, one of China's largest insurance groups. Its parent company is publicly traded in Hong Kong and Shanghai.

Focus Media Information Technology

Corporation

Chinese outdoor advertising company founded by Jason Jiang Nanchun. Focus Media acquired Yunfeng co-founder David Yu's Target Media in 2006. Jiang is personally a limited partner investor in Yunfeng.

Tianan Life

Insurance Company

Chinese insurance company formerly linked to disappeared financier Xiao Jianhua. Taken over by Chinese regulators in July 2020.

Giant Network Group

Corporation

An online game developer that focuses on massively multiplayer online role-playing games (MMORPGs). Founder Shi Yuzhu is a founding limited partner investor in Yunfeng.

Taiping Life Insurance Company

Insurance Company

Chinese insurance conglomerate incorporated in Hong Kong but closely tied to the Central Government. Its parent company is entirely owned by the Ministry of Finance.

ICBC-AXA Life Insurance

Insurance Company

Joint venture between AXA Group, ICBC bank and China Minmetals Corporation, the state-owned mineral trading company.

Suzhou Gold Mantis Construction Decoration Company

Corporation

A design and construction firm that works on hotels, offices, hospitals, and other public buildings. Chairman Zhu Xingliang is a Yunfeng founding limited partner.

Jiangsu Yuyue Medical

Corporation

A medical device company based out of Zhenjiang, Jiangsu.

Sagamore Investments

Fund of Funds

A fund of funds and private equity firm with offices in Beijing and Hong Kong. Area focus on life sciences and fintech.

New Hope Group (China)

Corporation

Chinese agribusiness conglomerate, the largest animal feed producer in China. Founded by billionaire Liu Yonghao, a Yunfeng founding LP.

Manulife-Sinochem

Insurance Company

Joint venture between Manulife and Sinochem Finance Co., the first JV life insurance company to be established in China.



Data: PitchBook

THE BIG DEALS

Since 2010, Yunfeng Capital has invested in some of China's fastest growing startups and unicorns — privately-held companies worth \$1 billion or more. It's also invested in major Chinese conglomerates: shortly after it raised \$1.5 billion for its debut fund, Yunfeng joined a group of investors in acquiring a 5 percent stake in Alibaba for \$1.6 billion. Yunfeng has also invested in subsidiaries of Zhang Jindong's embattled Suning Group, which is now [fighting creditors](#) after accumulating a mountain of debt.



Horizon Robotics

January 7, 2021

Horizon Robotics

Beijing-based Horizon Robotics specializes in AI chips for robots and autonomous vehicles, a rival to Nvidia and Intel's Mobileye. Amid a surge of funding towards Chinese chipmakers, Horizon secured two rounds of Series C funding between December 2020 and January 2021, with funds from prominent investors including SY Capital, Hillhouse Capital, Yunfeng Capital, Hermitage Capital and others.



蚂蚁集团 ANT GROUP

November 3, 2020

Ant Group

According to Ant's 2020 prospectus, Yunfeng held a 0.65% direct stake in the fintech giant pre-IPO. Before it was put on hold at the eleventh hour, Ant's IPO was expected to raise \$34.4 billion, giving it a valuation of \$313 billion. Yunfeng's stake post-IPO would have been worth close to \$1.7 billion.

August 7, 2018

Yunfeng raises \$2.5 billion for its Yunfeng Fund III from 51 investors, including from Suning Co.

SUNING 苏宁

July 19, 2018

Suning Sports

The sports arm of embattled billionaire Zhang Jindong's Suning, Suning Sports raised \$600 million from a broad group of investors including Yunfeng, Alibaba, CCB International, CICC Capital, Shenzhen Capital Group, Goldman Sachs and others in a Series A round in 2018. Suning has invested heavily into sports — at one point it held all the exclusive TV rights to Europe's five big soccer leagues. It owns soccer giant Inter Milan, as well as 2020 Chinese Super League champion Jiangsu FC, although financial woes led Suning to shutter Jiangsu FC this year.

SUNING 苏宁

December 26, 2017

Suning Finance

The financial unit of Zhang Jindong's Suning. Yunfeng Capital joined 15 other investors in committing \$807.56 million for a 16.5% stake in the financial services unit.



December 29, 2014

Xiaomi Inc

The smartphone maker raised \$1.1 billion in a round of funding in December 2014 from private equity funds including Yunfeng, All-Stars Investment, Hopu Investment Management, as well as Singapore's sovereign wealth fund GIC. The deal cemented Xiaomi's status as one of the world's most valuable private tech companies. Xiaomi later went public in Hong Kong in 2018.

YOUKU

April 28, 2014

Youku

Video hosting service Youku is China's YouTube equivalent. Yunfeng and Alibaba jointed paid \$1.22 billion for an 18.5 percent stake in the company. Alibaba completed its takeover of Youku in 2014.



ABOGEN

August 20, 2021

Abogen Biosciences

In one of the largest private biotech funding rounds ever, Abogen, a Chinese vaccine developer, raised \$700 million from investors including Yunfeng, Boyu Capital, Lilly Asia Ventures, Temasek, and others to advance its late-stage mRNA Covid vaccine.



November 19, 2020

Manbang Group (Full Truck Alliance)

The truck-hailing app that connects truckers with shippers raised \$1.7 billion company billion in Series A funding from investors including Yunfeng, Hillhouse, Softbank, China Reform Fund Management, and others. Manbang went public in the U.S. in June 2021, raising \$1.6 billion in one of the biggest IPOs of the year.



网易云音乐

September 6, 2019

NetEase Cloud Village

Cloud Village is the biggest competitor to Tencent in the music streaming sector. Yunfeng and Alibaba jointly invested \$700 million in the company in 2019, giving it a valuation of \$5.3 billion. Spun off from NetEase, music streaming platform Cloud Village's expected 2021 IPO was shelved amid China's broader tech crackdown.



June 21, 2018

VIPKid

The Chinese education firm popular for connecting foreign tutors with Chinese students, raised \$500 million in a round of funding from Yunfeng, Sequoia Capital China, Tencent, and others in 2018. VIPKid has seen its business slammed by the recent crackdown on the for-profit education sector, which forced it to suspend its IPO plans and cut student access to all overseas tutors.



华大基因 BGI

June 24, 2015

BGI Genomics

The Chinese genome sequencing company that has recently attracted U.S. scrutiny over its alleged military links received multiple rounds of venture funding from Yunfeng and co-investors between 2012 and 2015.



HYBROTHERS 华谊兄弟传媒

November 18, 2014

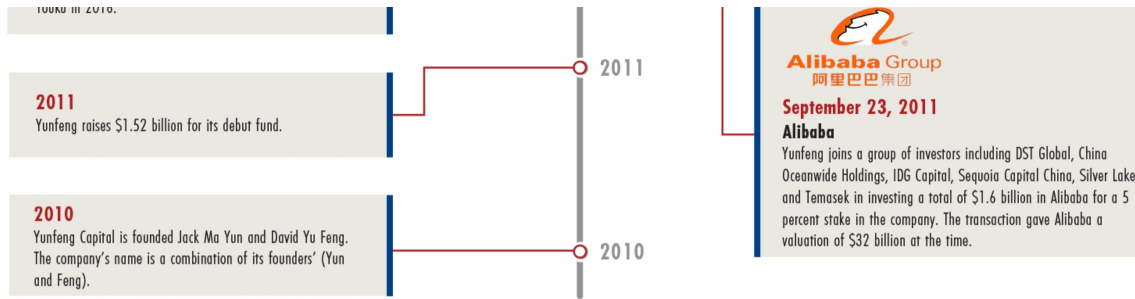
Huayi Brothers Media

Huayi Brothers Media, at the time the largest private film company in China, inked deals with Tencent and Yunfeng, giving them each 8% stakes in the company. The three later collaborated to acquire a controlling stake in a Hong Kong-listed shell company, in order to use it to finance local and international productions.

May 2014

Yunfeng raises \$1.1 billion for its Yunfeng Fund II





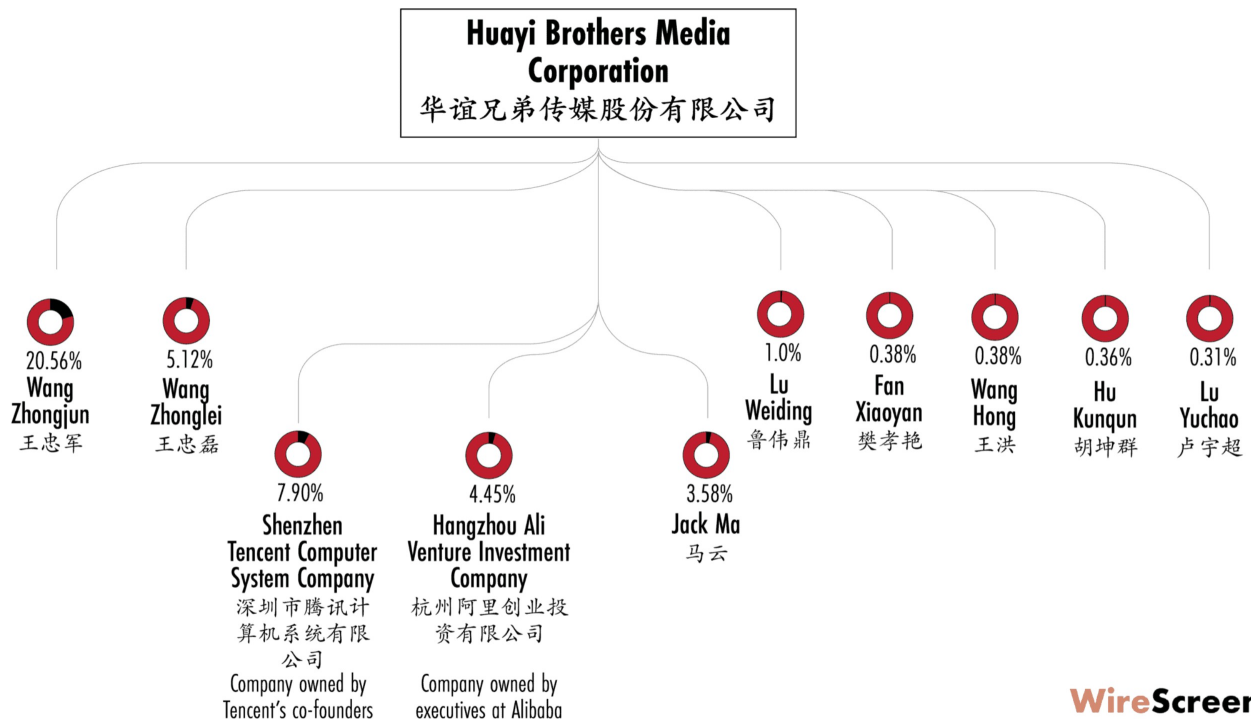
Data: PitchBook

INVESTMENT FOCUS: HUAYI BROTHERS MEDIA

Huayi Brothers Media is one of China's oldest and most influential private film production houses. The studio co-produced hit films such as *Kung Fu Hustle* (2004), Hollywood hits such as *Edge of Seventeen* (2016) and *Molly's Game* (2017), and *The Eight Hundred*, a Chinese World War Two movie that was 2020's top grossing film globally.

Founded by brothers Wang Zhongjun and Wang Zhonglei in 1994, Huayi has close ties with Jack Ma. Wang Zhongjun was a founding limited partner in Yunfeng Capital. Alibaba and Yunfeng Capital have both invested in the studio. In November 2014, Yunfeng Capital [paid](#) an estimated \$250 million for an 8 percent stake in Huayi. That stake is now held by Hangzhou Ali Venture, a company jointly owned by Alibaba executives, and Jack Ma personally, according to WireScreen — an illustration of the sometimes close relationship between Yunfeng and other parts of Ma's business empire.³

But the studio has struggled financially in recent years. In 2019, Alibaba extended a \$103 million loan to Huayi, after the company lost more than half a billion dollars and its CEO stepped down. Despite the financial success of *The Eight Hundred*, the studio's fortunes have continued to decline. Chairman Wang Zhongjun stepped down as chairman of the board in March of this year.



WireScreen



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● COVER STORY



Pole Position

BY EYCK FREYMAN

In public, Chinese diplomats and climate negotiators deny that they see any link between climate change and geopolitics. But there is a deeply cynical consensus within China's academic and policy communities that climate change creates geopolitical opportunities that China can exploit — and must exploit before its rivals do. Greenland was the proof of concept for this strategy. And it caught the U.S. flat-footed.

● THE BIG PICTURE



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BY GARRETT O'BRIEN

A look at Transsion's monumental growth, unique marketing strategies and future growth potential.

● Q & A



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BY ANDREW PEAPLE

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