

## Xiaomi backer invests in killer instinct

Sunday, 25 January, 2015, 5:54pm  
Business › China Business INVESTMENT

Reuters

*Richard Ji's next challenge will be to go global after raising US\$750m for smartphone maker*

Richard Ji, whose little-known fund was the biggest investor in the mainland's leading smartphone maker Xiaomi's US\$1.1 billion fundraising last month, is a numbers man looking to spot "category killers" - start-ups with the power to disrupt.

Ji, a former Morgan Stanley technology analyst, co-founded All-Stars Investment in Hong Kong in April last year with half a dozen colleagues from the Wall Street bank.

The fund swiftly raised about US\$750 million to target the mainland's vast internet sector, Ji said in his office. A Xiaomi-branded television hangs on the wall.

"As a fund, we focus on late-stage opportunities or companies that are two to three years away from a potential [initial public offering]," he said. "If you focus on growth-stage companies, chances are you'll pick the wrong horse."

Last year's record US\$25 billion listing from Alibaba Group Holding injected new life into the mainland's technology hopefuls. Alibaba and other mainland companies raised a combined US\$29.3 billion through US listings last year alone, minting millionaires and fuelling a rush to fund technology start-ups. Ji reckons only one in every 60,000 internet start-ups on the mainland makes it to a public listing.

Ji, whose 11 years as an industry analyst helped him build close ties with the mainland's technology entrepreneurs including Xiaomi founder and chief executive Lei Jun, says he targets what he calls "category leaders" and "category killers".

Xiaomi fits that bill.

Just three years after selling its first mobile phone, Beijing-based Xiaomi, dubbed "China's Apple", is worth US\$45 billion, making it the most valuable start-up in the technology sector. Already the world's No3 smartphone maker, Xiaomi has plans to take on Samsung Electronics as it expands into home appliances, televisions and television content.

Xiaomi's reliance on Ji to drive the December fundraising underscores the importance of strong personal ties.

"He's connected, well-regarded, understands patterns and has learned that the odds are in his

favour when he has the courage of his convictions - all in all, a powerful combination," said Mary Meeker, a general partner at US-based venture capital firm Kleiner Perkins and Ji's mentor at Morgan Stanley.

After a first degree from Fudan University, Ji went on to Harvard University, where he specialised in novel cancer therapy. During a brief stint in the pharmaceutical industry, he dabbled in technology stocks and trebled his money in 1999, only to lose it all the following year as the dotcom bubble burst.

"I was a victim of the previous technology crash, and so we're extremely cautious about the [current] bubble. But there are key differences between the 2000 boom and now," Ji said.

Ji notes that fewer than 5 per cent of mainlanders used the internet in early 2000. Today, about 630 million people - about half the population - log on in some form, making the country the world's biggest internet market.

He declined to say how much more money he planned to raise, but said there was no shortage of people looking to invest. His real test will be to secure commitments from international funds, giving him the profile and clout to take on global technology investors.

**More on this:** [Xiaomi funding talks value firm at up to US\\$50b](#) [1]

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