Pan Sutong made $22 billion this year and then lost most of it. He says he doesn’t care.

The little-known electronics and property tycoon, who is based in Hong Kong, had jumped to number four on Bloomberg’s Asia wealth ranking last week as shares in his companies Goldin Financial Holdings Ltd. and Goldin Properties Holdings Ltd. surged more than 350 percent.

In that period, his wealth expanded faster than Alibaba Group founder Jack Ma, whose net worth climbed by $8.2 billion, and Li Ka-shing, who was up $4.6 billion.

“I don’t know why, I didn’t buy any,” 52-year-old Pan said in an interview on May 12. “I know the market is buying, but I don’t know who specifically.”

Then on Wednesday, Li Hejun’s Hanergy Thin Film Power Group Ltd. lost $19 billion in less than half an hour, spooking the market. In two days, the Goldin twins have lost about $21 billion combined.

Welcome to the world of Chinese share trading.

“It’s as unpredictable as a casino,” said Nigel Davis, principal lecturer in the University of Hong Kong’s law department. “There is not much correlation between fundamentals and share price, it’s pretty much
An enquiry by Hong Kong’s Securities and Futures Commission in March into Goldin Financial revealed that, apart from Pan’s 70.29 percent stake, another 19 unnamed shareholders held 28.29 percent of the company. Pan says he has no idea who they are.

“We carry out our business as usual, just like the way we have been doing, when our stock price is high and when it is low,” Pan said in an e-mailed response after today’s stock decline.

$34 Million Revenue

Goldin Financial’s revenue in the six months ending December was $34 million and more than 99 percent of its $181 million profit came from marking up the value of a 27-story office building in Hong Kong that’s still under construction.

At its height on May 15, the company traded at a price-to-book ratio of nearly 25 times, compared with an average of about 1.5 times for stocks in the Hang Seng Index.

“The price is disconnected from reality,” said David Webb, shareholder activist and founder of Webb-site.com. “The stock is likely to have been manipulated, but I’m not pointing the finger at any particular party.”

Figuring out what Chinese companies are really worth is becoming a major headache for investors. When Li failed to show up for Hanergy’s annual meeting on Wednesday, the shares fell 47 percent in 24 minutes before being suspended. The stock had surged sixfold in a year to make the company more valuable than Sony Corp.

Dealing Cards

So what is Goldin Financial really worth? In his capacious Hong Kong office, furnished with generous touches of faux Louis XV marble and gold, Pan pauses from a game of solitaire and explains.

“It is important to understand the business behind it,” he says. First, the Hong Kong office tower will start generating cash next year, he says. Second, Pan has notified the stock exchange about plans to inject two massive wine storage facilities located in free trade zones of Tianjin and Guangzhou into the company, whose inventories will steadily increase in value as bottles in the cellars age.

“Goldin Financial wants to be the king of the wine business,” he says.

Third, is a factoring arm, which involves buying receivables from manufacturers at a discount. The business, which Pan describes as low risk and low return, will put the firm “into a different playing field,” he says, once it obtains a license to operate in Shanghai’s free-trade zone.

Property. Wine. Factoring. Who is this guy?

Cutting Classes

Born in Shaoguan, in Guangdong province, Pan grew up with his paternal grandmother until her death
when he was 13. He moved to San Marino, California to live with his step-grandmother, but he spent most of his time cutting classes, and never learned much English, he said. So his family shipped him off at 18 to Hong Kong with $500,000 telling him to make something of his life. He did.

He began by trading Japanese electronics, then moved into manufacturing in Southern China, where he eventually commanded 90 percent of China’s karaoke monitor production through his Matsunichi Communication Holdings Ltd. In 2002 he listed the company in Hong Kong.

He changed the name to Goldin Properties Holdings Ltd. in 2008 after acquiring an 89-hectare (220-acre) parcel of land in Tianjin. On the site, he’s building a $10 billion project that includes a members-only polo club, a central business district anchored by a 117-story building, and luxury residences.

By last year, Pan had pretty much exhausted the billionaire’s bucket list: a 115 foot yacht; a private Gulfstream G550 that whisks him to homes in London, Hong Kong, Los Angeles, Shanghai and Tianjin; his own brokerage. None of these are owned by his listed companies.

Polo With Princes

He’s pals with the owners of France’s five first growth Bordeaux producers and he hobnobs with Princes William and Harry who play at a charity polo match he sponsors at England’s exclusive Beaufort Polo Club every June.

His thoroughbred, Akeed Mofeed earned HK$28.6 million ($3.7 million) before retiring last year and recently sired 60 mares (40 of them belonging to Pan), at his South Australia stud farm.

As for the rollercoaster ride of his companies’ shares, that’s a headache he said he could do without, even before this week’s sudden slump. Dealing himself another hand of cards, he said he still might take the company private so he doesn’t have to contend with pressure from minority shareholders.

“I am selling performance, not stock price,” he said.

And the wealth ranking? Well, that’s just paper.

“A genuinely wealthy person would not count his wealth every day,” Pan says. “It’s better if you just leave me off the list.”

   Easy come, easy go.

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