

THE NEW GOLD MOUNTAIN



Hong Mah, founder of LeeMah Electronics, in a 1946 photo. on 3/15/04 in San Francisco.

Taishan, China -- In the 19th century, Chinese immigrants coined the nickname “Gold Mountain” to describe San Francisco -- a land that promised a new life and untold fortunes. In a striking turnabout, China has become a new land of opportunity for Chinese Americans and other Bay Area entrepreneurs. Today, The Chronicle begins publication of “The New Gold Mountain,” a series of occasional articles about the rewards and risks of doing business in the world’s fastest-growing major economy..

As a boy, Hong Mah did not miss his father, for he lived in a village of no fathers.

In the days before World War II, all the men were gone. They worked overseas to support wives and children left behind in the land of floods and bandits, returning only to marry, father children or die.

A lifetime later, Hong is giving people a reason to stay.

The Bay Area businessman has built a factory near his ancestral home to provide work for locals and to cut labor costs for his company, LeeMah Electronics.

In the past decade, Hong also has paved his village's roads, set up an ornamental Chinese gate, refurbished the community center and restocked the fishpond. His other projects include a hospital wing, two kindergartens and a high school dormitory.

"I always appreciate life today compared to what I had," said Hong, who, with his bushy eyebrows, jade ring and sweater vest, has the look of a Chinese Mr. Rogers. "Helping is sharing."

Hong is among the many Chinese immigrants and their descendants returning to their ancestral homeland, bringing their American know-how to one of the world's fastest-growing economies. Their capitalism is transforming China.

With the Bay Area at the forefront, Chinese Americans have set up schools, founded tech startups and constructed factories in the fields of southern China.

In 2003, direct foreign investment in China was \$53 billion -- up from \$27 billion a decade ago. An estimated 60 percent of the overall total comes from overseas Chinese.

In the first act of the long relationship between China and the United States, Chinese newcomers helped build America in the mid-1800s. Villages in China emptied as the immigrants arrived first as laborers, then merchants and, more recently, as students and professionals.

Now, in this second act, Chinese Americans are reversing that journey -- forging connections that further intertwine the futures of the two countries.

The Chinese have a proverb, Hong said. Drink water, and remember the source.

All the families in the village where Hong grew up had the same surname - - Mah, the character for horse. The peripatetic creature symbolized the travels that its men were fated to take.

West of Hong Kong on the Pearl River Delta, hills green with pine and bamboo rose above the red earth laced with rivers.

Hong was born in 1932, the youngest of four children. His father had left for Canada when Hong was a toddler.

The house he grew up in had gun holes on the second floor, narrow slits through which to shoot marauders who roamed the countryside. Once, thieves robbed several of the families in the village. His family was targeted next, but the village conspirator was discovered and killed.

Still, the boy remained vigilant on patrol against bandits, once even dropping his father's handgun into a pond while trying to fish. During the Japanese occupation in World War II, mail service was cut off and the Hong family, like many villagers in Taishan, lost its main source of income -- money from overseas.

With the war inflating food prices, Hong's family caught tiny crabs that they ground up and doused with salt fish brine. They could only afford the brine, not the fish.

In the springtime, Hong would pick off leeches while weeding the flooded rice paddies. Desperate, his family ate soft, unripe peanuts and clipped bamboo blooms that flower but once a generation, providing an unexpected yield which saved his village.

During the late 1930s, Hong, his two sisters, brother and mother left for Macau, and then for Hong Kong to flee the Japanese invaders. But after about two years, the family returned when they could not escape the enemy.

In the fall of 1949, the family moved to Hong Kong again as the communists came to power in China. For more than a year, they waited for permission from immigration authorities to join their father in Canada and leave behind their ravaged homeland.

In Canada, his father wanted Hong to work full time as a dishwasher at the family's restaurant to help pay off his passage from Hong Kong. His mother insisted that Hong and his brother also go to school, where Hong, though a teenager, had to sit through the second grade for a few embarrassing months so he could learn English.

After graduating, he set off to a city that his compatriots from the Pearl River Delta had long called Gold Mountain: San Francisco.

But the first years on Gold Mountain were a struggle.

Hong had moved to the city at the end of 1957 to join his fiancée, Jean, whom he met in Hong Kong when they stayed at the same boarding house.

He toiled as a waiter while attending [Heald College](#). In 1960, Hong landed a job at Farinon Electric, where he worked on the assembly line six days a week.

During that decade, Hong started businesses on the side.

His failures included a contract manufacturing business run out of his garage (lunch-break sales calls were unsuccessful because customers were out), a Chinese restaurant in the Tenderloin (not enough customers), and an import business run out of his home (the dried pink shrimp from India turned an unpalatable black after a couple months, and the bamboo women's purses were not a hit).

"I was so tired," said Hong, of his toil at the restaurant after work and on the weekends. "I couldn't drive on the freeway, because I was having delayed reactions. My body was a breaking system."

In 1971, he persuaded Farinon to open a subsidiary in Chinatown, in which he took a share. He named the division, LeeMah, a combination of his last name and his wife's maiden name. Five years later, Hong bought out the rest of the subsidiary and formed an independent company to help provide jobs to new immigrants.

Yet even as he began to prosper in the Bay Area, he longed to return to his boyhood home.

The first time Hong visited his village in 1982, he cried -- it was too familiar. The houses were old and rundown, and the fishpond wall had fallen in.

"After so many years, life was never able to change. Everything was the same, except worse," Hong said. "It's nice to see the village, but there are very little people you know. People moved on."

The second day, Hong looked for the graves of his grandparents and his step-grandmother.

He spent a few days preparing the roast pig, firecrackers and sugarcane necessary to pay respect. But the best way to repay their legacy was to give to the people living in the village, where the poorest could not leave.

Hong brought U.S. cookies and candies, a rare treat. The villagers converged upon him and his wife "like ants," he said.

"I try to help the neighborhood," said Hong, who has a penchant for piling food onto people's plates at restaurants and for passing out \$2 bills of lucky money in Chinese red envelopes. "I was born in China. I always wanted to go back."

At the time, China was beginning to open up to the outside world. Expatriates like Hong -- whom the Beijing government had long viewed with suspicion -- had now become a valuable resource.

Inside Hong's factory, miniature buildings bloom on circuit boards green as rice paddies.

With tweezers, the sons and daughters of peasants plant transistors and resistors into plastic boards. The pattern of circles and squares resembles an aerial map of the vanishing countryside outside.

In the two decades since Hong first returned to his village, the Pearl River Delta has become a factory to the world. The delta is a rough triangle, anchored to the north by Guangzhou, the capital of Guangdong province, and bordered on the south by Hong Kong and Macau.

The factories churn out plastics, clothing, electronics and other goods stamped, tagged and labeled "Made in China." In 2001, the combined gross domestic product of Hong Kong and the delta was \$265 billion -- greater than that of any other region in the Chinese mainland and accounting for more than a fifth of the country's output. In 1980, President Deng Xiaoping established special economic zones in southern China to lure foreign investors. In two decades, backwater villages have become thick with factories and offices.

As the global economy expands, customers seek lower-cost products from manufacturers, said Joe Avery, LeeMah's head of marketing.

Over more than a decade, Taiwan and Hong Kong investors opened factories in the Pearl River Delta, drawn by the low labor costs. Hong followed, ahead of other electronics manufacturers.

In 1992, Hong looked into opening a factory in Zhuhai, a special economic zone that borders Macau, and Kaiping, before "re-rooting" himself in his hometown. Because Hong was born in Taishan, he found officials more cooperative, he said.

Hong insisted on owning the land and factory building. Before him, local officials had leased land for 50 to 75 years to foreign investors. Less than a year later, his new factory opened.

"China opened up the gate, so I go back," he said. "I bring high tech, to give the locals an alternative, so they can be skillful instead of working the rice field."

Along with a two-story factory, Hong's 14-acre property boasts papaya and banana trees, a blue-tiled pavilion, a pond and geese in a pen -- touches that set his complex apart from purely utilitarian factories.

LeeMah employs about 200 people in Taishan who work six days a week. Workers can earn an extra 25 percent more than their base salary in overtime, which, according to Chinese labor law, is supposed to kick in above 40 hours per week.

Machine operators earn 400 to 600 yuan (\$48 to \$72) a month. The wages, about average for the area, are more than what a farmer could make, experts said.

Supervisors make between 800 to 4,000 yuan (\$96 to \$483) a month, with the high end of the scale approaching middle-class.

Chen Ya Ping, 21, a Taishan native, has worked at the factory for almost three years. LeeMah is conveniently located, she said, allowing her to live with her family rather than travel far to find work.

Dressed in a blue smock over a sweater, she wore sleek silver metal frame glasses and apologized when her cell phone trilled. Her parents, once peasants, now make flooring in another factory.

"It's a big difference," she said. "At one time we were farmers. Now we have a stable income."

To get to his village, Hong must drive for 40 minutes from the center of Taishan, starting on a busy two-lane road crowded with motorcycles and mini-buses. Then he turns onto a smaller, bumpier road -- the kind where making good time requires driving in the oncoming lane, to pass by people pedaling with loads of sugarcane and sheet metal. He ends up on an even narrower

road before passing through the traditional Chinese gate at the village entrance of Gold Mountain Dragon.

From one bend to another, the road passes between centuries. Peasants wearing cone-shaped straw hats and rubber boots till the fields with wooden plows and oxen. At the next curve, squat factories interrupt the pastoral scene.

The sky is filled with a light golden haze of factory and auto emissions, a byproduct of the booming economy.

Population 200, the village is a collection of weathered gray brick homes with clay-tile roofs. In the narrow alleyways, chickens cluck and peck. Abandoned homes with collapsed roofs have become storehouses. Half the homes are empty, a result of the long exodus of villagers.

Compared to the past, the times now are as different as sky and earth, said village resident Mah Jing-Yu, 76. He wore the mismatched uniform of the countryside, where clothes clash in color, material and decade of style -- sweat pants beneath his slacks and socks decorated with hearts.

Jing-Yu sat under the banyan tree that overlooks the fields, on the edge of a plaza paved by Hong. Across from him was a community center, refurbished by Hong.

Jing-Yu worked in a coal mine for 40 years to support his four children. The work was dangerous, and it was hard living apart from his family, he said, but he had to earn more than what he could by farming.

He praised his former schoolmate, Hong, who has promised to pay for school expenses for the village children, up through high school. Jing-Yu's grandchildren have benefited from this gift. If they finish their studies, they can find a good position and earn more, he said.

Huang Bi-Young, 65, is the caretaker of Hong's childhood home. Three of her four sons work at Hong's factory about 20 miles away, two on the assembly line and one as a driver. Her sons return to the village on the weekends when they can. They are commuter peasants, a stopgap before their rural lifestyle ends.

When overseas Chinese like Hong donate or do business, many do so in the village of their birth, and the surrounding areas -- in keeping with a tradition that decrees such generosity will be rewarded in the future.

Hong said his main mission is to give students a good [education](#), one that teaches them to return home after attending university or going off to work: "If not, they are like a bird in a tree. They fly, and then, all gone."

Hong's most recent project, a preschool, opened in February 2003. Laminated posters of San Francisco tourist attractions such as Alcatraz and cable [cars](#) hang on the walls and are a reminder of their faraway benefactor.

Behind the school is a vast quilt of green vegetable patches, with a smokestack and factory on the horizon.

Unlike other Chinese schools in the area, this facility is spacious. Students can take dance class and put on performances, said Principal Kaung [Xiao Hong](#). Dancing is an educational luxury that students and their peasant parents are not afforded at nearby schools.

The new school also attracts better quality teachers, she said. Principal Kaung stands on the roof of the school, pointing out other projects financed by Chinese living abroad: a home for seniors, a factory, and the future site of a sports field.

"The overseas people," she said, "provide for this village."

With his goatee, red Doc Martens and jeans, Hong's only son, Efrem, is the epitome of timeless American cool at his motorcycle shop in South San Francisco.

Classic rock blares inside Kustom Culture Cycles, which makes modern bikes with classic Harley style. An Evel Knievel pinball machine, American flag, and fridge plastered with colorful bike stickers dress up the industrial space.

Efrem -- a first-generation, American-born Chinese -- grew up on Gold Mountain. His first exposure to China was through the stories of his parents, his connection built on their memories.

Immigrant parents often struggle to pass on their language and culture to their children. With each generation, the ancestral homeland recedes -- unless the family works to keep alive ties across time and geography.

Efrem remembers going back to the village for the first time as a teenager. He walked into his father's childhood home, and discovered pictures of himself and his two older sisters, Nira and Virda, put up by the caretaker.

"You travel somewhere unfamiliar and all of a sudden you find a piece of yourself that's always been there," said Efrem, 39, wearing a jade ring like his father's. "It made me feel at home. They kept us a part of their life."

In 2001, he and his wife had a wedding banquet at the village, and hosted 800 guests at the community clubhouse. The festivities included a marching band, lion dancers and Chinese opera.

Efrem quit the family business in 2000, after starting as a teenager on the LeeMah assembly line in San Francisco and working his way up into the marketing department in Hong Kong. Though torn by a moral obligation to stay at the family business, his motorcycle dreams won out.

Someday, Efrem plans to take his daughter, Samantha, now 1 year old, to the family village and the kindergarten in Taishan that his father named after him. Where Grandfather Hong walked before them, they will follow.

"There's a part of me there," Efreem said, "that will always draw me back."

Even as many U.S. companies outsource their manufacturing to China, Hong still holds a stake on Gold Mountain.

LeeMah has retained its Bay Area facilities to stay close to the research and development divisions of its high-tech customers. The company has five factories in the United States, with 280 Bay Area workers among 680 worldwide. The privately held company had \$80 million in sales this fiscal year, up from \$63.4 million in 1998.

In 2001, the economic downturn forced Hong's company to make cutbacks both in China and the Bay Area. In Taishan, the workforce is now half of what it was at its peak. LeeMah fired 250 employees from its Folsom Street plant in San Francisco's South of Market, prompting complaints from workers who said they were not given adequate notice. LeeMah reached a settlement.

The local firings were the flip side of the national trend toward moving jobs overseas, which has been a blow to many immigrants who came to the United States to find a better life.

Though the Bay Area has become his home, Hong is never far from his past. More than 50 years later, he still dreams of bandits coming through the window.

After a recent lunch in San Francisco, Hong waited for the valet to bring his car. A middle-age Chinese man clutching a piece of paper walked up to Hong and asked for directions in the Taishan dialect.

The two men burst into a flood of conversation. Hong pointed down the block. The man thanked him and walked off to his North Beach destination.

Half a world away, two men from the same region could stumble upon each other. Lost, one countryman could seek help from another.

The exchange might seem miraculous, or at least fortuitous. But for Hong, the accidental meeting was no surprise. "Taishan," he said, "is a bedroom community for San Francisco."

By Vaness Hua