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# Where angels tread

For CEO of Chinese angel investment fund, startups' ideas must not only make money but also benefit society

By YANG HAN in Hong Kong  
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Overseeing a high-profile angel investment fund in China, Anna Fang Aizhi is always on the lookout for disruptive change.

As partner and CEO of ZhenFund, Fang is well-known in the Chinese business world for finding potential unicorns — startup companies valued at over \$1 billion — when they are still at an early stage. Examples of companies she has discovered include the social commerce app Xiaohongshu, online education company VIPKID, and artificial intelligence firm Yitu Technology.

But to Fang, who joined ZhenFund in 2011, a successful investment only makes her more cautious about her next move.

“At this point in our fund size, I’m really looking for the next huge unicorn ... so I need some really big, revolutionary and huge ideas,” Fang told *China Daily Asia Weekly* during the RISE tech conference in Hong Kong in July.

With 145 deals made last year, ZhenFund was ranked the most active investment institution in 2017 in an index of early-stage Chinese investors, according to a report by investment and financing service platforms VC SaaS and Starup. The investments mainly went to startups in corporate services, consumption upgrade, e-commerce and finance.

Thinking big is partly due to Fang’s previous working experience. The economics graduate from Columbia University in New York landed her first job as an investment banking analyst at Wall Street titan JP Morgan, a realm in which her daily tasks covered the buying and selling of companies or bringing them to IPOs.

“I was dealing with big numbers ... so I have a very high bar for scale,” said Fang, adding that angel investors must always remain open-minded to new ideas. Even with a tight schedule during her Hong Kong trip, she found time to meet entrepreneurs to learn about their business potential.

After all, for her, an investment is about more than just making money — it is also about having an impact on society.

To do something meaningful is Fang’s passion. At university she participated in volunteer programs to help Asian children with family problems, and she has donated to Hope Primary Schools in China.

During her time with JP Morgan, she considered leaving investment banking for a career in education, and she later helped establish the Fuxi Class (now Fuxi School), a formative education program that promotes teaching with traditional Chinese culture in Gangu county, in Northwest China’s Gansu province.

Eventually, she thought about returning to China after working full time with China Now, a large-scale Chinese cultural festival in the United Kingdom that organized educational and cultural events in the lead-up to the 2008 Beijing Olympics.

She was at a crossroads whether to continue to “contribute economically” as an investment banker or to fully commit to nonprofit organizations to make social contributions. Feeling lost, Fang enrolled at Stanford University in California to get her MBA, which gradually paved the way for her future as an angel investor.

“I think Stanford really changed me because it opened my eyes to different opportunities,” said Fang. “Before, it was either being an investment banker or being nonprofit — making money or helping the world. I didn’t know things that were in the middle.”

Upon graduation, she moved to Shanghai in 2010 to join global carmaker General Motors, as she believes a powerful company can help solve some of the world’s biggest challenges.

Though she enjoyed the job, she relocated to Beijing to live with her husband. It was here she thought carefully about joining the emerging tech industry that many of her classmates were joining at the time.

She received a call from a friend at Sequoia Capital, a leading venture capital firm in China, asking her to join a business incubator in Beijing it was establishing with Xu Xiaoping, a cofounder of China’s largest private English training and test coaching company, New Oriental Education & Technology.

“I was like, ‘What is an incubator?’” said Fang. “And my friend said, ‘Oh Anna, you’re so out (of date)!’”

In fact, being an investor did not interest Fang at that time, due in part to her family background. “(My father) is probably the reason I chose investment banking as my first job, and he is also the reason why I don’t want to be an investor,” said Fang.

Her father, Fang Fenglei, struck the groundbreaking deal to set up China’s first joint venture investment

bank, China International Capital Corporation, in 1993. He is also a former Goldman Sachs banker and now the founding partner and chairman of Hopu Investment Management, one of China’s longest-established private equity firms.

Her husband is also an investor, so following in their footsteps seemed boring to her, she said.

After consulting with some friends and meeting Xu, she decided to “take the risk” to “move from one of the biggest companies in the world to the smallest company”, joining ZhenFund as employee No 1.

And the move paid off. “It was so exciting,” said Fang, recalling how she felt completely revitalized by the industry during her first meeting with a travel startup. “With startups, it is like all of them are innovative ideas (offering answers, solutions) ... and you don’t know if they are right or wrong ... it just keeps your mind going,” said Fang.

More importantly, being an angel investor perfectly marries her interest in business with helping people. “I love being (a startup’s) first investor and believing in them when they don’t have anything,” said Fang.

“I didn’t realize that a job could not feel like a job. (Instead) it could be something you can be happy about and excited for.”

She is so devoted to the role that she took part in meetings just two weeks after her first child was born.

As a mother of two, spending quality time with her children is very important to her. “I don’t have any hobbies anymore,” said Fang. “Before I had kids, I had time to watch American TV dramas or read a book or go out, but now it’s pretty much work,

kids, and then work.”

Every year, ZhenFund’s inbox receives around 200,000 pitches from startups. In the first year, to familiarize herself with the tech ecosystem, Fang used to read all of the pitches personally, but has since assigned teams to do the preselection. Around 100 startups will be favored annually.

When choosing a startup to invest in, Fang and her colleagues will analyze the market it addresses, team background, ability to learn, and, most importantly, the level of influence.

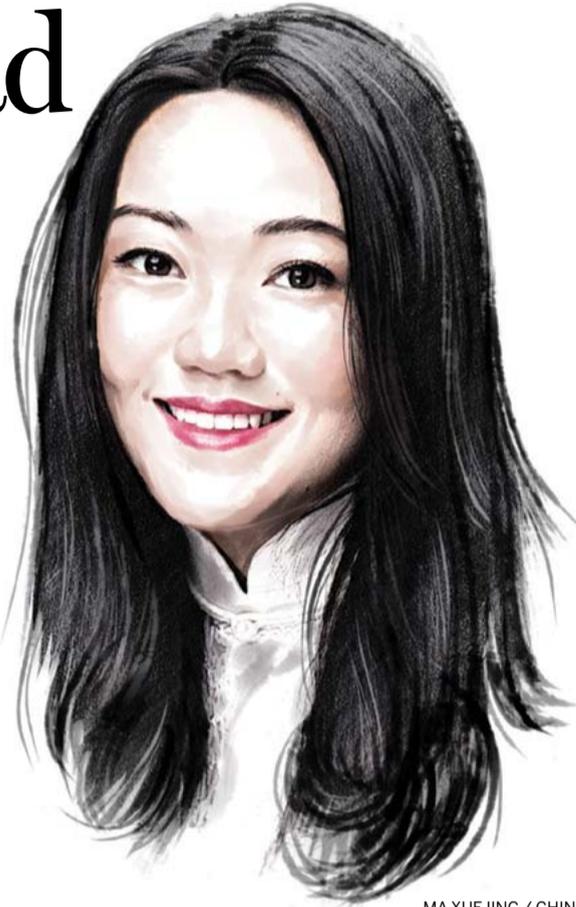
“I want to find people that I am inspired by, that I would want to work for,” said Fang. “I am looking for disruptive companies and disruptive founders.”

“I really like founders who are extremely hungry. I need ones that are thinking like they want to make a \$50 billion company.”

It is very rewarding to her to help startups achieve their “firsts” and see them grow at a fast pace, she said. Fang said both Xiaohongshu and VIPKID are on the way to breaking the \$10 billion benchmark, while Happy Sharing, a secondhand goods platform launched in November last year, gains millions of new users each month.

Fang is also happy to see more Chinese tech companies eager to explore the international market. For example, Club Factory, a cross-border e-commerce platform that targets developing regions like Southeast Asia and the Middle East, has more than half of its users in India.

“The commercialization potential of Chinese people is already really high,” she said. “It makes a lot of



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## Bio

### Anna Fang Aizhi

Partner and CEO, ZhenFund

#### Education:

2010: MBA, Stanford Graduate School of Business, California

2004: BA in Economics, Columbia University, New York City

#### Career milestones:

2011-present: Partner and CEO, ZhenFund

2010-11: Corporate business development (China), General Motors

2006-08: China representative, China Now (Chinese cultural festival in the UK)

2004-06: Investment banking analyst, JP Morgan, US

#### Awards and recognition:

2016: Young Global Leader, World Economic Forum

2016: Asia’s Women to Watch, *Forbes*

2016: Midas Brink List, *Forbes*

#### Quick takes:

##### Have you ever made an unsuccessful investment?

Yes, many. I have invested in a few PhDs who just didn’t have any business sense, or people whose partnerships broke down. I had a founder who became extremely depressed so he quit. I think I am going to continue to have not-so-successful investments because that is the business model of my industry. Even with the best entrepreneur, it’s only a 50-50 (chance) that it will work out.

##### How have your investment criteria changed over the years?

I am definitely much more founder-driven than before. I think I used to be more business model-driven, because that is how I was trained. But now I am really looking at — Do I really believe this founder will make the next big company, like the next Jack Ma (of e-commerce giant Alibaba)?

##### How do you balance work and family life?

I don’t think of it as balance. It’s just a choice. I could have made a choice to spend more time with my family and my kids. I don’t think that there is a right or wrong. It’s just a choice I made for my life because I like my job.

**Date of birth:** Oct 12

sense that Chinese models are being copied locally (in Southeast Asian countries). I think we are going to see it much more.”

Helping entrepreneurs is still a main driver for Fang, as it makes her and the fund stay meaningful.

“You are only as good as your next deal or your last deal,” she said. “I could invest in five good companies now, but maybe I (will) miss the next five, then I’m out of the game.”

“So I have to be on my toes all the time to find the next deal.”