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What's Driving One of China's Richest Men?

Wanda Group founder WANG JIANLIN wants to build a global real estate and entertainment empire—and elevate China's reputation in the process.

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Correction: Published in the July 1, 2013 issue: CORRECTIONS "What's Driving One of China's Richest Men?" (June 10) misidentified Deng Xiaoping as China's Premier.

WANG JIANLIN, founder and chairman of closely held Wanda Group and one of the richest men in China, knows how to pack a visitor's itinerary. One day in April, he flies Hawk Koch, president of the Academy of Motion Picture Arts and Sciences, from Beijing to Dalian, a port city on the Yellow Sea, in his Gulfstream G550. Wang is launching an international film festival in Dalian, and he's hoping to co-brand it with the Oscars. He shows Koch the futuristic new waterfront convention center he built, the new five-star Hilton next door, and some of the many Wanda office buildings, retail complexes, and apartment towers he owns all over town—Monopoly tokens in a real estate empire that stretches from northeast China to the Himalayas, and Inner Mongolia to the South China Sea. That evening the men join Dalian party officials for a dozen-course dinner, and later still, when they finally get back to Beijing, Wang insists that everyone, including me, accompany him to a private club.

Wang is just a member here, by the way; his wife, Lin Ning, owns it. In the VIP lounge are a dance floor and a giant videoscreen and comfortable couches. Coffee tables sag under platters of pineapple, watermelon, dried beef, and almonds, and goblets of red wine. Karaoke microphones await, charging in their stands.

The first surprise is that poor Koch, who arrived from LAX at 5:30 that morning, does not completely butcher "When Sonny Gets Blue." But nothing prepares me for Wang's performance. Turns out, the 58-year-old real estate mogul is also a first-class tenor with an exhaustive repertoire of folk songs from Mongolia and Tibet. I think I may never hear a more affecting rendition of "The Beautiful Grassland Is My Home."

Wang isn't just indefatigable. He's shrewd, opportunistic, hugely ambitious, and, despite his world-class wealth, almost unknown outside China. Like other Chinese oligarchs of his generation, Wang made his fortune tracking China's rapid ascent from rural backwater to urban economic powerhouse. (Exact numbers are elusive, but Bloomberg estimates Wang's wealth at \$8.3 billion, a couple of billion behind China's richest man, beverage magnate Zong Qinghou.) His angle was to monetize the evolving needs of the Chinese consumer: First he built apartments, then offices, then stores, restaurants, movie theaters, and, yes, karaoke centers, and eventually everything together all at once. His iconic Wanda Plazas, of which there are 69, are high-rise, multipurpose, self-contained minicities. Every two or three weeks another one appears somewhere in China. Wang says he has enough Wanda Plazas in the pipeline to keep his top line growing at 30% annually for the next three years, which would make Wanda a \$50 billion company by 2015.

Now Wang is embarking on a new chapter, a bold and risky expansion that once again aims to coincide with China's latest vision for its companies and its citizens. He is, in keeping with Beijing's desire to encourage outbound international investment, betting big beyond China. He started last year by buying Kansas City--based AMC Entertainment for \$2.75 billion—the highest price ever paid by a privately held Chinese company for an American company. Suddenly Wanda owns more movie screens than anyone else in the world. Later this year construction will begin on Wanda hotels in London and L.A., part of a plan to put the lighted Wanda mark, in English and in Chinese, on luxury hotels in major cities around the world.

He's also investing in the much-anticipated rise in domestic consumption, pouring billions into Chinese media, entertainment, and tourism. Last year Wanda opened a ski resort near the border with North Korea. Coming in the next few years: three more resorts in southern and central China, featuring luxury waterfront hotels, Disney-style theme parks, and Vegas-style shows; and in Dalian the world's largest film-production studio, an extension of Wanda's growing interest in movies and TV shows.

Wang's goal? He says it's to lift Wanda into what he calls, speaking through an interpreter, "the super-world-class top tier of companies" and, not least, to lift up his country too. Power and influence in great nations like the U.S. and the U.K., Wang says (channeling Calvin Coolidge), derive from the power and influence of great companies: They "raise the country up and make it a superpower." Wang thinks this is the moment when business can play the same role in the People's Republic. To him, that's the essence of the Chinese dream: companies like his building wealth, spreading influence, and paving the way to Chinese dominance on the global stage.

WANG'S STORY, while distinctly Chinese, has elements of the classic American arc of the self-made man. He grew up in a distant province, lied about his age so that he could join the army at 15, did college work along the way at a military institute and through correspondence courses, went into business in his thirties, and 25 years later sits atop the biggest commercial real estate empire in China, with total assets worth \$60 billion. By square footage he's already the second-biggest landlord in the world, and with nearly six dozen active construction projects in the development pipeline, Wang predicts he'll overcome the leader, U.S. mall developer Simon Property Group, sometime in the next few years.

In 2010, Wang picked up a lifetime-achievement award from a group of corporate leaders in Beijing. The presenter was Wang's longtime friend and occasional co-investor Liu Chuanzhi, founder and chairman of Lenovo. (For more, see "Can Lenovo Do It?") Liu began by informing the audience that Wang's father is a Red Army veteran who fought against the rich. Liu then turned to Wang: "I would like to ask how you and your father talk at home. Does he detest you or like you?"

According to a flurry of posts on the Chinese equivalent of Twitter, Wang seemed taken aback—"This isn't the original question President Liu prepared for me"—but he recovered and tried for levity. He explained that he had set up his aged parents with a house (in a gated Wanda community in the Sichuan city of Chengdu) and that they seemed grateful. "Although their goal in the past was to undermine the rich," he said, "now they wholly feel having money is better than not having it."

Wang's father, Wang Yiquan, is 102 years old and a former peasant from a remote part of Sichuan Province who joined the army because he thought it was his best shot at eating every day. He survived the Long March, fought the Kuomintang and the Japanese, and got out just before he would have had to fight the Americans in Korea. Eventually he landed in the Sichuan village of Aba, near Tibet, where he was assigned to the forestry service, and also assigned a wife, Qin Jialin. Together they raised five children, all boys. Jianlin is the oldest.

Wang was the "king of the children," Qin Jialin says through an interpreter. He took care of his brothers after his parents left for work in the morning and fetched dinner from the village canteen if his parents had

to attend a political meeting at night. As the oldest son of a decorated war hero, Wang was destined for the army. He enlisted in 1969, quickly rose up the ranks (he was a regimental commander at 27), and in the process developed a taste for individual achievement and its rewards—attributes that would serve him well in his future life as an entrepreneur.

"GREAT COMPANIES "RAISE A COUNTRY UP AND MAKE IT A SUPERPOWER," WANG OPINES.

In 1985, Chinese Premier Deng Xiaoping called for a 1 million reduction in China's armed forces—part of an effort to shift resources from a military buildup to economic development. Wang offered his resignation and took a post as office director with the Dalian municipal government. While he was working for the city, he learned of a struggling state-owned real estate development company in want of a savior. No initial investment required, that was the deal; just a willingness to take on the debt. Wang turned the company around but felt constrained—too much government meddling in decision-making, too much control over compensation and incentives. In 1992 he applied for permission to participate in a pilot program to take companies private. He named the company Dalian Wanda Group, and later moved the headquarters to Beijing. Wanda combines two Chinese characters whose meanings suggest longevity, abundance, and prosperity.

As for Liu's question, yes, even though Wang is filthy rich, his wealth doesn't bother his parents. They know their son has already pledged \$1.6 million to help victims of an earthquake that struck Sichuan Province in April and that every year his name is near the top of the list of China's biggest charitable donors. Although his focus is on supporting entrepreneurship and education, two years ago Wang set a Chinese single-gift record when he gave \$156 million to restore a 15th-century Buddhist temple in Nanjing. (Wang says he's "not religious"; he just got a little "carried away.") "In the past a rich man in many cases is a bad guy," Wang's mother explains. "But nowadays when you are rich, you can be a saint if you want."

WANG RUNS WANDA GROUP with military rigor and precision. His senior staff are nearly all men. Like Wang, they all have black hair (too-black hair, in Wang's case, combed straight back), and as a rule, they all wear black suits, white shirts, and dark ties. The company cafeteria at headquarters provides every Wanda employee with three free meals a day (at scheduled hours, with no grazing; this isn't Silicon Valley). Wang arrives early and stays late. He admits to just one week of (nonconsecutive) vacation days a year. His only indulgences are art collecting and karaoke, which he performs each year at the Wanda annual meeting.

Once a week, usually on Saturday mornings, Wang reviews every current Wanda project. The meeting can last for hours. Wang sits; the planners and architects come and go but remain standing. Plans are unrolled in front of him. He peers at one through gold-rimmed reading glasses, measures a pedestrian walkway with a white plastic ruler, frowns, redraws the walkway, sweeps the plan aside to study a map, sweeps the map aside to return to the plan, and when he's satisfied, gives it his blessing.

Wang's way may appear micromanagerial, but it has proved incredibly effective for Wanda—and could be key to his success as he expands into new areas. Start to finish—from planning to land acquisition to construction—Wanda projects are an 18- to 24-month process. A proprietary software system analyzes data and helps Wang make the hundreds of decisions that go into a new building or complex. Wanda executives claim that the company has never once had a project come in late or over budget. Dozens of local companies trek to Wanda each year to learn how it's done.

So far, Wang's reputation is unmarred by scandal—no mean feat for a man of his wealth and influence in today's China, particularly in the realm in which he operates. Every Wanda project starts with land, and all

the land in China belongs to the government, meaning Wanda can't get to step one without the consent of bureaucrats, many of whom expect bribes for their cooperation on business deals. (Wanda's original base of operations was Dalian during the 1990s, when the mayor, and later provincial governor, was Bo Xilai. Once a rising star in the Chinese Communist Party, Bo and his wife, Gu Kailai, were implicated in the 2011 death of a British businessman. Bo has been banished from the party and is awaiting trial.)

Wang says he has been on guard against corruption since the early days of the company. He says that bribing government officials might bring short-term gain but it's no way to conduct a successful business in the long run. And he has put in place strict controls to discourage unethical behavior by underlings. For instance, there is no such thing as petty cash at Wanda. Every expenditure has a paper trail.

WANG HAS HAD LITTLE NEED for outside capital thus far. Occasionally, he says, he invites friends—fellow entrepreneurs like Lenovo's Liu and Yifang Group founder Sun Xishuang—to co-invest. "It's a great opportunity to get everyone together frequently to chat and discuss," Wang says. But sooner or later Wanda will go public, most likely in Hong Kong, where this spring Wanda opened a path to a backdoor listing by buying a 65% stake in a public company, Hengli Commercial Properties. The day following the announcement, Hengli's stock leaped nearly 500%.

The next stage of Wanda's development will require outside expertise as well as capital. The current centerpiece of Wanda's big push into tourism and entertainment is an \$8 billion mega-entertainment complex in Wuhan, the capital of Hubei Province, 500 miles west of Shanghai. There's already a big Wanda Plaza there; luxury hotels, a theme park, and a high-tech stage show will follow. Partners on the project include British architect Mark Fisher, whose studio designed the stage sets for the opening and closing ceremonies at the Beijing Olympics, and Belgian Franco Dragone, a Cirque du Soleil alumnus who bills himself as "the world's most spectacular showmaker."

Dragone comes to Wanda's boardroom one afternoon in April for a progress report. "It is my great pleasure to show you on video what we will show audiences in the future," he begins, and fires up his Mac laptop. It looks pretty thrilling: divers plunging from platforms eight stories high on invisible bungee cords, retractable grandstands, troupes of body-suited dancers, and all kinds of special effects. Dragone describes what he's after as a "poetic representation of China's whole history." Wang's response is difficult to read. "We need a simple story to tie the elements together," he says. "Maybe a love story."

Wang says the last time he was this excited about a project was back in the early days, when Wanda first made the leap from residential real estate to restaurants and shopping. This feels like a similar shift, he says, but on a grander scale. His new investments aren't just about appealing to deep-pocketed consumers in China and around the world. They're also about escaping the natural limits of real estate and entering a realm inhabited by global entertainment companies like Disney and News Corp., both of which he cites as models. "A transition from commercial retail to culture and tourism" is how he describes it.

Wang was in the U.S. recently, on a mission to scout for investment properties and raise his profile. He met with mayors (Michael Bloomberg in New York, Antonio Villaraigosa in Los Angeles), entertainment types (producer Harvey Weinstein, Sony Pictures CEO Michael Lynton), and J.P. Morgan CEO Jamie Dimon. The only problem? He discovered that his fully loaded G550 couldn't make it from Beijing to New York on a single tank of gas; he had to stop in Anchorage for refueling.

Some might see that as a metaphor. Here's a guy who made a fortune building apartments and office buildings in China. Now he thinks he can double his wealth by going Hollywood. Does he have that kind of range? He's looking to add a super-long-range G650 to his fleet. That should take him as far as he wants to go. For now.

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[IMAGES]**PHOTO:**

Wang, photographed outside a Wanda Plaza in Beijing, has amassed a fortune of about \$8.3 billion.

STEFEN CHOW

PHOTO:

Wang (center) enjoys karaoke and performs each year at the Wanda annual meeting.

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PHOTO:

The Sofitel Wanda Beijing: Wang wants to open luxury hotels worldwide, catering to Chinese travelers.

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PHOTO:

Wang with staff during a Saturday project meeting at headquarters in Beijing. The team reviews all current Wanda projects.

STEFEN CHOW

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