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## Chinese Women Entrepreneurs 闯进富豪圈的女人

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#### **Foreword**

How do Chinese women establish their own identity and demonstrate their social value in today's highly competitive and complex society? This book has some answers to this question.

Fourteen women entrepreneurs tell their stories of success, and the management skills and character they rely on to lead an industry. Men still dominate many of these industries and it may seem necessary, in order to compete with them, for women to be as aggressive, canny and authoritarian. Within such a corporate culture, however, women are using their own strengths and finding great success and support from both inside the workplace and with clients and consumers. As the same time, they won support from their husband, together raised children, and took care of family matters as required by traditional Chinese culture.

The Chinese economy and society is also diversifying more and more. With the deepening of market economy and broader acceptance of social norms, women entrepreneurs are making breakthroughs in a number of business sectors. They successfully manage their companies and create profits, but are socially responsible as well.

They possess feminine qualities to improve company operations and promote economic reform. When it comes to business administration, their skill of creating collaboration increases the stability of human resources and employee loyalty. Their eye on the future makes businesses attach more importance to social balance and environment-friendly competition.

Their intuitive marketing helps ensure that the products and services better serve the customer.

Although the change may be gradual and slow, these qualities help enterprises improve operations and management. Such promising changes mean that other enterprises may become less aggressive in pursuing profit and willing to be more environmentally sustainable as well.

Tracking the growth of these business women, we find that they possess a creative spirit, know how to persevere, and care about their employees. They used these attributes and acquired higher positions and these qualities became part of the business culture of their enterprises.

People are changing their stereotypical views and look at women's value and role in economy with a fresh perspective. Chinese women will surely play a more prominent role in establishing the future. They will be asked to contribute their tremendous wisdom and energy to poverty alleviation and a more harmonious relationship between the economy and environment.

The stories written by senior journalists and jointly produced by New World Press and Securities Daily depict a striding, open and diversified China. It is my great honor to contribute a preface.

Xie Zhenjiang President of Securities Daily

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# **Chen Xiaying**

Chairwoman of the Board of Directors of the Zhejiang Shanxiahu Pearl Group Co., Ltd., and Chairwoman of the Board of Directors of the Zhuji Yingfahang Pearl Co., Ltd.

### Motto:

"Be true in life and steadfast in work."

#### ENJOYING PEARL LIFE IN THE HOMETOWN OF XI SHI

Pearls have to endure hardships and tribulations in the process, but thanks to their firm and indomitable spirit, they succeed. This is also true of the life Chen Xiaying, "Queen of Pearls." Her own struggles have led her to become reserved, flexile, incisive and elegant.

Pearls have been used by human beings for several thousand years. The gentle, refined, clean and magnificent pearl has always been deeply loved as the Queen of Jewelry. China has a long history of making use of the pearl as medicine; this has been recorded in traditional Chinese medical books. In ancient times, only the rich had pearls. Nowadays, pearls can be found even in ordinary families.

Zhuji in Zhejiang Province is the hometown of Xi Shi, one of the four beauties of ancient China. Legend has it that pearls are the incarnation of Xi Shi, who lived as a bright pearl of the Moon Palace. On orders from the Jade Emperor in heaven, she descended to the world to lift the people of the State of Wu and the State of Yue out of the chaos caused by years of war. Having resolved the enmity between the two states, she threw herself into a river and turned into a pearl in order to remain in the world, continuing to make contributions to helping people keep fit and enjoy long life, as well as improve and maintain forever beauty.

Shanxiahu Town, Zhuji City, Zhejiang Province, is the largest freshwater pearl cultivation base in the world. It is so influential that it is held as the barometer for the global pearl market price. Chen Xiaying is without doubt the "Queen of Pearls" within the industry, among so many powerful pearl enterprises in the city. Chen thinks this is too much flattery

from her counterparts, but her reputation and quality do rank first in the entire pearl industry, and well match the title that has been conferred upon her. The Zhejiang Shanxiahu Pearl Group under her flag is also the world's largest freshwater pearl processing enterprise, and it determines, to the largest possible extent, the crude pearl price in the international market.

"I will promote China's freshwater pearls to the world," she says, adding that she will use ornaments to beautify this world. She has been working hard for decades, fulfilling this promise with action.

#### A Young Girl's Early Business Start

She was born to a peasant's family in Ruanshi Town, Zhuji City. Her father passed away young and her mother was weak and unhealthy. As the eldest child in her family, she shouldered the heavy burden of assisting her mother and taking care of the entire family.

Immediately after graduation from junior high school, Chen Xiaying was forced by circumstances to leave for Shanxiahu Town, while her former classmates were still leading a carefree life under the care of their parents. There, she started her career in pearls, and has been devoted to pearls ever since. Initially, she helped others sell pearls, acting as their assistant, and would constantly travel from one place to another. Life is the best teacher. Accompanied by sweat and tears, she grew up, and accumulated a rich experience in pearl quality identification and business operations.

In those days, most girls of her age were still immersed in the sweetness of love and the happiness of preparing their wedding dress, and had no idea about the world affairs. By 1983 Chen Xiaying, however, at age 19, had already started her own pearl business. What she did was just purchase, screen, classify and resell pearls. During those years, Chen traveled between Zhejiang and Hunan, Hubei to sell pearls, and even went as far as to Guangzhou by herself to do business. She has never forgotten those hard days.

At that time, the newly liberalized pearl market was brought again under the control of tighter policies. Cross-regional sales were not allowed. The markets which had just been established by pearl farmers were all shut down one after another. A licensing system was established for domestic sales of freshwater pearls, which greatly restricted the free trade of pearls in the country.

However, driven by huge profit, pearl trade continued underground. A direct result of such illegal trade was that numerous pearl farmers were heavily fined and their pearls were confiscated by the law enforcement agencies.

Some of them were the victims of fraud and suffered huge losses. Zhan Zhonghua, one of the first-generation pearl merchants, was cheated out of 10 kg of pearls during his first business trip to Guangzhou. From 1986 to 1987, farmers' losses exceeded 10 million yuan and many of them went bankrupt.

Chen was affected by all of this turbulence. But she has said, "I believe that perseverance always brings more opportunities." After years of working in this industry, despite such inequities, she earned her first fortune in life, and laid a foundation for future expansion.

# Husband and Wife Joining Hands in Starting the Business

When the beautiful and capable Chen Xiaying was just starting out in the pearl trade, she was lucky enough to meet her Mr. Right, He Xiaofa. They tied the knot in March 1986. In the subsequent two decades, the couple devoted themselves completely to the pearl business.

He Xiaofa, a duck feather merchant, had become the richest man in Shanxiahu Town and has since gained fame as the "King of Freshwater Pearls in China." He established three firms and one pearl-processing factory, with nearly 1,000 employees. His pearl farms are widely distributed across Zhejiang, Jiangsu, Hubei, Hunan and Fujian provinces, covering a combined area of over 2,000 hectares. A complete pearl industrial chain has been put in place, featuring cultivation, processing, developing and trading.

Chen and He, both sensitive to the needs of the changing market, worked hard together, greatly promoting the development of the freshwater pearl industry in Shanxiahu Town and the country at large. It's fair to say that they are perfect partners in life and also in business.

"In the early days after our marriage, we were not well-off at all. However, to achieve a better tomorrow, my husband and I decided to expand our pearl business after fully considering the commercial environment and specific circumstances of various industries," said Chen.

At that time, under the planned economy, the pearls were purchased exclusively by the State. The pearl farmers in Zhuji began to go south to Guangzhou and look for buyers with better prices. Chen Xiaying went to Guangzhou by herself, while her husband remained in Zhuji and continued seeking to improve the efficiency of their pearl farming operations.

In 1988, two years after arriving in Guangzhou, Chen Xiaying registered her own pearl company – Baitahu Company.

In 1989, the country introduced some new policies which relaxed control of the pearl business. Encouraged by this, Shanxiahu Town chose another site to build a third-generation pearl market which was bigger than ever. Chen Xiaying and her husband also had more customers. They began to contact businessmen from Hong Kong and engage in the reexport trade.

1993 was a slump year for China's freshwater pearl culture. Farmers in Shanxiahu Town could no longer bear the hardship. They moved towards freshwater mussels in an attempt to undersell pearls. However, Chen and her husband did the opposite. They decided to take a chance and further develop the pearl cultivation on a large scale. The decision was seen as folly by most people, but it would become a revolution in

large-scale freshwater pearl cultivation in China. Since then the original method of decentralized operations carried out by scattered households has gradually given way to large-scale intensive management.

In April 1997, Chen Xiaying and her husband jointly set up Shanxiahu Pearl Trading Company which later became Shanxiahu Pearl Co., Ltd. in 1999. Now their business has grown and become Shanxiahu Pearl Group.

When talking about the reasons for the firm, Chen said, "Most rural pearl businessmen like us have a simple idea: doing business is just a kind of trading. OK, let's do it well. Anything else, including registering a company, is something showy with no real meaning. So the pearl businessmen at that time never thought of setting up a company.

However, along with the rapid development that the country was experiencing, the country underwent great changes both politically and economically. Changes were witnessed in the market environment, particularly in the pearl market which was just opening up to the international market. Given this, we came to realize that to expand our business we had to break through the previous limitations and draw on the experience of established companies, in order to introduce standardized operations and scientific management. This might be the only way for us to become strong enough to enter the international market. So we decided to set up our own company."

After contacting foreign businessmen, Chen and her husband found that the quality of Shanxiahu pearls met the international requirements, but their price remained fairly low compared with that of their foreign counterparts. The problem lay in inadequate brand publicity and the backward processing technology. Therefore, the couple appealed to other local pearl companies to increase their efforts in advertisement so as to improve the overall image of Shanxiahu pearls. Although not many pearl firms showed great interest in the appeal, the couple was so influential in this part of the world that a few firms did begin to pay more attention to product promotion. Shanxiahu pearls thus gradually became better known

in the world.

To improve their pearl-processing technology, Chen Xiaying and her husband imported advanced deep-processing equipment from Japan in 2001. They were the first to do this.

### A Successful Entrepreneur, Also a Good Sport

There is no completely flat road in the world, especially for those with ambitious dreams. Numerous difficulties have been overcome by Chen Xiaying during the development of her company. Looking back now, Chen has mixed feelings. She insists that every difficulty is a test from heaven and that hardships are necessary for growth. However, some of her experiences have had a great influence on her family, her company and even the whole domestic freshwater pearl trade.

The year 2000 saw the pearl market hit by a price crisis. Pearl prices tumbled, just as if an invisible black hand had snatched away the profits of the pearl companies. At that time, Chen Xiaying had about 400 million yuan worth of pearls in stock. Seeing the pearl prices fall day by day, her husband, president of their company then, was filled with enormous anxiety.

Friends in and outside the trade all tried to persuade the couple to sell their pearls as soon as possible. But they finally decided to keep their pearls and, at the same time, to invest 100 million yuan in purchasing those that were being dumped. Such a surprising decision immediately caused an uproar. However, there is a saying that heaven never lets hard workers and kind-hearted people down. The fact that 400 million yuan's worth of pearls were kept in a storehouse reassured the fluctuating market. And then, to purchase 100 million yuan more of pearls played an important role in stabilizing the market price. As a result, those panic-stricken pearl merchants gradually calmed down and the whole pearl market returned to normal.

At such a critical moment for the pearl trade, what Chen Xiaying and her husband had done not only greatly protected the benefits of the pearl farmers and merchants, but also helped the pearl trade return to prosperity, thus winning them great fame in the industry. Today, speaking of this event, people still sing highly of their courage and insight.

In fact, the couple had not anticipated such an outcome when their decision was made. They just followed their faith and their conscience. They knew that countless pearl farmers would suffer from huge losses and numerous families might go bankrupt if they chose to undersell their inventory.

A similar market crisis came again in 2008. In the second half of 2008, the freshwater pearl cultivation in China suffered greatly from the global economic downturn. This industry still relies on the work of scattered pearl farmers, and thus has a relatively low development level as a whole. Moreover, its production cycle is fairly long, usually between four and five years. All these factors made it difficult for pearl cultivators to predict the outcome of the crisis and how long it would last. To avoid more losses and guard their investment, the pearl farmers began to undersell their pearls again. A direct result of this was a sharp fall in prices for all pearls at the end of 2008. The prices of medium- and low-grade pearls witnessed the biggest drop – over 50 percent. The medium and small pearl farms suffered heavy losses. At this moment, Chen Xiaying and her Shanxiahu Pearl Group came out boldly again and began to purchase pearls in large quantities, again stabilizing the market.

# Coming to Front of Stage

For Chen Xiaying, those problems, although very thorny at times, could always be worked out. The biggest blow for her was her husband's death. On May 8, 2002, He Xiaofa died in a car accident. The news came as a shock to Chen Xiaying.

"At that moment, I felt like my world tumbled. Everything, including work and money, seemed meaningless." Speaking of this, Chen today still cannot conceal the great sorrow she feels in her heart.

Her loved one had passed away, but the undertaking jointly created by them had to go on. She knew that she had to compose herself and continue carrying forward their common cause, instead of giving herself up to sorrow forever.

After getting married, Chen and her husband, like most Chinese couples, had followed tradition: the wife stayed at home and the husband worked. So it was He Xiaofa who was responsible for the business operation until that terrible accident. When Chen Xiaying decided to take over the company, quite a few people doubted her capacity for the job.

Less than a week after He Xiaofa's funeral, Chen began to get involved in the affairs of the business. In the subsequent year, this strong-willed woman learnt all about the business world. In fact, she successfully brought the company to a new high. In 2002, the company achieved a sales revenue of 105 million yuan, accounting for 35 percent of the country's total freshwater pearls.

# Building the "Qianzu" Brand

In 2002, with government support, Chen Xiaying and her colleagues worked hard and succeeded in further expanding their overseas business. Shanxiahu pearls were exported to the United States, Europe and the Middle East. On Junc 5 of the same year, Chen invested US \$ 1.3 million and set up the Yingfahang Pearl Co., Ltd. to specialize in the export trade. This put an end to having to use an intermediary. The newly-established firm could sell the pearls directly to foreign customers.

While actively exploring the overseas market, Chen Xiaying also paid a lot of attention to the domestic market. She began to engage in designing and producing pearl jewelry and successfully launched the "Qianzu" brand series. Franchise distributors for "Qianzu" jewelry could be found in more than ten major cities. Chen moved her office into the Shanxiahu Pearl Industrial Park and established Shanxiahu Pearl Group Co., Ltd. featuring an integration of freshwater pearl cultivation, processing and trading. Such a diversified development strategy has helped the company make much headway.

For an enterprise, Chen Xiaying believes, fine quality and good credit lines are most important. She spared no effort in building the "Qianzu" brand and finally made it a famous brand in China.

The beautiful and sagacious Chen is also the first in the pearl trade to pass the ISO9000 International Quality System certification. The efforts made in this regard helped the company make a shift from a family business to a modern enterprise with advanced business operations and management, thus a first in the development history of China's freshwater pearl industry.

When asked why she chose "Qianzu" (or thousand pure) as her brand name, Chen Xiaying said, "This was inspired by the thousand pure gold, a special term in the jewelry trade. You know, our products are different from those seawater pearls which have kernels inside. Seawater pearls actually have just a thin layer of nacre around the kernel; while our freshwater pearls with no kernel at all are composed of nacre both inside and out. Moreover, it indicates that our products are of fine quality; it also illustrates our operation principle: Be true in life and steadfast in work.

#### Shanxiahu Goes Public

On September 25, 2007, Zhejiang Shanxiahu Pearl Group Co., Ltd. was officially listed on the Shenzhen Stock Exchange, becoming the 173rd member on the China Small and Medium-sized Enterprises Board (SME Board).

After the company was listed, Chen Xiaying found herself busier