

THE BIG PICTURE

Who Is IDG Capital?

We break down one of China's leading investment firms.

BY HANNAH REALE — MARCH 7, 2021



Co-chairmen Hugo Shong (left) and Jim Breyer at the Fortune Global Tech Forum in 2018.

Credit: Shawn Koh/Fortune, [Creative Commons](#)

IDG Capital has backed some of China's hottest startups. The venture capital and private equity firm that got its start in China in 1993 has made more than 1,000 investments over the past two decades. It made early bets on the Chinese search engine giant Baidu and the powerhouse social networking and gaming giant Tencent but has also backed Xiaomi, SenseTime, Pony.ai and Pinduoduo. Today, it has over \$23 billion in assets under management, according to PitchBook.

It has stayed ahead of the curve to become the world's [fourth-most](#) successful investor in unicorns, according to a Hurun report.¹

Though IDG Capital was formed in the United States, its portfolio is predominantly Chinese.² Patrick J. McGovern, the late chairman of the Boston-based parent company, International Data Group, brought on [Hugo Shong](#) in the 1990s to establish IDG Capital's operations in China. Later, IDG Capital raised a [\\$586-million fund](#) for Chinese TMT (technology, media, and telecoms) startups, and, with co-chairman Jim Breyer's firm (Breyer Capital) set up a [\\$1 billion fund](#) for growth-stage, China-focused companies.

IDG Capital's China operations have been so successful that in 2017, the Beijing-based unit teamed up with China Oceanwide Holdings, a major Chinese property developer, to acquire the parent group, International Data Group, and its subsidiaries.³

At *The Wire*, we periodically focus on fast-growing firms investing in China, introducing them to our readers and mapping their corporate and shareholding structures. Several months ago, we began with [Hillhouse Capital](#). Now, we introduce readers to IDG Capital.

IDG Capital's Management Team

Co-chairman Hugo Shong brought IDG Capital to China as one of the first foreign-backed venture capital firms to set up in the country. IDG initially started in China by selling the trade magazine Computerworld, a difficult sell in a market that then had few computers, but later signed deals to license Harper's Bazaar, Good Housekeeping, Esquire, the Robb Report, and Cosmo. Shong also set up operations to invest in technology startups. IDG Capital, for example, was an early, pre-IPO investor in both Tencent and Baidu (though it sold its stake in Tencent years before the firm went public).

Co-chairman Breyer's path to IDG Capital wasn't as direct. He worked with IDG Capital when his former employer Accel backed one of their funds [in 2005](#). Through Accel and Breyer Capital, he worked with IDG at least [seven times](#) before joining the team himself. He still manages his VC firm [Breyer Capital](#).

Information about more team members, many of whom have been working for IDG Capital since the 1990s, can be found [on its website](#).

 <p>HUGO SHONG Co-Chairman and Founding Partner</p> <p>Shong, who grew up in China's Hunan Province, worked as a journalist in China and then studied at Boston U. and later joined International Data Group. In 1993, he was the founding partner at IDG Capital in China and helped build it into one of the country's leading investment firms.</p>	 <p>JIM BREYER Co-Chairman</p> <p>Breyer is a billionaire investor who worked at Accel Partners, made an early investment in Facebook and later partnered with IDG Capital in China. He serves as co-chairman of IDG Capital and invests in China as he continues to manage his own firm, Breyer Capital.</p>	 <p>ZHOU QUAN Managing Partner</p> <p>Zhou became a managing partner in 1995, two years after joining IDG Capital. He made early investments in Baidu and Tencent. Zhou previously worked with NASA and studied at the University of Science and Technology of China, the Chinese Academy of Science, and Rutgers University.</p>	 <p>WANG JINGBO Co-Managing Partner</p> <p>Wang joined IDG Capital in 2011. He works on private equity and mergers and acquisitions, and has specialized in the energy sector. He previously worked for U.S. hedge fund D.E. Shaw & Co. and gas company ExxonMobil. Wang studied at Tsinghua and Cornell Universities.</p>
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Sources: [IDG Capital](#), company websites, news reports

IDG's Limited Partners

IDG Capital has had dozens of limited partners, or LPs, over its nearly 30 years in China, raising billions of dollars, primarily to invest in Chinese technology companies. Pension funds, philanthropies, and foundations frequently partner invest with the firm. Among the most notable Chinese LPs is the National Council for Social Security Fund, the Chinese government fund.⁴

But a large share of the funds that IDG raises to put to work in China come from institutional investors from the U.S. PitchBook has identified 45 of IDG Capital's limited partners. Below we look at 22 LPs, institutions that have backed at least two of IDG Capital's funds.

IDG Capital LPs

Limited Partners



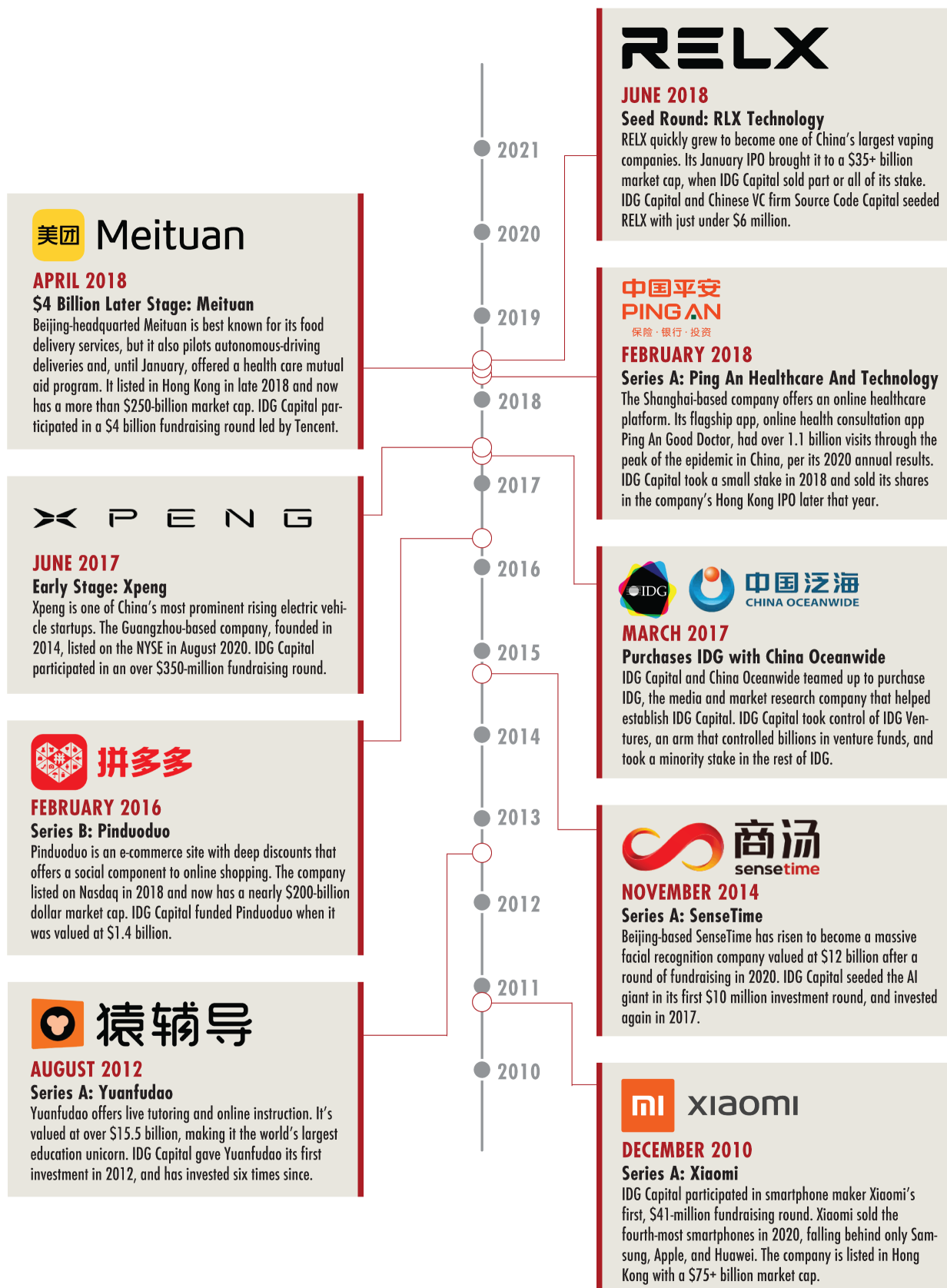
Data: PitchBook, company websites

Major Investments

IDG Capital invested early in some of China's biggest companies and rising stars. It participated in the early fundraising rounds for Meituan, the e-commerce giant, and Yuanfudao, the education firm that is now one of China's hottest startups. In January, one of the startups it invested in, a vaping company called RELX Technology, raised more than [\\$1 billion with an IPO](#) on the New York Stock Exchange.⁵

Some of its biggest up-and-comers have also been subject to scrutiny in recent months. Pinduoduo has been wrapped up in [questions over worker treatment](#) after two young employees died within days of each other. Electric vehicle maker Xpeng ran into trouble, too; it recalled [more than 13,000 vehicles](#) in January.⁶

Below, trace some of IDG Capital's more recent major investments.



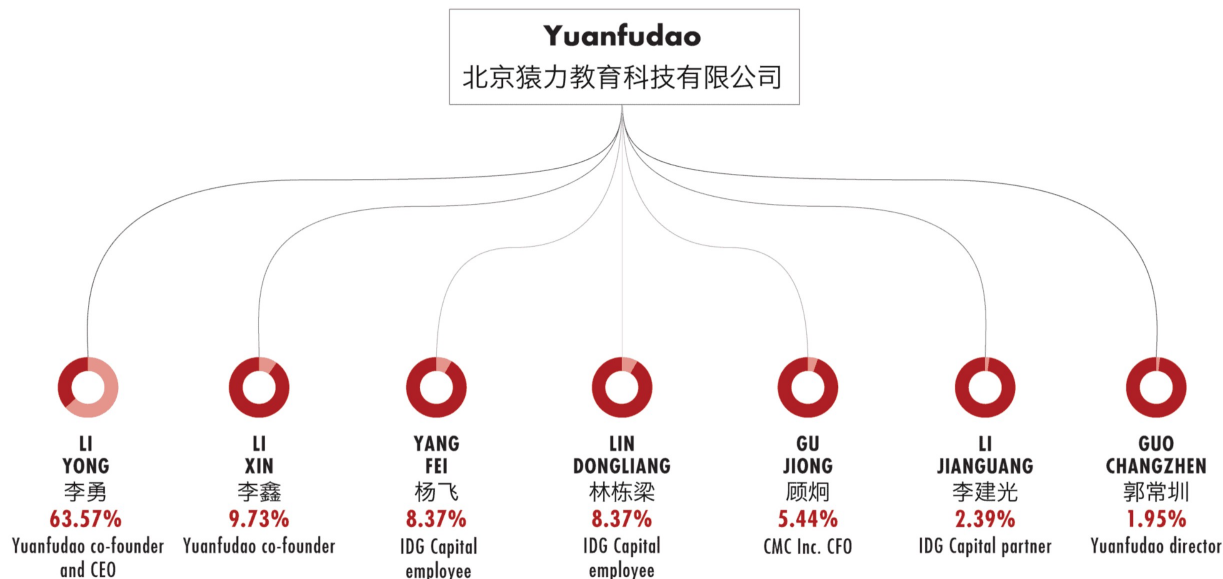
Data: PitchBook, S&P's CapitalIQ, company websites, [IDC](#)

Yuanfudao, Backed by IDG Capital

Yuanfudao was already China's big name in education tech, but it drew new attention this year for its platforms' utility in the Covid-19 pandemic. The company offers remote

educational resources for K-12 students, serving [400 million users](#) in China. A blockbuster \$2.2-billion fundraising round in late 2020 raised its valuation [to \\$15.5 billion](#), roughly double that of [March 2020](#). Backing came from big names like Tencent, Hillhouse Capital, media and entertainment investor CMC Capital Group, and, of course, IDG Capital. Yuanfudao is now reportedly seeking financing at a [more than \\$20 billion](#) valuation.

Its onshore ownership structure — including IDG Capital employees' cumulative 19-percent stake — is shown in the chart below.⁷



WireScreen

Note that IDG employees listed may just be registered to hold shares because of Chinese rules, and are unlikely to be the owners of those shares.

Data: WireScreen



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



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.



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BY GARRETT O'BRIEN

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Q & A



Jörg Wuttke on China's Self-Destruction

BY ANDREW PEAPLE

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