

COVER STORY

Whose News?

News Break is America's hot new app for news aggregation. But with roots in China, is the self-proclaimed hyper local outlet really immune from CCP influence?

BY DIDI KIRSTEN TATLOW — MAY 23, 2021

*Illustration by Luis Grañena*

The day Joe Biden was sworn in as president — January 20, 2021 — was a good day for news apps. Stuck at home due to the global pandemic, many Americans turned to their phones to watch the historic coverage. They downloaded news apps en masse, boosting installs up to [170 percent](#) according to Sensor Tower, a San Francisco-based company that tracks the global app economy. CNN, for instance, saw 27,000 new installs from the Apple App Store alone that Wednesday.

But if the day was a boon for traditional news outlets, it was a coup for a relative newcomer in the American news media. [News Break](#), an app that focuses mostly on local news, [registered](#) 62,000 installs on Apple's App Store alone — the culmination of a breakout year for the app. While national news apps saw moderate growth in 2020 — CNN and Fox News had 4–5 million new downloads in 2020 — News Break [reportedly](#) had 23.7 million installs, the most among news apps in U.S. stores. Five years after launching, News Break now says it has 45 million monthly active users and ranks no. 3 among Apple's news apps and no. 1 among Google Play's.

Burnished by good ratings and a simple design, News Break advertises itself as a grassroots, “little guy” solution to the much maligned “mainstream media.” Although it carries national and international news, its tagline is “Local Everything,” and its competitive advantage over other news aggregators seems to be that it partners with “thousands” of local news outlets and freelance writers, with the promise to “revive the local news ecosystem.”

Yet despite the small town focus, News Break is powered by big tech and big money. Most recently, in January, San Francisco-based [Francisco Partners](#) led a third funding round of \$115 million, reportedly giving News Break a billion-dollar valuation. It boasts Jerry Yang, a founder of Yahoo, as an adviser and [Harry Shum](#), a former executive for Microsoft’s artificial intelligence research, as chairman of the board. In a [statement](#), Francisco Partners said News Break’s “cutting-edge machine learning” was particularly attractive.¹

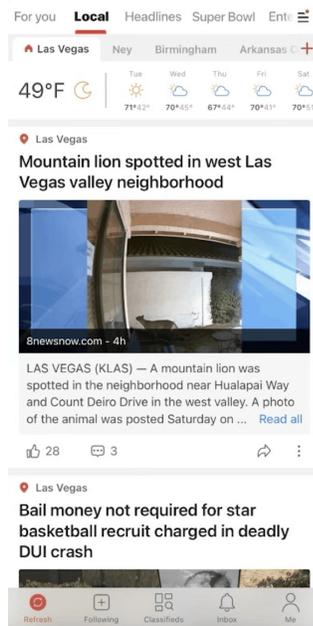
And in recent months, News Break’s algorithm, which provides personalized content based on individual users’ demonstrated interests, has failed to win rave reviews from U.S. media observers. “The recommendation [algorithm] is almost dangerously aggressive, and unmoderated,” [Emily Bell](#), director of the Tow Center for Digital Journalism at Columbia Journalism School, [tweeted](#) in April. “No qualms about sending me dozens of ‘person dies after vaccine’ articles, or really grim ‘local’ crime stories.”

Many users have echoed Bell’s concerns [online](#), and the closer scrutiny on the start-up has unearthed a potentially more damning question than whether or not the app is moderated enough. Although News Break is headquartered in Mountain View, Calif., it has close ties to [Yidian](#), a Chinese news app, which has led many observers to ask who is really behind News Break.²

“This is a company with a history of connections with the People’s Republic of China, and a continuing overlap in areas including personnel, business or tech development,” says Martin Hála, an economist and sinologist at Charles University in Prague. Given the China connections, Hála says, News Break is not “immune to pressure from Chinese authorities.”

There is no evidence that the Chinese government has had any role in News Break, but the issue of Chinese government influence in American apps has come up repeatedly in recent years. Well known Chinese apps like TikTok and WeChat have faced scrutiny, and even U.S.-based apps like Zoom have had controversies over their China connections. Although News Break has escaped the spotlight, that may be starting to change with its recent popularity.

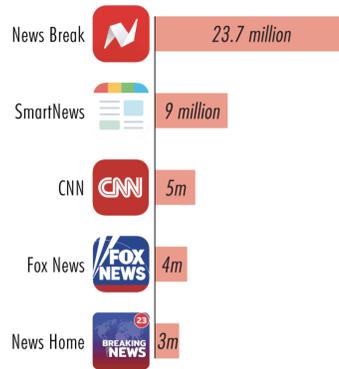
“Newsbreak is a U.S. company: U.S.-based, U.S.-invested, U.S.-data and privacy compliant,” says [Greg Vederman](#), a News Break spokesperson. “We tend to politely decline interview requests when China is at the core of the story, because they’re often predicated on the understandable but incorrect assumption that News Break is a Chinese company.”



News Break’s interface offers a personalized “For You” page.

Credit: News Break

Top 2020 U.S. News Apps



Data: [SensorTower](#)

The assumption is understandable, as Vederman says, because News Break's CEO is Jeff Zheng³, a former Yahoo U.S. and China employee who co-founded the app with Ren Xuyang, a former vice president and current chief adviser for corporate strategy and talent acquisition at Baidu, the Chinese internet giant. News Break's early investors included Yidian, the Chinese app, which was also co-founded by Zheng and Ren and which has indirect ties to the Chinese government. And there appears to have been some movement of employees between Yidian and News Break. According to his LinkedIn page, for example, immediately before Kaifeng Xu was the head of R&D in Shanghai for News Break, he was the head of engineering at Yidian. Today, while the majority of News Break's approximately 250 workforce is in the U.S., it has two China-based subsidiaries in Beijing

and Shanghai that employ data engineers and R&D personnel, according to LinkedIn and information provided by Vederman.⁴

Of course, connections to China do not make a company Chinese. Many American companies have offices in China, as well as Chinese citizens serving in senior leadership positions. But while the [concerns](#) about TikTok and WeChat mostly centered on American users' data going back to China, analysts say a news app like News Break merits a closer look because it highlights the potential for political influence or manipulation. The U.S. is particularly sensitive about foreign influence and misinformation campaigns after Russian meddling in the 2016 presidential election, but experts say that hasn't stopped China from ramping up its own foreign propaganda efforts.

“ This is a company with a history of connections with the People's Republic of China, and a continuing overlap in areas including personnel, business or tech development. ”

— *Martin Hála, an economist and sinologist at Charles University in Prague*

“That strategy of pushing content and messaging in outlets that aren't obviously seen as Chinese outlets is one that the Chinese government has increasingly adopted,” says [Joshua Kurlantzick](#), a senior fellow at the Council on Foreign Relations (CFR). Kurlantzick notes that since official Chinese state media is not very effective at winning over foreign audiences, Beijing has taken up a different approach. “The more effective tools of influence are ‘borrowed or bought boats’ — media outlets that are foreign, but not state-owned, where China is able to place messaging.”

The “[borrowed boat](#)” strategy will be familiar to anyone who has seen the “China Watch” section in newspapers such as the *The Washington Post*, *The New York Times* and *The Wall Street Journal*. By using foreign radio stations and print media to run paid, government-approved content, China Radio International’s president said they were “borrowing a boat to go out to the ocean.”

It’s not yet clear if News Break is a borrowed boat, or even a new kind of boat — one built in an American boatyard — but its company history suggests the app has closer ties to China than it may want to admit. And that might be a problem, says [Daniel Chou](#), a data scientist at the Center for Security and Emerging Technology at Georgetown University. Chou says the app’s granular focus on local news is a potential cornucopia for “sentiment analysis,” a tool to track and understand political opinion, as well as surveillance.

“If they have 20 million users — well, that’s 40 million eyes across the U.S.,” Chou says.

CONNECTING THE DOTS

Here’s what we know about News Break. Its story begins in 2015, when [Jeff Zheng](#) founded Particle Media Inc. in Delaware, with its company headquarters in Mountain View. Zheng had earlier founded several companies with the word “Particle” in them, either in English or Chinese, including one, Particle Inc., in the Cayman Islands; another in Hong Kong, called Particle (HK), and two in Beijing. Particle Inc. owns Yidian Zixun, the personalized Chinese news app whose name translates as “one dot information” or “a little information.”

Predicting the interests of a user has been the theme of Zheng’s career. After growing up in Jiangsu Province, a coastal region near Shanghai, Zheng attended Tsinghua University in Beijing and then earned a PhD in computer science at the University of Buffalo, according to his LinkedIn profile. From 2004 to 2011, he cut his teeth working on ranking and recommendation algorithms for Yahoo’s San Francisco office before moving back to Beijing to start Yahoo! Labs China, which was also focused on algorithm improvements.

With Yidian, Zheng’s aim was optimizing “the long tail” of news — the many tiny dots of information that are of interest to people and which build highly personalized profiles — rather than the splashy headlines that garner lots of attention. Although Yidian did not grab the limelight in China like its rival, ByteDance’s Toutiao did, the company did earn the government’s trust. According to a [report](#) published on the State Council’s science webpage, by 2016, Yidian had established “friendly relations with over 100 central government ministries and committees, and it services the Party, government and military.”



A sample China Watch section in an August 2019 *Washington Post*.

Credit: Steve Harmon via [Twitter](#)

一点资讯拥有260万个长尾个性化频道，其中配有专人运营的新疆频道订阅人数已超过280万，可实现新疆政务信息本地化精准推送及信息全覆盖。

目前，一点资讯已与100多家中央部委和办建立了友好关系，服务对象覆盖党政军。其中独家入驻一点资讯的机构为36家。

在对政府政务信息的精准推送中，一点资讯的及时反馈和安全保障方面已经得到中央各部委、机关机构和地方政府的高度认可。各权威机构在一点资讯影响力、感染力、传播度、及受关注度呈几何倍数增长。“新疆零距离”一点号矩阵，在发出新疆好声音的同时，不断丰富扩展平台服务功能，让广大受众体会到更多的“获得感”。

Credit: [State Council’s science webpage](#)

The 2016 report also described Yidian's work helping the government's propaganda and information control efforts in Xinjiang, the western part of China where the Chinese Communist Party has been accused of genocide and close-mesh surveillance against the Uyghur population. Operating a "long-tail," personalized technology, Yidian helped the government there by "enabling the localized and accurate delivery of government information and full coverage of information in Xinjiang," the report said. It helped "tell the Xinjiang story well," the report said, a reference to Xi Jinping's central ideological plank: "Tell the Chinese story well."

By 2017, when the Cyberspace Administration of China (CAC), which regulates China's controlled online information sphere, tightened its censorship rules in 2017, Yidian was the first outlet to receive a [license](#) from the regulators.⁵

It's not clear why Zheng decided to export the Yidian model, but in 2015, with seed money from Yidian, he registered Particle Media Inc., News Break's parent company, in the United States. It was a venture that China's state media looked favorably upon.

"Yidian Zixun has announced the latest development in its international expansion strategy; the founders are going to America to supervise the war for the English-language market," the *Global Times* [reported](#), in Chinese.

Although Particle Media (News Break) and Particle Inc. (Yidian) are "separate and distinct companies," according to Vederman, the News Break spokesperson, the Chinese language website of Yidian [describes](#) News Break as its "English-language version," and Particle Media Inc. in the U.S. as an "affiliated company." Zheng also remains a board member of Yidian, even as he is the CEO of News Break.⁶ (News Break says the statement on Yidian's website is inaccurate and that its legal department is sending a letter asking that it be removed.)



Yidian Zixun calls News Break its "English-language" version on its website.

Credit: [Yidian Zixun](#)

Around the same time that Zheng founded Particle Media Inc. in the U.S., he sold his stake in Yidian to Phoenix New Media, a highly-connected Chinese media company.⁷ Phoenix bought nearly half of Particle Inc., citing hope for its promising U.S. "subsidiary."

"The U.S. market is the cornerstone of our global expansion strategy and we're excited to take our first step into this market through launching an international version

of Yidian," Liu Shuang, a Phoenix director, [said](#) at the time. "With Yidian's founding team leading the U.S subsidiary and Dr. Zheng heading up the product development and research teams across both China and U.S., we are highly confident that we have the right people and technology in place to bridge Yidian's success into the U.S. market," Liu said.

[Phoenix New Media](#), whose shares trade on the New York Stock Exchange, is a subsidiary of Phoenix Media Investment (Holdings) Limited, which is based in Hong Kong, listed on the Hong Kong Stock Exchange and has its own close ties to Beijing. Its founder, CEO until February of this year, and current chairman is [Liu Changle](#), a former People's Liberation Army officer who serves on the Chinese People's Political Consultative Conference, an advisory body to the central government that also supports overseas influence operations.⁸

Liu has positioned himself and Phoenix Media as independent, but according to its 2020 [annual report](#), Phoenix Media is at least 28 percent state-owned.⁹ In the past, it has broadcast [forced confessions](#) for the Chinese Communist Party. And in June 2020, the FCC

[blocked](#) an application by a group to broadcast Phoenix Radio, which is owned by Phoenix TV, in the U.S., because the application obfuscated that fact that Phoenix Radio would provide the content. The FCC noted that this omission was of concern because of Phoenix's ties to the Chinese government.

By 2020, Phoenix had exited Yidian, according to Chinese media reports, [passing its shares](#) to Run Liang Tai Management, a Hong Kong-based company whose director, [Yang Yuxiang](#), the founder of Fusion Capital, formerly worked for CITIC Securities in China.

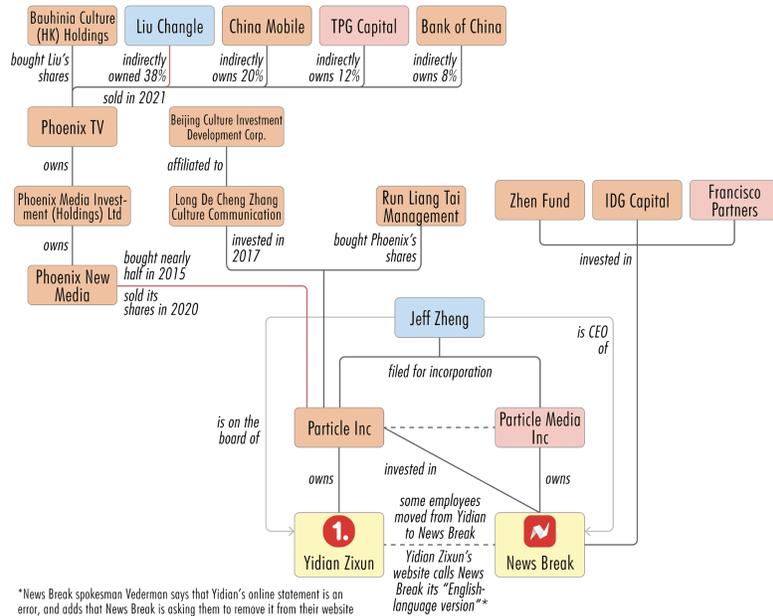
While Yidian was one of News Break's Series A investors, it ended its connection in 2019, Vederman says. News Break's early [investors](#) also included [well-known names](#) among Chinese, or China-connected, venture capital funds, such as Beijing-based Zhen Fund and IDG Capital, which is headed by [Hugo Shong](#).^{10 11} IDG's investments in News Break have continued, most recently in the January, Series C round led by Francisco Partners. Neither IDG nor Francisco Partners responded to requests for comment. News Break did not provide a detailed list of investors, or say how much they owned.

As U.S.-based News Break explains it, the company no longer has ties to Phoenix or Yidian, though News Break acknowledges that at its founding in 2015 and through at least 2019, its early backers were firms partly owned by the Chinese government.

The News Break Web

News Break, a U.S.-based news app, has its roots in a Chinese news app called Yidian Zixun. The two companies share co-founders. At one time, Yidian and its investors, including Phoenix TV media group, held a stake in News Break.

- App/platform
- U.S. company
- Chinese/Hong Kong company
- Individual



UNDER PRESSURE

In 2013, President Xi Jinping first [announced](#) a catch-all phrase for China's international propaganda push: "Tell the China story well." He continued, "As for foreign things ... use the foreign to serve China." Yet in a globalized economy it is increasingly difficult to tell what is "Chinese" and what is "foreign."

A recent [report](#) by the International Federation of Journalists, which represents approximately 600,000 journalists in 140 countries around the world, noted that China's global media infrastructure has grown considerably in recent years to include training programs for journalists, content sharing agreements and increasing ownership of publishing platforms. In the past year, the report says, as the Covid-19 pandemic started to spread, "Beijing used its media infrastructure globally to seed positive narratives about China in

national media, as well as mobilising more novel tactics such as disinformation.”

There is no indication News Break was involved in this effort. But experts also note that News Break warrants a closer look, especially with so many Americans turning to the app for information.

“With a news aggregator app, the decisions of what is served up and how news is moderated — there’s a lot more room there to influence people’s thinking about the world,” says [Sarah Cook](#), research director for China, Hong Kong, and Taiwan at Freedom House. “And with a news aggregator app, you don’t know what you don’t know. The opportunities for subtle moderation is very much there. The amplification might be noticeable to readers, but the downplaying of content is more subtle.”

“ With a news aggregator app, you don’t know what you don’t know. ”

— *Sarah Cook, research director for China, Hong Kong, and Taiwan at Freedom House*

[James Lewis](#), the director of the Strategic Technologies Program at the Center for Strategic and International Studies, says the situation in Hollywood is a good example of the ways China’s influence can be subtle. “It’s not that they’re making pro-China movies,” he says, “it’s that they won’t make anti-China movies.”

Given News Break’s ties to Yidian and, in the past, to Phoenix, experts say that the app should be further scrutinized for risk and capability, which can be switched on and off. While News Break may not be actively pushing Chinese Communist Party propaganda right now, says [Fergus Ryan](#) of the Australian Strategic Policy Institute, “the capability is there, and there are even rules on the books that would compel them to do so,” including China’s strict laws regarding cyber sovereignty, data, national security, and counter-espionage.

According to Vederman, the News Break spokesperson, Chinese cybersecurity laws have no impact on News Break’s business since, “We have no products or customers in China, and collect and store no data in China.”

News Break’s operations do appear to be U.S.-based, says [David Robinson](#), a co-founder of Internet 2.0, a data security company. An initial test with a virus detection program, Robinson says, showed “they’re not doing anything crazy dodgy,” like viruses or malware. According to Vederman, the app’s data is hosted on the U.S.-based Amazon Web Services server, which means it should not be accessible to the Chinese authorities.

But News Break’s data requests are expansive, says Chou, the data scientist at CSET at Georgetown. “It’s very, very intrusive. I can see this as a potential privacy risk,” says Chou, adding that the app accessed a user’s camera, contact list, location, and storage among other things. “Of course, it’s not the only app like that but, essentially, this is a tracking app. We should be wary of any app with these terms and conditions,” he says.

[Saikiran Kannan](#), a Singapore-based, open-source security analyst who studies Chinese apps, says that while there is no indication of wrongdoing by News Break, the app’s privacy policy is vague and could enable cross-border data transfer, even if its data is stored in the United States. News Break’s “international transfer” policy, he notes, reads: “We may process the information we collect in the United States and elsewhere in the world where our subsidiary or third-party service providers are located in order to provide the Services.”

“You have to look at the background and ownership of the company,” Kannan says, in order to assess its potential risk.

Despite its efforts to create a firewall, analysts say News Break may still have pressure points. Some analysts point to Zoom, the online conferencing firm, as an example. Zoom is a U.S.-based company, and its founder is a Chinese immigrant who is now an American citizen. But bad press and Justice Department [scrutiny](#) descended on it after a China-based employee of the video conferencing app shut down meetings in the U.S. commemorating the 1989 Tiananmen Square killings. The analyst noted that China-based employees were also being invited to “drink tea” with public and state security personnel in China, a time-honored ritual of exerting pressure. With dozens of News Break employees in China, the analyst said a similar scenario could play out, and it would be unlikely for the company to “escape the scrutiny” of China’s vast information control system.

Then there is the concern over China’s pending Data Security Law. Still in draft form, it mandates that “organizations and individuals outside of China will also be subject to this Law, if they conduct data activities which may harm China’s national security, public interests, or the rights of Chinese citizens,” according to an [assessment](#) by Haynes and Boone law firm. The proposed law is vague, as well as sweeping, but data-heavy companies with interests, assets or employees in China may be the first to feel the pressure.

What’s the U.S. to do? That remains unclear, but many observers say it’s not the U.S. government’s place to intervene in the media. In February 2020, for instance, the Trump administration announced it had [determined](#) five Chinese news organizations (including CGTN and Xinhua) were “foreign missions,” meaning they would have to register as foreign agents. China [reacted](#) by expelling 17 overseas reporters in the first half of 2020, according to the Foreign Correspondents Club of China.



Credit: [U.S. Department of State](#)

“When governments are defining what is journalism and what is not, that creates problems,” says [Carlos Martinez de la Serna](#), a program director at the Committee to Protect Journalists. “Media organizations can be defined in many ways, and it’s not government’s role to say what they do is journalism or what they do is propaganda.”

Even given the deteriorating relationship between the U.S. and China, Kurlantzick, from the Council on Foreign Relations, says the U.S. government should stay out of it.

“If there are a bunch of venture capitalists who are Chinese, or even if they have a background in state media, I don’t think we want the U.S. government telling them what they can or can’t publish,” he says.

Others say it’s not that straightforward. Given documented [efforts](#) by states, including China, to interfere in public opinion and communities in the U.S. via hidden influence campaigns, some say the U.S. should be doing more to promote transparency and protect Americans’ data.

“We should be concerned any time there’s a connection to a country like China or Russia,” says [Martijn Rasser](#), a senior fellow in the Technology and National Security Program at CNAS and a former CIA officer. “That always raises a flag of concern. Not necessarily a red flag, but a yellow flag, so to speak.”

Eli Binder, Cheryl Yu and Clifford Coonan contributed reporting for this story.



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● COVER STORY



Pole Position

BY EYCK FREYMANN

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 PEOPLE

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