

Opportunities in China entice overseas Chinese

Tech professionals returning to China

Opportunities are plentiful in nascent market

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(01-02) 04:00 PDT Beijing -- As he waved for a taxi to take him to his next business meeting, Chris Xie narrowly missed getting run down by a bicycle cart piled high with sacks of rice.

Xie wasn't in Silicon Valley anymore.

When Xie, 33, started a peer-to-peer computing company out of his Sunnyvale apartment in 1998, he never imagined it would lead him here to the high-tech district on the outskirts of Beijing. He had left China nine years earlier to get a master's degree at the University of California at Riverside, and never expected to go back.

But when no Bay Area investors offered seed money for his startup, GreenTea Technologies, Xie and his business partner, Zhao Guobin, another Chinese citizen working in Silicon Valley, looked eastward for opportunities. They eventually forged a partnership with a Shanghai biotech firm that invested \$250,000 and gave GreenTea a share of its Shanghai office space.

Xie and Zhao are part of a growing contingent of U.S.-educated Chinese technology professionals leaving the Bay Area to start businesses and seek jobs in their homeland. While Silicon Valley's technology boom has gone bust, China is just getting rolling. But the decision to go to China can be a wrenching one for those who have lived in the United States for years.

For Xie and Zhao, the opportunities in China were too good to pass up. They found that through government incentive programs, they could get cash grants and more office space for free. They also hired a staff of 10 for what it would have cost to hire one comparable employee in Silicon Valley.

Instead of an unfunded startup that probably would have fizzled out under the Bay Area's harsh economic conditions, Zhao and Xie now have offices in three Chinese cities and are pursuing deals with China's top computer firms. The two men split their time between China and the Bay Area, spending several months at a stretch in each country.

'What's happening is like a reverse gold rush,' said Dennis Wu, managing partner of Deloitte & Touche's Chinese Services Group. Wu said he started noticing graduates of Stanford and UC Berkeley returning to China to start tech companies several years ago. '(The economy) in Silicon Valley may be just fueling that.'

Historically, less than half of the 320,000 Chinese students who have studied abroad since the country



opened to the world in 1978 have returned to China, according to Xinhua News Agency, the Chinese government's official information source. But the number of students who have returned to China and set up businesses there has been increasing 13 percent annually in recent years, the news service reported. In 1999, returnees set up 3,000 science and high-tech businesses in China, Xinhua said.

More people going back

In the Bay Area, observers say the trend is picking up speed. Nearly every weekend, delegations from brand-new high tech business parks in cities all over China hold seminars to woo entrepreneurs and skilled workers back to the motherland. Many delegations have been met by overflowing crowds.

While interest in returning to China spiked up during the U.S. economic downturn, it jumped even higher after the Sept. 11 terrorist attacks, said Estelle Lau, vice president of business development for 51job.com, a career search Web site based in China.

'In the past couple of months alone we have about 10,000 to 15,000 (Chinese) interested in going back to China to work. Six months ago we would get a few -- 10 to 100 resumes sent in,' said Lau.

Despite slowing down with the rest of the world, China's economy is still expected to grow about 7 percent in 2001. The technology industry has especially rosy prospects with more and more multinational companies setting up operations there alongside a quickly developing domestic industry, Wu said.

Government enticements

But most of China's current technology companies lag behind their Western counterparts in innovation and capital. The Chinese government is trying to change that by encouraging overseas Chinese to bring their tech skills and investment money back to the motherland.

Through government incentive programs, GreenTea Technologies has nabbed 390 square feet of free office space, near the southern city of Shenzhen, in a new high-tech park earmarked just for overseas Chinese who return. GreenTea has applied for about \$36,000 worth of grants available to foreign-educated Chinese entrepreneurs.

Besides the economic incentives, some Bay Area Chinese tech workers say they have other reasons to head back home. Many simply miss their families and feel homesick. Others say there is a glass ceiling in the U.S. tech industry that prevents them from attaining top management jobs.

'Life is very easy and comfortable here (in the United States). But here you're a worker, maybe you'll make manager and that's it. There, you can do anything,' said Yiang Han, a Nortel Networks employee who is hoping to move back to China with his family in the next year.

Cultural adjustments

But working in China has not been easy for Zhao and Xie.

'English words keep coming out of my mouth,' he said during his last trip to China. 'It's getting tougher and tougher as the days go by here. I miss my family over there. That's my home,' in Sunnyvale, where his

mother and girlfriend live.

In the five business trips he took last year to China -- each lasting one or two months -- Xie has found that business in his home country works differently than it does in the West.

'A lot of business gets done at the dinner table,' said Xie, who was exhausted after sitting at a restaurant table with his Chinese investor until 2 a.m. the night before. 'It's difficult to pinpoint the needs of these people,' because the Chinese tend to speak indirectly in business situations, avoiding confrontation, he said.

Earlier that day, Xie had visited the offices of Dawning, a Beijing supercomputer manufacturer, and convinced managers there to sign an agreement to try out GreenTea's peer-to-peer computing platform. Dawning has a \$12 million contract to put computers in public schools all over China, and GreenTea is hoping to provide some of the technology for that project.

GreenTea's technology, built by Xie, is a platform for pooling the power of many personal computers together to form one very powerful computer. Desktop computers used for office tasks during the day can be pooled to perform more complex calculations at night, for instance. Xie and Zhao believe that the technology is especially suited to China, where companies and especially schools with little money would really benefit from getting more power out of their existing computers.

Getting a letter of agreement was great -- except that Xie, forgetting that no document in China is official without a stamp or 'chop,' had left GreenTea's company stamp in his home office in Sunnyvale.

'In America, your signature is the key,' Xie said, sighing.

Xie and Zhao are not the only overseas Chinese to face difficulties integrating themselves into China's business world. A common problem is that Chinese business is based on personal relationships, said Yiang, the Nortel employee.

'You may not still have guanxi (connections) in China,' he said.

Change in lifestyle

Other would-be returnees worry about how a move back to China would affect their families.

Wusheng Song, a Hayward software development manager, attended a sales pitch by the Shenzhen office park where GreenTea got space and was tempted to seek work in China, but he decided not to go because of his daughters, ages 6 and 9, who do not speak Chinese.

'The education could be a problem. And I think maybe they wouldn't like the lifestyle in China,' Song said.

For Jennie Chen, 25, who left San Jose for Beijing last year and now co-directs the human resources software company she co-founded in Shenzhen, adjusting to life in China after work has been the biggest challenge. She had lived in the United States since age 14.

'I miss the lifestyle in the Valley, where you can just drive to Yosemite on the weekend,' she said.

Those who return to China to take technology jobs are paid 10 to 30 percent less than they would in the United States, said Lau, of 51job.com. But the returnees are usually in the top income bracket in China and can live quite comfortably in Chinese cities on what they earn, she said.

Playing catch up

Economist Reuven Glick, vice president of the Federal Reserve Bank of San Francisco's Center for Pacific Basin Monetary and Economic Studies, advised that potential returnees consider the long term, instead of heading off to China as a knee-jerk response to the current downturn.

'Eventually the United States and the rest of the world will be growing a year or two from now. In the long run, are (these returnees) going to get the resources there to do what they want to do?' he asked.

The bureaucracy governing business in China can be daunting, as Xie found out when he visited Shenzhen's business bureau to apply for a local business permit for GreenTea. He was told he needed the company's local high-tech certificate, certifying that GreenTea was indeed a high-tech firm. Unfortunately, Xie did not yet have a high-tech certificate, because he needed a business permit in order to get one.

Xie got out of that Catch-22 by calling in government officials from the small nearby town where his new office is located, who talked the Shenzhen officials into granting his permit.

Living in two worlds

Xie said he never realized how comfortable he had gotten in Sunnyvale until one morning when he found himself leaving his office park riding the back of a motorbike taxi, clutching his laptop and briefcase, and begging the driver to slow down. The area was so recently carved out of the surrounding farmland that it does not yet have regular taxicabs.

'When I came back (to Sunnyvale) I went around my apartment complex, with its lawns and green trees, and I felt that this would be considered a luxury place if it was in China,' Xie said.

On the other hand, he prefers the night life in Beijing, where restaurants are open all night.

For now, Xie wants to keep one foot in each country. He is planning to fly back to Beijing soon for another stint, but he will keep his Sunnyvale apartment.

<http://sfgate.com/cgi-bin/article.cgi?f=/c/a/2002/01/02/BU7692.DTL>

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