Person in the News Charlwin Mao Charlwin Mao, the RedNote founder welcoming 'TikTok refugees'

A sudden surge of US users on Xiaohongshu, also known as RedNote, could threaten China's Great Firewall



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Eleanor Olcott in Beijing and Zijing Wu in Hong Kong 11 HOURS AGO

When the Chinese Stanford student Charlwin Mao was thinking of a name for his start-up in 2013, he settled on Xiaohongshu, which translates to "Little Red Book".

It referenced the colour of his prestigious university and his former employer, Bain Capital, both bastions of US capitalism.

This week, however, his choice of name became the focal point of an online <u>conspiracy theory</u> that the app was named after a compilation of Chairman Mao Zedong's quotations, which some translate as "Little Red Book".

Xiaohongshu, a popular social media app in China, was not well known outside the country until an impending ban on TikTok in the US led to an unexpected <u>surge in</u> <u>American users</u>. They are calling Xiaohongshu, which does not have an official English name, RedNote.

Last year, US lawmakers passed legislation that would ban TikTok unless its Chinese owner, ByteDance, divested control, saying it threatened national security. The Supreme Court's decision to <u>uphold the law</u> means TikTok faces a ban in the US on Sunday, cutting off access for 170mn Americans who spend billions of dollars on the app. The irony that a Chinese social media app, with strict content control regulations and policed by Beijing's powerful internet censors, has become the beneficiary of Washington's effort to ban another Chinese-owned app has delighted netizens.

But for Mao, no relation to Chairman Mao, it is no laughing matter. He operates in a sensitive regulatory environment where regulators do not look kindly on any breach of the Great Firewall — a digital divide that separates China's online population from the outside world.

Xiaohongshu has responded to its newfound US popularity by racing to update content moderation controls. Its co-founder and chief executive, thrust into a media spotlight that he actively avoids, has remained silent.

Mao is part of a second generation of Chinese internet entrepreneurs who emerged in the mid-2010s to challenge the dominance of giants such as Baidu, Alibaba and Tencent.

While still at Stanford Business School, he pitched to investors an internet company that focused on lifestyle.

Early funding came from US and Chinese backers, ZhenFund, GSR Ventures and what was then called GGV Capital. He and co-founder Miranda Qu, a fellow Wuhan native and marketing executive, tested out a few ideas, including a travel guide for Chinese tourists.

They finally settled on a photo-sharing app focusing on lifestyle content. Mao later gained the backing of both Tencent and Alibaba, a rare achievement from the archrivals. Both invested <u>to prevent the other</u> from acquiring the start-up.

According to figures provided to investors, Xiaohongshu has more than 300mn active users who rely on it for restaurant tips, travel ideas and beauty advice. That figure will be higher after this week. It is an essential conduit for consumer brands to reach shoppers via sponsored posts and influencers.

Those close to Mao call him a smooth operator, fluent in Chinese and American business — skills honed during his time at Bain Capital.

"There are two types of typical Chinese tech entrepreneurs. One is the nerdy type, who wears T-shirts and trainers and is shy when speaking in public. The other is the battle-hardened wolf warrior type who barks orders at people around them," said one longtime employee. "Mao is neither. He has the best fashion sense among all Chinese tech founders. He speaks with the clarity of a Wall Street elite," they added.

Visitors to Xiaohongshu's Shanghai headquarters are met with a physical manifestation of its online community. In contrast to most austere Chinese corporate offices, it is filled with luscious houseplants, hip coffee carts and a stage for influencers to shoot videos.

On Fridays, staff bring dogs and cats into the office, part of a long-standing tradition Mao instigated to "create a home feeling", said one employee. The use of corporate nicknames reinforces the informal atmosphere. Mao adopted the moniker Seiya, a Japanese anime hero, while Qu was named after the historical folk heroine Mulan.

Despite the trappings of a progressive work environment, Xiaohongshu still has the sort of extreme work culture common to China's tech companies. Mao is known to interview prospective hires late at night, indicating the commitment he expects. Some point to high staff turnover as evidence of burnout.

This week, employees worked harder than ever. Along with the challenge of ensuring sufficient data centre capacity, there is the sensitivity of playing host to a unique exchange between American and Chinese users.

Many are delighted to see the good-natured connection at a time of deteriorating geopolitical ties. Attention has also attracted interest from those looking to buy a stake in Xiaohongshu at a boosted \$20bn valuation, according to two investors.

However, others point out that Beijing is unlikely to tolerate Chinese internet users being exposed to more western content. While, in the US, the same lawmakers that want to ban TikTok could make Xiaohongshu their next target. Given tense relations between the two countries, Xiaohongshu's moment of global popularity may be brief.

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