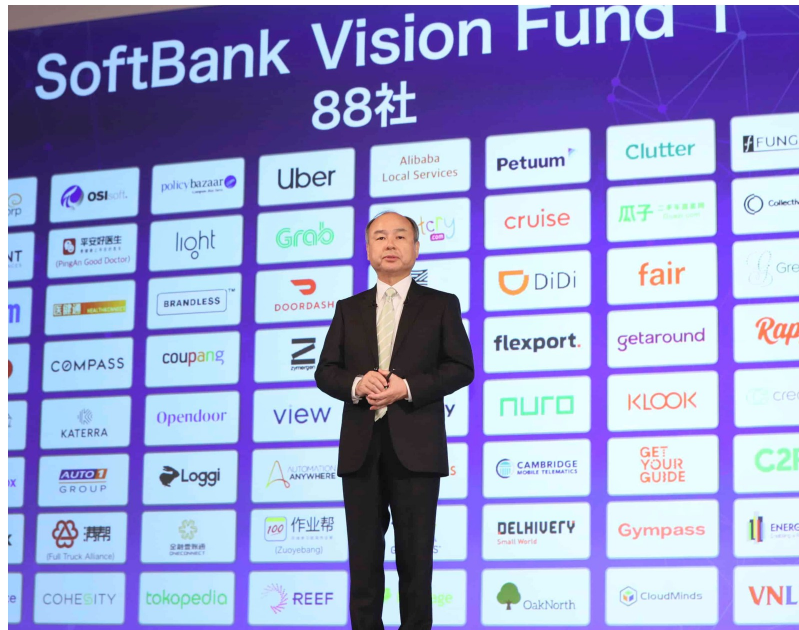


THE BIG PICTURE

SoftBank's Betting on China — and the U.S.

The Japanese investment fund has bet heavily on startups in the U.S. and China.

BY HANNAH REALE — NOVEMBER 22, 2020



CEO and president of SoftBank Group Masayoshi Son delivers a briefing on the company's earnings in Feb. 2020.

Credit: The Yomiuri Shimbun via AP Images

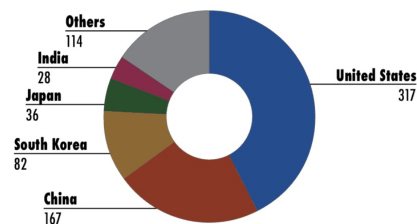
Softbank, it seems, only has two modes: big wins and big losses. The international investment firm suffered billions in high-profile losses over the past year, and then its signature Vision Fund announced its best-ever quarter in September. The Japanese investor has also made big investments in China. This week, *The Wire* took a step back to see the plethora of investments that SoftBank has made over its nearly four decades — zooming in on some key investments and partners in China's orbit.

Where SoftBank Plants Its Seeds

Though SoftBank is based in Japan, a majority of the companies it invests in are in the United States and China. The world's two largest economies have each developed a hot startup environment, where SoftBank likes to seed its deals. Investments in U.S. companies account for more than 40 percent of SoftBank's portfolio, and included a bet on the office-sharing startup [WeWork](#), chip firm [Nvidia](#), and the acquisition of mobile carrier Sprint ([now T-Mobile](#)).

The venture firm's other big deals are in Asia.

Where Does SoftBank Invest?



Number of companies in which SoftBank is actively invested, broken down by country. "Others" includes 25 more countries, such as the United Kingdom, Brazil, and Singapore, where SoftBank has 14, 14, and 12 investments, respectively.

Data: Pitchbook

According to data from Pitchbook, which tracks venture capital deals, those investments have been in powerhouse companies such as the Chinese e-commerce giant [Alibaba](#), India's online payment services platform [PayTM](#), and the parent company of TikTok, called [ByteDance](#). Softbank has also invested in the online retail platform [Murui Technology](#) that was founded last year, and the medical technology startup [Singleron Biotechnologies](#).

Chinese Investments

Some of Softbank's biggest deals have been focused on China, and no deal was more lucrative than Alibaba. SoftBank was one of the earliest investors in Jack Ma's startup, leading [a \\$20-million investment round in 2000](#). Softbank eventually acquired a 34 percent stake in Alibaba, a company now listed on the New York and Hong Kong stock exchanges and valued at about \$730 billion. More than half of the equity value of SoftBank's holdings is from Alibaba, according to [SoftBank's FY 2020 annual report](#) .

Rather than sitting on a few nest eggs, SoftBank has continued to aggressively pursue Chinese investments. In 2018, for instance, SoftBank sank hundreds of millions into the Chinese online tutoring startup [Zuoyebang](#) — roughly half a billion, [by some reports](#). Another deal involved the online brokerage site [Beike](#), which listed on the New York Stock Exchange [in August](#).

Major Chinese Investments

ByteDance



SoftBank participated in a \$3 billion pre-IPO fundraising round in October 2018 that, at the time, pushed [ByteDance](#) to become the world's most highly valued tech startup. (ByteDance has not yet gone public.) ByteDance is the company behind hit app TikTok, Douyin in mainland China, and several other successful apps within China.

Didi Autonomous Driving



[Didi Autonomous Driving](#), devoted to making self-driving vehicles, spun out of Didi Chuxing, China's most popular ride-sharing service, in late 2019. SoftBank invested \$500 million in the venture via its Vision Fund, and is the only known direct investor in the spinoff. SoftBank has other ties to Didi, establishing a joint venture with the ride-sharing service in Japan in 2018.

Alibaba



SoftBank has invested in [Alibaba](#) several times over the last two decades. It first led a \$20-million financing round in 2000, participated in a 2004 funding round, and invested again in 2010-2011. SoftBank sold part of its SoftBank stake in June 2020 for \$2.2 billion, and another portion in June 2019 for [a \\$11.1 billion profit](#).

WeWork China








The office space-sharing company had a high profile among the world's unicorns before it crashed in 2019. SoftBank has also invested heavily in the U.S.-based We Company, which [partly owns WeWork China](#), starting in August 2017. Most recently, in January 2019, it financed the company with \$5 billion, and has since given We Company several billions of debt financing up through August 2020. A SoftBank representative sits on the We Company's board.

Beike

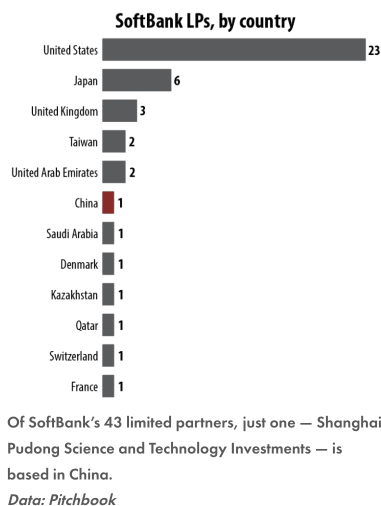


SoftBank participated in a \$2.4-billion funding round in Beike, a platform for property brokerage. [Beike](#) came out of Lianjia, which ranks among China's biggest real estate companies.

<p>Cloudminds</p>  <p>Cloudminds is focused on cloud computing and intelligent robotics. SoftBank's Vision Fund participated in a \$186 million early stage funding round in May 2020. Cloudminds was added to the Entity List in June 2020, which prevents U.S. companies from selling products to them over national security concerns.</p>	<p>Zuoyebang</p>  <p>Zuoyebang, which was established in 2015, has grown to become the largest online K-12 education platform in China. SoftBank invested \$500 million in the online tutoring startup in 2018, invested again in summer 2020, and is in talks to participate in another fundraising round.</p>	<p>Ele.me</p>  <p>Ele.me, established in 2009, was China's first online food ordering platform. It's one of the two major players in the field, competing with Meituan. SoftBank participated in a \$4 billion fundraising round in the platform in November 2018.</p>
<p>Ping An Medical and Healthcare Management</p>  <p>PingAn is a dominant healthcare services company in China. SoftBank invested \$1.15 billion in Series A venture funding in February 2018.</p>	<p>Zhangmen.com</p>  <p>Zhangmen is an online education platform in China, offering tutoring and online courses. SoftBank participated in a \$450 million Sept. 2020 fundraising round, which brought the company's valuation up to \$3.5 billion.</p>	

Data: Pitchbook, company websites

LPs & JVs



More than half of SoftBank's active limited partners, or LPs, are based in the United States. Big names like Apple, Microsoft, and Goldman Sachs have committed capital to its funds, with Apple committing \$1 billion.

Although China has been a major focus of SoftBank's deal-making, only one of its 43 LPs is in China: the Shanghai Pudong Science and Technology Investments, a state-backed investment firm. The fund, in partnership with the Shanghai government-tied entity, was [established in 2008](#) and is managed by SBCVC, SoftBank's China-based venture capital subsidiary.

SoftBank's most noteworthy LP, though, may be Saudi Arabia's Public Investment Fund, which committed [\\$45 billion to its Vision Fund](#) in 2016. The massive commitment spurred others to follow and turned the Vision Fund into the world's [largest technology-focused investment fund](#).

A few of its joint ventures, meanwhile, center on bringing successful domestic tech initiatives back to Japan. Its joint venture with China's Didi Chuxing, the Chinese ride-hailing service, has helped establish a taxi-hailing service in Japan. Softbank also has a joint venture with India's PayTM, which also got a major investment from Alibaba. PayTM is bringing online payment services to Japan as well.

A year of dramatic highs and lows has rocked SoftBank's joint ventures, too. SoftBank owns British semiconductor company ARM, and its China-based joint venture, Arm China, has been [locked in a public battle over its top executives and boardroom](#) for several months.

SoftBank's Chinese Joint Ventures

Venture	Partner	Year Est.	Description
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ARM China	Hopu Investments	2018	SoftBank-owned chipmaker ARM formed a joint venture with Chinese private equity firm Hopu Investments in June 2018.
Didi Mobility Japan	Didi Chuxing	2018	Didi Chuxing and SoftBank established a taxi-hailing joint venture in Japan for use by Japan's taxi companies.
An An International	ZhongAn	2018	SoftBank partnered with the online-only insurance company to form an international joint venture, 51% owned by the Japanese investor , that would promote ZhongAn's services globally. SoftBank and ZhongAn each invested \$100 million into the venture.

Data: Pitchbook, company websites



Hannah Reale is a staff writer with *The Wire*. Previously, she reported for the New England Center for Investigative Reporting, *The West Side Rag*, and her college newspaper, *The Wesleyan Argus*. [@hannahereale](#)

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



Transsion's Triumph

BY GARRETT O'BRIEN

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

Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

The EU Chamber of Commerce in China president talks about China's self-inflicted problems; how he gets away with being so outspoken; and why he believes in China's comeback gene.



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