The smartest of the Western multinationals are learning how to tap into and exploit these Chinese networks. McDonald's, for example, teamed up with its Hong Kong partner when it moved into southern China in 1990. From the mid-1980s Nike encouraged its Taiwanese footwear subcontractors to move production to China to cut costs. Today all eight of the factories producing Nike shoes in China are Taiwanese owned and managed, with most of the raw materials and machinery shipped from Taiwan to Guangdong and Fujian provinces through Hong Kong.

Are there limits to Chinese family-based enterprises? Yes. While there are exceptions, the emphasis on keeping ownership and management within the family tends to limit the size and complexity to which a Chinese firm can grow. Scan the profiles of Asian billionaires that begin on page 158, and you'll quickly see that the fortunes of the ethnic Chinese on the list are typically based on property, trading, shipping, hotels, textiles and toys.

With the exception of Taiwan, the overseas Chinese have generally avoided complex, capital-intensive industries like cars, steel and high technology, which require long-term investments and R&D. They have shunned complex service industries and international brand-name development, which require integrated and decentralized decision making. There is no Chinese equivalent of Sony or Procter & Gamble, complex, decentralized organizations.

Accordingly, one of the biggest problems for Chinese entrepreneurs is continuity. A Chinese saying holds that wealth doesn't survive three generations. The second generation typically holds fancy engineering or business management degrees from U.S. universities—witness to their brain power but not necessarily the best training for building a business.

So there's a paradox. Family ties are at once the strength of Chinese business and the weakness. But for the foreseeable future, the opportunities are so great and capital and technology in such demand that China Without Boundaries is on its way to ranking among the world's great economic powers. ■

Big players

Liem Sioe Liong

Net worth $3 billion

Liem Sioe Liong, 78, arrived in central Java from southern China in the late 1930s, toiled with a brother. Break came during the nationalist guerrilla warfare against the Dutch ruling power. Liem tapped his rural trading networks to supply the rebels with food, clothing, medicine and perhaps arms. In the process he developed close ties with an ambitious young lieutenant colonel named Suharto.

Liem and Suharto were already business partners when Suharto tossed out the high-living leftist dictator Sukarno in 1965. From that point on it was roses all the way for Liem. He was given monopolies on the import of cloves from Madagascar and Zanzibar, followed by exclusive rights for flour milling and a virtual monopoly on cement.

AFP

Liem Sioe Liong

Indonesia's richest, most connected.

Indonesia's Muslim majority often resents the hard-working and successful Chinese minority; Liem adopted an Indonesian name, Sudono Salim, and calls his main holding company Salim Group.

With unconsolidated sales of more than $9 billion, Jakarta-headquartered Salim Group accounts for an estimated 5% of Indonesia's gross domestic product. One of his companies, cement maker Indocement, is the largest publicly listed company on the Jakarta Stock Exchange, with a market cap of $4.8 billion. Another, Indofood, is the world's biggest producer of instant noodles and will soon be taken public.

Salim Group has interests in Africa, Europe and America, but Asia is the home front. In Asia Liem participates in the overseas Chinese Bamboo Network *(see story)* in joint ventures with Thailand's agribusiness billionaire Dhanin Chearavanont, Malaysia's Robert Kuok and other ethnic Chinese billionaires.

On this year's agenda for Liem: developing with Kuok a huge hotel and golfing resort on one of Indonesia's islands, bidding for Southeast Asia's largest integrated pulp and paper firm in the Philippines and setting up a $400 million cement factory in Wuhan, China.

Robert Kuok

Net worth $2.1 billion

Eric Ambler didn't write the story of Robert Kuok, 71, but he could have. Kuok's father arrived in Malaysia from China in 1911, opened a grocery store and eventually became a commodities trader. Robert was born in 1923 and went into commodities trading as well, but in 1952 the whole family fled to London after Robert's brother was killed by government security forces in the Malay jungle. The exile ended in the late 1950s, when Robert Kuok returned to Malaysia and established Malayan Sugar Manufacturing Co. Kuok set up sugar cane plantations and sugar mills in Malaysia and Thailand. In partnership with another ethnic Chinese businessman, Indonesian billionaire Liem Sioe (Uncle Liem) Liong, he grew and refined sugar in Indonesia. By the 1970s

AFP

Robert Kuok

The "Sugar King" knows no borders.

Kuok handled some 10% of the world's sugar trade and was known in trading rooms around the world as "The Sugar King."

Today Kuok is in trading, shipping, insurance, mining, sugar plantations, finance, property, hotels and media. Kuok was an early investor in China. His showcase China World Trade Center in Beijing, built in 1984, cost $480 million and is now worth far more. His Kerry group controls 12.5% of China's Citic Pacific, a diversified conglomerate. Last year Kuok bought a 35% interest in the company that publishes Hong Kong's daily *South China Morning Post* from Rupert Murdoch. Ever venturesome, Kuok is in the process of listing on the Dublin stock exchange the first investment fund specializing in Myanmar (Burma).

Dhanin Chearavanont

Net worth $5.3 billion

Dhanin Chearavanont's $5.3 billion fortune grew, literally, from chicken feed.

The 55-year-old's father, a peasant farmer from southern China's Guangdong province, opened a seed importing shop in Bangkok in 1921 *(see photo, p. 139)*. Three decades later the Chearavanonts set up a chicken-feed mill and a new company, Charoen Pokphand, commonly known as CP. Assuming the reins in 1964, Dhanin Chearavanont supplied Thai farmers with chicks and feed and bought back from them eggs and full-grown chickens at a guaranteed price. By introducing new stocks of fast-growing chickens, Chearavanont created demand for CP's chicken feed and was able to lower prices for chickens, thereby stimulating chicken demand and adding an important source of protein to diets throughout Southeast Asia.

Although he has a Thai name, Dhanin Chearavanont, like most ethnic Chinese, keeps close tabs on China. In 1981, when Deng Xiaoping had barely opened China's economy, Dhanin and his U.S. partner, giant Continental Grain, established the first foreign-owned feed mill and chicken farm in the newly established Shenzhen economic zone. Today 49 of CP Group's 200-plus companies are in China.

Chearavanont has diversified the group into real estate and land development, petrochemical refining, automotive and industrial products, and recently into telecommunications. TelecomAsia, a joint venture between CP Group and the U.S.' Nynex Inc., was recently listed on the Bangkok stock exchange.

Li Ka-shing

Net worth $5.8 billion

People in Hong Kong are still inspired by the rags-to-riches story of "Superman" Li Ka-shing, 66. Li's father, a teacher, moved the family from China's Guangdong province to Hong Kong in 1940, and died two years later, when Li was 13. After working for a company that manufactured plastic toys and watchbands, Li started a plastic flowers business in 1951 and began buying property around his factory. In 1972 Li took his main company, Cheung Kong, public—and in 1979 rocked Hong Kong's British-dominated business community by taking a 22.4% interest in Hutchison Whampoa, an old-line British trading establishment.

Publicly traded companies controlled by Li currently account for some 10% of Hong Kong's total stock market value ($300 billion).

R. Lagerway/Profile

Li Ka-shing

"Superman" Li soared into the billions.

Although most of his wealth reflects his holdings in Hong Kong property, Li has diversified into oil exploration, telecommunications, media, power plant construction, hotels and supermarkets. The sale of his 64% interest in Star TV last year to Rupert Murdoch's News Corp. brought in $525 million, making a hefty return.

Li was bearish on China initially, but he isn't anymore. Late last year Hutchison Whampoa (Li's flagship Cheung Kong now owns 43%) led a consortium that will take a 70% stake in a $600 million project to build, own and operate the port of Yantian in Guangdong, southern China.

For other ethnic Chinese billionaires, see page profiles beginning on page 158.

—PHILIPPE MAO