TAIZO SON AS SINGAPORE VC • THAI RICHEST IN SNAIL SLIME

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Forbes Asia

THE EMERGENT 25

ASIA'S LATEST STAR BUSINESSWOMEN

JANE JIE SUN

RUNS CHINA'S CTRIP ...AND MARATHONS

AUSTRALIA....A $12.00	INDIA....RS 400	KOREA....W 9,500	PAKISTAN....RS 600	TAIWAN....NT $275
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JANE JIE SUN, CEO OF CHINA'S BIG CTRIP TRAVEL SITE, FRONTS OUR LIST OF 25 EMERGENT BUSINESSWOMEN IN ASIA.

COVER PHOTOGRAPH
BY SASHA MASLOV FOR FORBES

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"I WANT SNAILWHITE TO BE ALL OVER ASIA."

—SARAWUT PORNPATANARUK, founder of Do Day Dream and member of Thailand's 50 richest

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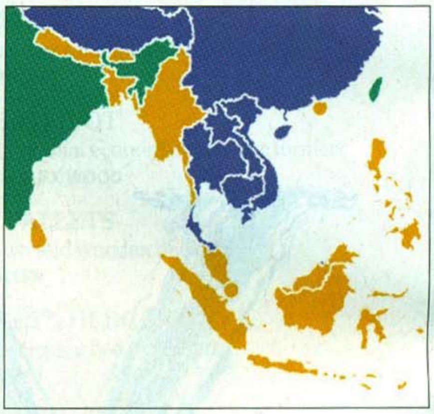
"OUR APPROACH IS COMPLETELY DIFFERENT FROM THE TRADITIONAL."

—TAIZO SON, high-tech venture capitalist

FORBES ASIA

SIDELINES

Mapping Opportunities



If past performance is a guide, Malaysia's election in early May will be a messy referendum on the country's ruling clique. Prime Minister Najib Razak is using the powerful prerogatives of incumbency against a challenge led by his onetime mentor, former strongman Mahathir Mohamad. Awkwardly allied with Mahathir's coalition is long-denied opposition figure Anwar Ibrahim, still in jail under Najib (as he was previously under Mahathir).

The result is unlikely to do much for transparent rule of law in Malaysia, let alone for its state-directed economy, which bumps along in spite of it all. But the electoral circus at least tolerates a level of dissent that allows the nation to escape the "not free" category again in this year's world map from the respected U.S. organization Freedom House. Those are the purple places above; the green are "free" and the yellow in between.

For Asia-Pacific overall, this scoring—based on the UN's Universal Declaration of Human Rights—is not encouraging. Freedom House says of the region: "Antidemocratic forces on the march." In Southeast Asia, comparing the latest map with that of ten years ago finds Thailand has slipped down from "partly free," and Indonesia, beset with Islamist pressure, has dropped a notch from a hard-earned "free." The only brighter spot, "partly free" Myanmar, drew special barbs in this year's findings for denying the Rohingya minority even basic human rights.

In a world now more vulnerable to autocrats overall, Asia is not offering many reasons for cheer. (Freedom House identified one upward signal: Timor Leste, with a peaceful power transition.) Hope for the darker quarters of the Korean peninsula is just barely that, as of now. The extraordinary beacon of recent decades, Taiwan, is under new pressure from the mainland amid Beijing's renewed smothering of so many Chinese liberties.

For a business audience, the connection of these factors to economic gains is always a pertinent question. Some will see periodic contradictions. A telling measure is where the globe's people, including its most creative and inquisitive, are migrating. Those engines of future growth motor toward "free."

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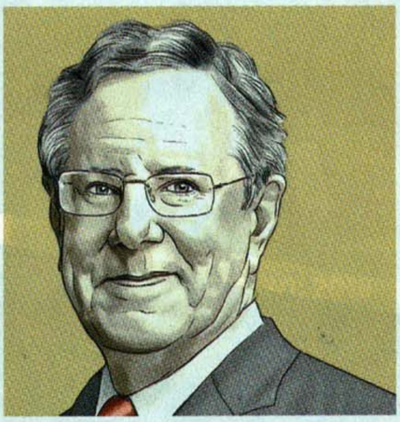
"With all thy getting, get understanding"

IS THE GOP SUFFERING FROM TAX-CUT AMNESIA?

BY STEVE FORBES, EDITOR-IN-CHIEF



LOST AMONG porno actress allegations, Syrian chemical weapons, food fights between the President and a rogue ex-FBI director, a North Korea summit and possible trade wars is the issue of tax cuts. The White House barely mentions the subject these days, and many Republicans are remarkably mum about what's usually their signature issue. With barely concealed glee, the *New York Times* recently ran the headline: "Public's Interest in Tax Law Has Slipped, and So Has Trump's."

This is a big mistake on the part of the GOP. It needs issues to excite and turn out its base, particularly those who voted for Trump. Right now, a good number of those folks are staying home, as evidenced by the elections in Virginia last November and a special congressional election in a Pennsylvania district that Trump had overwhelmingly carried in 2016 but was won by a Democrat in March. The anti-Trumpers are angry, and they are voting.

What should greatly disturb congressional Republicans are the surveys showing that people overwhelmingly consider them to be part and parcel of the Washington swamp, not its drainers.

Instead of vaguely mumbling about perhaps another round of tax cuts, Republicans should be trumpeting specific proposals. When putting these together, they should banish the self-imposed straitjacket of the Congressional Budget Office, which purports to tell us what effects tax and spending proposals will have on the economy over the next ten years. Its projections have almost always been wrong, so ignore them.

Another must: Don't call this exercise "tax reform." The word "reform" tells people nothing. Instead, use the phrase "big tax cuts."

Here's what an exciting package should include:

- **Payroll tax cuts.** Millions of people don't pay income taxes, but everyone who receives a paycheck gets dunned for Social Security and Medicare levies. These exactions make up FICA (the Federal Insurance Contributions Act). In 2011–2012 the first two percentage points of FICA tax were suspended. Propose a three-percentage-point holiday for at least five years. Lower-income earners, especially, would see a meaningful raise in take-home pay.

Would this jeopardize the Social Security system? No. Just as was done in 2011–2012, make up the shortfall from general revenues. Anyway, Social Security's reserves, ostensibly almost $3 trillion, are illusory. There's not a penny in there, just a bunch of nonmarketable IOUs from the Treasury Department. In other words, all of those trillions were spent as soon as they were collected.

- **Sharply lower income tax rates.** Last year's tax legislation got rid of most deductions for state and local taxes. The trouble is the bill didn't slash the federal tax rates, which would have stimulated the economy by lessening the price of productive work, risk-taking and success. Some GOPers snorted that this only hurts blue states, forgetting there are 20 or so vulnerable Republican house seats ensconced there. Speaker Pelosi, anyone?
- **A reduced capital gains tax.** This is a no-brainer. Cuts in this exaction always instantly boost revenues and stimulate investment, the crucial factor in a higher standard of living.

Certainly a number of less dramatic but enticing goodies could also be tossed into this tax-cut salad.

Will Republicans have the gumption and imagination to do something like this? Unfortunately, with this crowd, we all know the answer to that question.

High Tech for Legacy Industries

One of the amazing aspects of new technology is how it can be applied with awesome results to traditional "legacy" industries. Sam Walton, a small northwestern Arkansas retailer in the early 1960s, brilliantly employed mainframe computers and software to better manage Walmart's inventories and supply chains in a way his vastly larger competitors didn't. This was a critical factor in making his chain the dominant behemoth in traditional retailing.

A similar story is unfolding in agriculture, where high tech is radically transforming what we think of as a bucolic, hardly changing endeavor into a truly cutting-edge one with vast increases in productivity. Even as populations grow, food harvests are increasing at a far faster pace.

An even more dazzling transformation is taking place in oil and natural gas, the geopolitical implications of which we are barely beginning to grasp. It wasn't so many years ago that we were inundated with stories about "peak oil"—the idea that since there were no more humongous oilfields to be discovered, the world would consume oil faster than it could be replaced until the day came when we would run out of the stuff. U.S. oil production supposedly peaked in the early 1970s. Natural gas was so expensive and scarce that regulators told utility companies not to burn it to generate electricity, because it was too precious to use for this purpose.

Behold the situation today! Thanks to such astonishing technological breakthroughs as horizontal drilling and hydraulic fracturing (popularly known as fracking), gas and oil output, especially from shale, have exploded. The U.S. is once again exporting energy.

Far more astonishing, American oil production is higher than ever before. Add up the total production of oil, gas and other petroleum liquids, and we have surpassed both Russia and Saudi Arabia, a situation absolutely inconceivable a decade ago. The reserves in the Permian Basin, located primarily in Texas, exceed those in all of Saudi Arabia. If that isn't eye-popping enough, consider this: In the next decade or so, the U.S. will be the globe's lowest-cost producer of both oil and gas. That's right: We will be able to pump out these hydrocarbons cheaper than Saudi Arabia.

The demand for oil and gas is only going to grow as burgeoning middle classes in China, India and elsewhere buy and drive tens of millions more vehicles, not to mention purchase refrigerators, washing machines and other household goods that will consume more electricity.

As noted energy expert Mark Mills has said: "It's not just that technology has unlocked the long-known abundance of shale resources that were heretofore too expensive, but that the character of that technology is now in transformation. The future is all about a digital and artificial intelligence revolution. The effect of that will be to lower the bar for breakeven costs from shale."

Imagine, China's next generation will find itself becoming very dependent on the U.S. for its oil, and Europe will have a major gas alternative to Vladimir Putin's Russia.

Sorry, Bitcoin Fans: It Ain't Money Yet

The astonishing fact about the explosion in cryptocurrencies is that their creators have overlooked a fundamental fact: Money isn't viable if it fluctuates in value, particularly with the wild swings characteristic of this sector. Most buyers are looking to make a quick buck, treating Bitcoin et al. like penny stocks of yore. They forget that the very instability of government-produced money is one of the two critical reasons cryptocurrencies were created in the first place (the other being privacy). If in 2013 you had taken out a mortgage for $250,000 in Bitcoin, you'd owe the bank roughly $18 million today.

Until one of these digital monies effectively ties itself to gold, a basket of commodities or a bundle of major currencies, it will never replace the flawed, traditional central bank currencies we're currently stuck with. To be a true alternative, a cryptocurrency must also be easy to use for day-to-day transactions. Moreover, the supply can't be artificially restricted. Fabricated scarcity doesn't create value; utility and trustworthiness do. Look at the Swiss franc. Its supply is enormous. But because its long-term stability has been better by far than that of any other currency in the world over the past 100 years, people find it highly desirable.

As wise monetary gurus such as Nathan Lewis and John Tamny have pointed out, Bitcoin's wild swings graphically underscore why monetary unreliability is so destructive. The dollar's instability since we abandoned the gold standard in the early 1970s is a slow-motion version of what is happening to cryptocurrencies.

LUKE SHARRETT/BLOOMBERG

Forbes Asia

FLYING HIGH

As mainland money and visitors pour into Cambodia, China backs two new airports. Too bad about the French company that had an exclusive concession.

BY DANIELLE KEETON-OLSEN

The future of Cambodia's economy, as Tekreth Samrach, chairman of the government-controlled flagship airline, sees it, is in tourism. And thanks to China, tourism, like many sectors in the economy, is surging. "To be frank, everyone goes to China to make money," he says from his office decked with pilot caps and model planes. "So we have to go to China to make money, too."

Following that logic, the government appears to be making a sharp break from its long-standing partnership with French infrastructure conglomerate Vinci. It's drafting plans and starting work on two new airports backed by mainland money, despite granting an exclusive, 45-year concession on international airports to a company majority-owned by Vinci. That concession isn't supposed to end until 2040. The government's move is meant to address the rapid rise in tourism, but it also reflects Cambodia's increasingly enthusiastic embrace of booming Chinese investment.

One of the new airports will serve tourism center Siem Reap and the nearby 1,000-year-old temples. The government signed an agreement in 2016 with Chinese company Yunnan Investment Group and two others from Yunnan Province to invest in and build the project. Since March they have been prepping 750 hectares to the southeast of the Unesco World Heritage site. On the company's website, the group's chairman, Sun Yun, called it "a benchmark project for the Belt and Road Initiative," referring to China's development strategy to connect Eurasia in trade and transportation, with President Xi Jinping at the helm.

The plan for the second airport, in Phnom Penh, is more audacious. Announced in January, this project will be a joint venture between Cambodian developer Overseas Cambodia Investment Corp., or OCIC, and the State Secretariat of Civil Aviation, and built on 2,600 hectares of open land. The airport itself will cover 700 hectares and the rest will become an "airport city," with a special economic zone, industrial area and housing developments, according to the secretariat's deputy director-general, Sinn Chanserey Vutha. OCIC will invest $280 million, but the bulk of the funding, $1.1 billion, will come from the Bank of China, he says.

Both Sinn and Tekreth say they have few details about the Phnom Penh plans because the airport was directly ordered and arranged by Prime Minister Hun Sen. OCIC representatives declined to comment; the company is owned by Pung Kheav Se, a local tycoon and chairman of the country's second-largest commercial bank, Canadia.

As of now, the company holding the airport concession, Cambodia Airports, 70% of which is owned by Vinci and the rest by two Cambodian tycoons and a Malaysian company, won't be involved in either of the new airports. But Cambodia Airports Chief Executive Eric Delobel exudes confidence, saying his company will "accelerate and intensify" investment and development at its three airports regardless of whether the concession ends. He says negotiations are under way but won't reveal details.

Though Cambodia's aviation market is far smaller than Vinci's largest markets in Japan and elsewhere, it's important because it's growing so quickly. Vinci, which generated $48 billion in revenue last year, enjoyed a 25% jump in traffic to 8.8 million passengers at its Cambodian airports, the fastest growth of any of its markets.

Cambodia Airports is counting on more traffic. It just spent $130 million to expand its Phnom Penh and Siem Reap airports so they can each handle at least 5 million passengers a year. At the company's headquarters on Phnom Penh's outskirts, now

Pirate Play

Beijing's refusal to license South Korean online games allows intellectual property mischief to thrive.

BY AUGUST RICK

A ban on licensing rights to distribute mobile games inside China, levied against South Korean developers for the past year, has hurt the bottom line of the gaming industry's premier exporter and instead has allowed local copyright infringers to profit wildly in the Chinese market.

A block on new licensing for product distribution in China came in March 2017 after the South Korean government granted the U.S. permission to install the THAAD missile defense battery and radar system on South Korean soil. Since then, not a single new license has been granted for South Korean gaming companies, including Wemade, Bluehole, Smilegate and Nexon, which are some of the world's most popular online developers.

In that time the Chinese government has authorized the distribution of at least 412 licenses to foreign-made games. Since March 2017, the South Korean government has licensed 111 Chinese online games for sale in South Korea. China has historically been the largest market for South Korean online and mobile games. But since 2016, all mobile games must be approved before they can be distributed in China. Beijing's unofficial sanctions stretched from videogames and entertainment to retail stores and even tourism.

In 2017, South Korea's online and mobile gaming industry exports were estimated to be between $3.8 billion (according to the Korea Creative Content Agency) and $4.7 billion (according to the Korea Association of the Gaming Industry). That figure, while hefty, represents off-pace growth due to weak sales from the Chinese ban.

South Korean game developers have been on top of the gaming industry since the late 1990s, and have consistently failed to adequately copyright and protect their product, perennially the newest and most sought-after items. Shanda Games, one of China's top publishers, claimed in 2016 to be earning more than $100 million a month by distributing The Legend of Mir, which has the same name as the Wemade Entertainment title. The two companies are in the midst of a years-old lawsuit, though a Shanghai court has already protected Shanda's copyright claims to the sequel. (Though Wemade first developed the game, Shanda contends that it had administered the content over the past ten years.)

ZHANG PENG/LIGHTROCKET VIA GETTY IMAGES

Players outside a shopping mall in Tianjin, China.

Chinese courts have shown an increased vigilance when it comes to copyright infringement and intellectual property protection. In 2014 a policy granted three courts—Beijing, Shanghai and Guangzhou—expanded jurisdiction over intellectual property rights. But the trimmed-down judicial operation of the courts has also ossified in the face of foreign rights holders. In an interview with South Korean press, an intellectual property protection specialist warned that, in China's courts, "There is an invisible wall that blocks foreigners from operating in the local market."

PlayerUnknown's Battlegrounds (PUBG), a popular game developed by South Korea's Bluehole, was similarly denied licensing in China. The violent nature of the game "severely deviates from the socialist core value and the Chinese traditional culture and moral rule," the China Audio-Video & Digital Publishing Association declared in an online statement. The content regulator is grouped under the State Administration of Press, Publication, Radio, Film & Television.

Seoul-based Bluehole struggled to attain rights to distribute PUBG in China. The Korean company promptly partnered with Chinese internet giant Tencent, and Tencent took the rights to distribute the game in China. The partnership, which emphasized "working around regulations," has yet to see the game published, at least not the Korean original. The day before Tencent claimed rights to distribute PUBG in China, they released their own copycat version of the game, Glorious Mission.

Idealist on a Mission

In the year since serial entrepreneur Taizo Son moved to Singapore from his native Japan, he's found a welcoming laboratory for his high-tech ideas.

BY JANE A. PETERSON

Technology guru Taizo Son is on a mission to improve radically the way urban dwellers live and work. He envisions lush green cities where people enjoy largely car-free living, traveling about in vehicles underground or in drones overhead. Most people won't work in offices; instead they'll share ideas in cafe settings over steaming lattes. As for keeping healthy, there'll be do-it-yourself checkups in futuristic bathrooms for monitoring the essentials, and robot chefs to whip up healthy, delicious meals.

It sounds far-fetched, the stuff of science fiction. But this 45-year-old visionary, the youngest brother of SoftBank founder Masayoshi Son, is committing millions of dollars to these ideas. To make them a reality, he pulled up stakes in his native Japan a year ago and moved himself and his family to Singapore. From his new base he travels the globe to find like-minded tech entrepreneurs whose primary passion is not to make money but instead to help better people's lives by improving their health, education, food, transportation, living quarters and more. If the people he backs never give up, he surmises, they won't ever fail.

Son has founded or seeded hundreds of businesses since earning an economics degree from Tokyo University. His biggest success so far is GungHo Online Entertainment, which he started in 1998 and which developed Puzzle & Dragons, once the world's bestselling application for mobile phones. He launched the venture capital firm Mistletoe in 2013 and says he's since put $150 million into some 80 startups, backing entrepreneurs in more than ten countries. Companies in his portfolio are working on wearable monitoring devices, drones for medical emergencies and other high-tech advances.

Mistletoe focuses on what Son calls "world-changing" startups in deep tech, which includes artificial intelligence and robotics. "Early-stage is our strong suit," he says during an interview in his new Singapore office. When asked how these outfits are faring, he quips: "They're still cooking." He says the funding comes from the money he's made on previous investments. "I have no investors. It's 100% principal."

Forbes Asia listed Son as a billionaire in 2014 on the strength of his GungHo stake. But it turned out that the bulk of his shares were pledged to his brother as collateral for a loan. Today we peg his wealth at roughly $275 million, but it may be more, depending on the value of the startups; he says he hasn't calculated that himself.

The offspring of Korean immigrants, the Son brothers—there are four in all—hail from Kyushu, Japan's most southwesterly island. Taizo appears to distance himself from Masayoshi, the second oldest, whose fortune *Forbes Asia* estimates at $21.9 billion, making him Japan's richest person. While Taizo served for years as a SoftBank advisor, he indicates that the two do not speak regularly. "He's traveling. I can't catch him," he says coyly. "As a brother, I send a message: 'Happy Birthday.'"

Taizo seems rather ill at ease during the meeting, as if he's eager for the time to pass quickly. He rarely gives interviews, and his public relations assistant in Tokyo has already postponed this one twice. She's listening in from Tokyo on a computer screen.

"So far, so good," says the enigmatic Son when asked about his family's relocation to Sentosa, the lush island enclave connected to the main part of Singapore by a short bridge. "Compared with