

THE BIG PICTURE

Who Is 5Y Capital?

We take a closer look at the Hong Kong venture capital firm behind some major recent flotations in New York.

BY HANNAH REALE — JULY 18, 2021



5Y Capital founders Qin Liu (left) and Ken Shi (right).

Credit: 5Y Capital

The Hong Kong-based venture capital firm 5Y Capital has had two major pieces of news in the last year. First, it rebranded from its original name, Morningside Venture Capital, [in October](#). Then in February, it made a reported [\\$30 billion](#) return on its investment in the short-form video app Kuaishou, after the Chinese company listed shares on the New York Stock Exchange.

While Kuaishou may be its most high-profile success so far, 5Y has made other significant investments in its 13-year history, and it is moving fast to make more. Two of the firm's best-known bets in China were on the electric vehicle startup Xpeng and voice toolkit Agora, which is best known as the technical foundation of social media app Clubhouse. 5Y Capital has already backed 16 companies in 2021, including startups in artificial intelligence, biotech, skincare and chocolate making. Chinese companies account for 90 percent of its more than 200 total investments, according to PitchBook. The early-stage firm has \$4.8 billion in assets under management, and announced in April that it had [raised over \\$2 billion](#) in new funds.

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. We've featured [Hillhouse Capital](#) and [IDG Capital](#). Now, meet 5Y Capital.

Meet the Team

5Y Capital can trace its success back to a Hong Kong property group formed more than 60 years ago. The firm grew out of the Morningside Group, which was founded in 1986 by the brothers [Gerald](#) and [Ronnie Chan](#), with money from the family fortune. Their father, [Chan Tseng-hsi](#), had made his money on the Hong Kong property scene after founding [Hang Lung](#) in 1960, and growing it into a multi-billion dollar enterprise (Ronnie Chan now serves as Hang Lung's chairman).

5Y founders, [Qin Liu](#) and [Ken Shi](#), attended the same graduate school — the China Europe International Business School — and joined the Morningside Group in 1999. Nine years later, they spun out their own firm, with the blessing of the Chan brothers, who lent them the Morningside name. The now-rebranded 5Y is based in Shanghai, with additional offices in China and Hong Kong, while Morningside Group has its headquarters in Hong Kong. The firm did not respond to several requests from *The Wire* for comment.



QIN LIU
Founding Partner

Qin Liu, who also goes by Richard, co-founded 5Y Capital in 2008. He previously worked at Morningside Group from 1999 up until 2008. He was number 6 on Forbes' 2020 Midas List. Liu received his MBA from the China Europe International Business School and his bachelor's degree from the University of Science and Technology in Beijing.



KEN SHI
Founding Partner

Ken Shi co-founded 5Y Capital in 2008. He previously worked at Morningside Group as the Business Development Director in publishing, where he participated in Forbes China's founding in the early 2000s. He got his MBA from China Europe International Business School and his bachelor's degree from Shanghai Jiaotong University.



TED JING
Managing Director

Ted Jing worked at IMS Health, an American information technology company in the healthcare industry, before joining 5Y Capital. According to an online biography, he focuses on 5Y's health and pharmaceutical investments. He received his master's degree from the University of Pennsylvania and his bachelor's degree from Nankai University.



CLORIS YOU
Managing Director

Cloris You worked at 5Y Capital in the late 2000s, went to invest at other VC firms such as Infinity Equity for two years, and then rejoined the 5Y team in 2012, according to her LinkedIn page. She got her MBA from China Europe International Business School and her bachelor's degree from Nanjing University.

Data: Sources: 5Y Capital, PitchBook, LinkedIn

Limited Partners

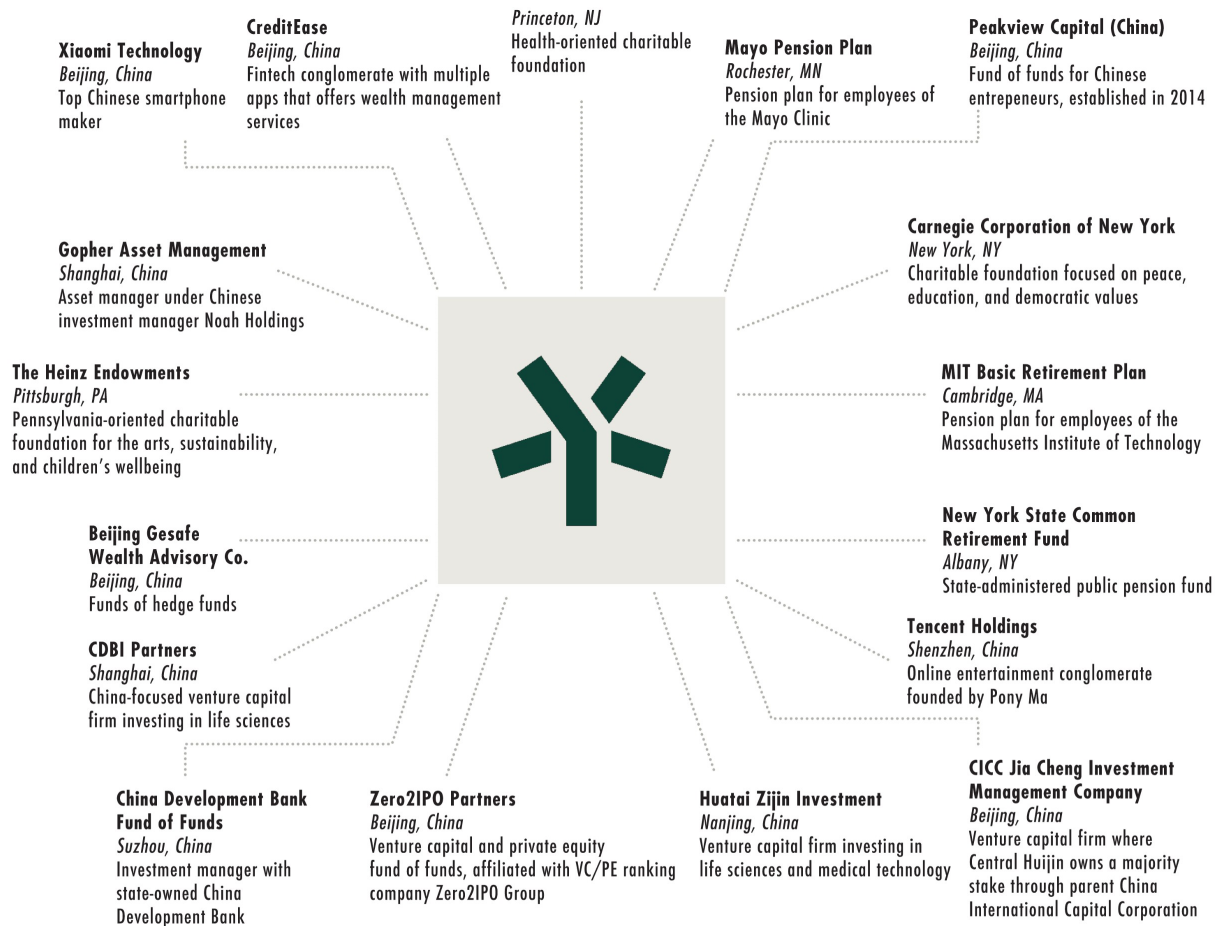
[On its website](#), 5Y boasts that its investors include “world-renowned sovereign wealth funds, family offices, fund[s] of funds, university endowments, pensions and foundations.” Morningside Group has [also invested](#) through the firm.

Below is a list of the firm's limited partners, as tracked by PitchBook below.

5Y Capital LPs

Limited Partners

Robert Wood Johnson Foundation



Data: PitchBook

Major Deals

5Y Capital's portfolio firms are overwhelmingly Chinese and tech focused. But "tech" doesn't always mean just artificial intelligence or electric vehicle companies — for 5Y, it spans companies involved in short-form video platforms, biopharma, and [small commercial satellites](#).

5Y's early-stage investment model also means that the company is typically getting in on the ground floor. When its investments succeed — and they often have — the payoff can be massive. Several of its investments subsequently led to high-profile initial public offerings: Xpeng, Agora, and KuaiShou all became listed companies in the past year.

Below are some of 5Y Capital's most successful investments.



JANUARY 2018

Series A: Pony.ai

Pony.ai is an autonomous driving company, founded in 2016, with dual headquarters in California and China. 5Y invested in the company's \$112-million Series A fundraising round alongside investors such as Sequoia Capital China and IDG Capital. It's invested twice since, most recently in February 2021.



JUNE 2017

Series A: Xpeng

Xpeng is one of China's best-known electric vehicle companies. It was founded in 2014 and has its headquarters in Guangzhou. It listed on the New York Stock Exchange in 2020 and is now valued at \$25 billion. 5Y holds \$625 million in the company's shares.



JULY 2015

Seed Round: Horizon Robotics

Horizon, which was founded in 2015, develops A.I. chips for autonomous driving. The Beijing-based company has partnered with carmakers such as SAIC Motor, Li Auto, Chang'an, Audi, and Continental. 5Y seeded Horizon alongside Hillhouse Capital, Sequoia Capital China, and other firms. It's invested in Horizon three times since, and most recently co-led a financing round in December 2020.



JULY 2012

Seed Round: Kuaishou

Kuaishou runs a short-form video app that launched in 2012, a year after the company was founded. Kuaishou listed in Hong Kong in February and now has a \$150-billion market cap. 5Y seeded Kuaishou with \$300 thousand, then invested again in 2013 and 2016. It holds 11.9 percent of Kuaishou's shares.



JANUARY 2012

Series A: WeDoctor

WeDoctor, formed in 2010, offers online and in-person medical consultations. It's expected to file for an IPO in Hong Kong after its latest fundraising round brought it to a \$6.8 billion valuation. 5Y and FengHe Fund Management funded We Doctor with \$22 million in 2012, and 5Y participated in another 2014 fundraising round.



JULY 2017

Series B: SenseTime

SenseTime, which was founded in 2014, is one of the world's largest artificial intelligence companies. It's best known for its advanced facial recognition capabilities. 5Y participated in a \$410-million fundraising round when the company was valued at \$1.1 billion – its last fundraising round in December valued it at \$12 billion.



MAY 2017

Series A: Huya

Huya is one of China's major livestreaming platforms. The company, which has its headquarters in Guangzhou, is now controlled by internet conglomerate Tencent. 5Y Capital participated in its \$75 million 2017 fundraising round, then sold its stake in Huya's 2018 IPO.



JULY 2014

Early Stage: Agora

Agora is a California-based voice and video engagement platform that targets businesses looking to meaningfully engage with their customers. 5Y was among its first backers, investing \$4 million with Shunwei Capital. 5Y invested in four additional rounds and sold part of its stake in Agora's June 2020 Nasdaq IPO. It is Agora's second-largest shareholder behind the founder, holding nearly 12 percent of its shares.



2012

Musical.ly / ByteDance

Musical.ly was a short form video app with headquarters in Shanghai. It became massively popular in the United States and was acquired by ByteDance, which merged its user base into TikTok in 2018. 5Y invested in Musical.ly in 2012 and is now a private investor in ByteDance, according to S&P.



DECEMBER 2010

Series A: Xiaomi

Xiaomi has grown to become one of the world's biggest smartphone manufacturers, with over \$35 billion in revenue in 2020. 5Y invested again in 2011 and sold part of its stake in Xiaomi's 2018 Hong Kong IPO. It still owns \$63 million worth of shares in the company.

2021

2020

2019

2018

2017

2016

2015

2014

2013

2012

2011

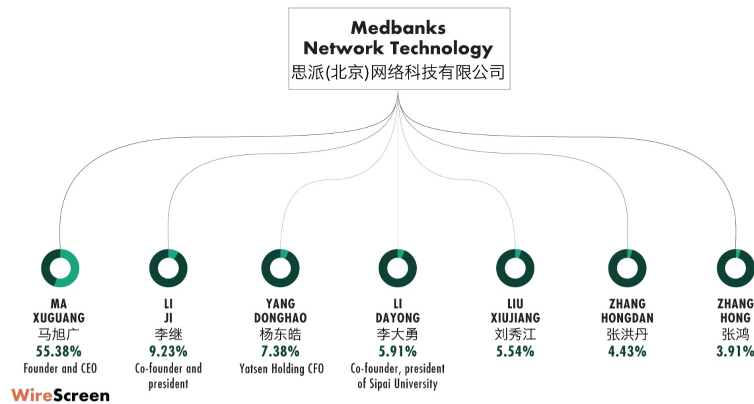
2010

One Investment: MedBanks

One of 5Y Capital's most recent investments was in [Medbanks Network Technology](#). The Beijing-based healthtech company was founded in 2014 and offers services for patients, medical providers, and insurance companies, connecting patients with doctor's appointments and specialists, pulling together a wealth of cancer data, providing clinical trial services, and offering a one-stop insurance and healthcare provider.

5Y initially invested in Medbanks in December 2020, participating in a [more than \\$300 million](#) fundraising round led by the internet giant Tencent and the Hong Kong asset manager [Jeneration Capital](#).

Take a closer look at the ultimate owners of its Beijing entity.



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](#)

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BY EYCK FREYMAN

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