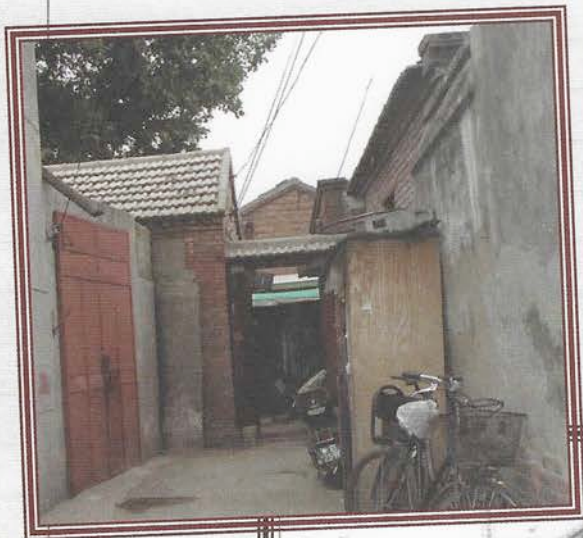




The Travel Monologues:

Roaming Around
in the
Belly of the Dragon



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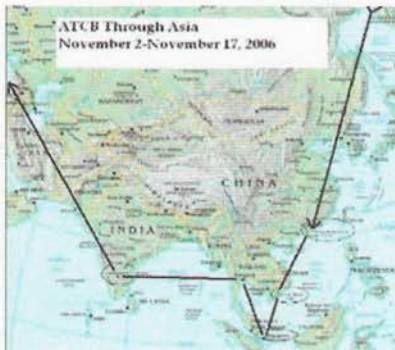
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**The Travel Monologues:
Roaming Around in the Belly of the Dragon**

By Mike Violette & Desmond Fraser

My Dear,

I've been thinking about you lately and thought it appropriate to give an update on our recent look around. As to your good suggestion, we agree that ought to get this down on paper before our memories fade and the observations are, let's say, "passé". This being our first in a sequence of correspondences chronicling our explorations to



quickenning areas on the globe, we want you to see this and give us your feedback. You see, aside from the exploration aspect, we're getting a first-hand look at the potentials in some developing and intriguing places. In the meantime, it's a chance to share some of our observations with you.

Over the course of two hectic weeks, we worked to lift a bit of the shroud of mystery from the emerging opportunities and share some observations about some uniquely blooming areas of the planet.

In this installment, we sample a brief slice of Mainland China in the southern and arguably most dynamic province of Guang Dong.



Forbidden
City in
Beijing 北京

As fate allows, future installments will include observations on Vietnam, and India and the "ABC" countries of South America: Argentina, Brazil and Chile. After that, who knows what other countries? Antarctica? Greenland? The Bahamas (if we must)? Texas?

Join us!

We arrived in Hong Kong today. It was pleasant and mild and the trip of 15 hours passed like it was only 20. Actually, it was quite nice and the flight path took us almost directly over the North Pole. No Santa sightings (too early), but there was a lot of white and ice and the light was like sunrise and sunset the whole time. The sun never reaches above the Arctic Circle in winter, so we flew in half-light, treated to a brilliant orange and red horizon as the sun skipped along the edge of the Earth.

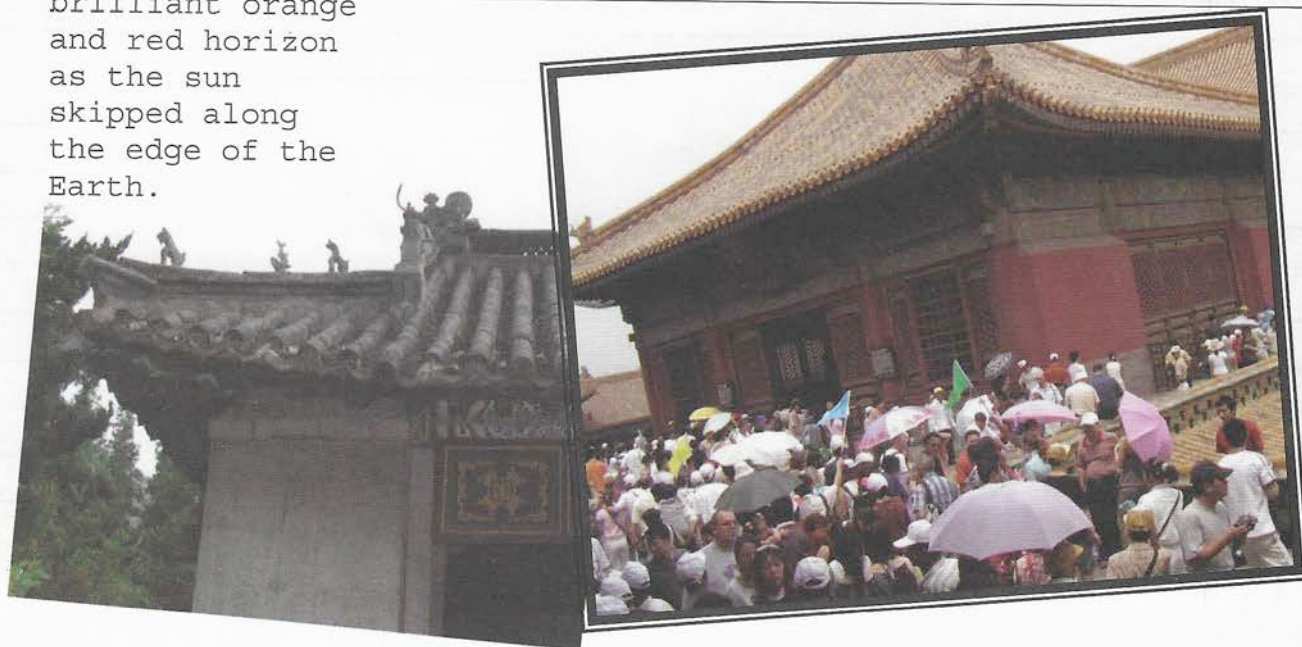
(Numbers) I know how much you don't like for me to talk about science, but in this case I have to tell you a little about it. I was reading "A Short History of Nearly Everything" by Bill Bryson because it is just such a book you want to take along to pass the interminable hours flying to Asia in the cabin of a jumbo jet. Bryson's considerable treatise covers the universe from protons to galaxies, making nice metaphors and neatly tamping the story of "Everything" into a smooth gel cap. As he unravels the story, the numbers to describe the inner and outer cosmos are a challenge to contemplate...

One question is raised: How old is it everything? Following his reasoning, using physics to describe the world (based on observation, fossil evidence, etc.); the **age of the Earth is around four-and-a-half billion years**, give or take a few hundred million years. By most accounts, the universe is on the order of fourteen billion years old.

Let's say that everything that has happened occurred in a single day—starting at midnight

Primates have been prowling around in one form or another for a few million years, we have really only been around for about the last ten minutes of our one-day old universe. The history of our highest evolution, "civilization" is maybe six thousand years old, so recorded history starts getting fuzzy around t-minus-37 milliseconds. The lifetime of a 75 year-old human would pass by in about 0.000460 seconds, or about a half a millionth-of-a-second.

By the math of this one-day-old universe, we stomped around Asia for about 0.6 microseconds or 600 nanoseconds. So inasmuch as anyone can say anything about anywhere experiencing it for a mere 600 nanoseconds, here are some of our observations:

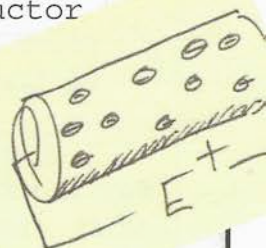


Disembarking from the Hong Kong International Airport, built on recovered ocean (no space is wasted here), we took a taxi ride to the middle of Hong Kong proper. The cabs are British and red and spacious and the driver sits on the right side; if you're a party of three, someone sits in front and it is a little unnerving sitting in the "driver's position" without a wheel to turn. We changed our hotel from where you and I stayed before, for reasons of variety and accessibility. This one, the Hotel Intercontinental, is in the middle of the "Tsim Tsa Shui" area, in the hub of the shopping and commerce activity that drives the economy of Hong Kong.



The night we arrived, we walked around Hong Kong a bit to try and force the jet lag out of our bones—one way to adapt is to stay up as late as possible on the day of arrival then go to sleep for a hard, long sleep. Like you remember, it is busy and vibrant and lots of people were walking around outside. Someone compared the movements of people in Asian cities to the kind of motion electrons must follow inside a crazy conductor

We walked into an electronics store on a corner and there was a whole giant selection of cameras, MP3 players, computers, batteries, games, cables—you name it. One particular (very sweet) camera was on sale for \$600. Desmond offered \$300, the guy countered at \$550 and would not budge, so we walked out. As we crossed the threshold he said he would accept \$300 cash. We all laughed, but didn't buy it, however tempting it was. It seems like in this market-savvy, selling culture, price is nothing; sometimes they will take any amount of money just to move the goods. They will make the profit with someone else, just as long as they are selling *all the time*.



We dined *al fresco* at a Thai restaurant because the maitre d' was so friendly and beckoning, enjoying curried chicken and a Caesar salad.

The weather was mild and we dwelled long enough to get completely sleepy.



The next day, we hop a train to the northern part of Hong Kong for a business lunch; afterwards we will go into Shenzhen in PRC proper. As you know, Hong Kong was returned to Chinese control in 1997 after a 99-year lease deal on the New Territories (north of Hong Kong) with the United Kingdom expired. (I always wondered when I was a kid: Who would sign a 99 year lease? Such a committment!) Anyway, the UK claimed Hong Kong in 1841 after defeating the Chinese Imperial Army during the first Opium War.

Subsequent domination, spurred by the UK's successes, led to the lease on territories north of Hong Kong. This was the pattern life in China's pre-communist history: losing wars and losing dominion over coastal trading areas, so-called "concessions," wherein the Chinese lost the right to control trade in these ports. There are several along the coast that were ceded to various European governments during the 1800s. This ended at the twilight of the Colonial period and with the onset of WWII and the terrible things that happened during that time. The Japanese started their invasion of Hong Kong, by the way, on December 7—that **"date that will live in infamy"**—a few hours after Pearl Harbor was attacked. Hong Kong fell to the invasion force on Christmas Day, 1941.

This is not so much on our minds spending an hour in Shenzhen, sorting out some minor logistics and heading north to Dong Guan in Guang Dong. (Now say that five times fast.)

[November 5] Two million dollars for a villa on a lake, anyone? That's what they're selling for at the Good View Resort in Guangdong, PRC. The getaway location features a view of the lake surrounded by verdant hills and is really a site for city-sore eyes. After a day in Hong Kong -- which can only be described as un-describable (orchestrated laser light show with 20 high-rise buildings participating)--it is nice to get into the "country." The Good View is more



like a country club, with a 1/4 mile long swimming pool/canal linking the outlying semi-private rental area with the main hotel. If you get there, visit the disco lounge, floor shows and a *Disney-esque* indoor playground with a "street" of 100m length where "...in the Boulevard we have a variety of venues and entertainment for your every pleasure. You can visit our nightclub, GO-GO bar, watch a magic show, play a game of snooker, challenge your friends at the Arm Wrestling Bar..." Not to mention the ONE HUNDRED private Karaoke (KTV) rooms.

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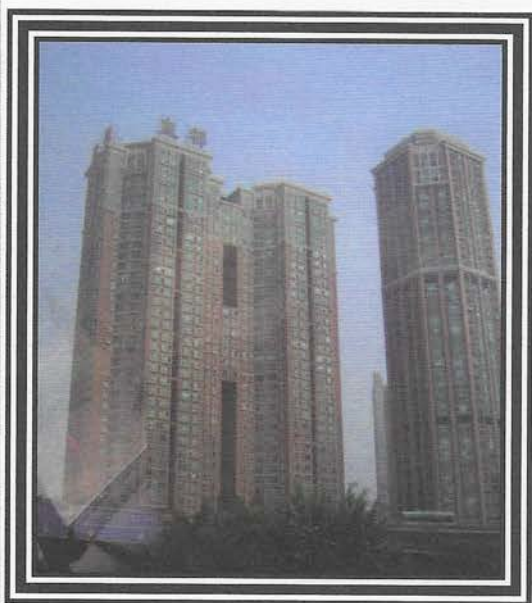
Snooker is a big deal played on a big table



Ten years ago the "New Wet Snooker City" was a farm.

And that's the way things are done here (in parts of) the richest province in China. *Guang Dong* is adjacent to Hong Kong and used to be referred to as the "frontier" before the great rapprochement of China and the rest of the world. And before the handover to the PRC, the hills between the two politically-polarized areas were patrolled by **mercenary Nepalese Gurkhas** hired by the British government to keep the human swell of immigration from flooding Hong Kong. The saying used to go: "If the border were open, Hong Kong would sink into the Ocean".

Now, bi-directional travel between Hong Kong and *Guang Dong* is served by high speed, modern, comfortable rail service. Exiting the train station, one pops up into the middle of a surging metropolis (*Shenzen*). Before 1979 this was rice paddies



cultivated by oxen-driving peasants who fertilized their farms with the notorious "**night soil**" or human excrement, collected to recycle nutrients back to the land.

Today, we hop a new Buick mini-van, operated by a husband-wife entrepreneur team who can field up to nine vans to shuttle hopefuls around: to meetings, conferences and the numerous pleasure areas that exist in the environs of the city.

One palpable rush an American experiences when stepping into Asia is the crush of the crowds: people are everywhere. The cities are jammed with newcomers-pioneers, really—from everywhere in China. A **gold rush** mentality where those with the gold spend it on fine dining, discos, massages, consumer goods of every variety, entertainment and sport. The other palpable thing is the friendliness of the people. Service is top-flight, solicitous and almost smothering.

The other striking aspect of visiting the developing parts of China is the scale upon which they speculate. The Good View resort is amazing, but it is empty. "Build it and they will (may, might, hopefully?) come" might be the catch-phrase. One critical

difference in this gamble is that the resort was built by the backs of the very low cost wage workers who assembled the marble floors and walls, finely-wrought cabinetry, exquisitely-manicured garden walks and expansive restaurants.



[Dong Guan, Guang Dong] The new city of Dong Guan (the Nancheng district) is a modern arrangement of high-rise, beautifully-designed roads, parks, hotels and civic attractions. It is, though, a bit odd to see all this development without habitation. Views of Dong Guan's central plaza (beautiful) showcase empty streets, walkways, buildings and common areas all waiting for people.

So far, our trip has been fairly pedestrian, so to speak, walking and taking in the sites of Hong Kong, with its attendant allure of commerce and unashamed consumerism. Today, Monday, we travel about Guangdong to seek cooperation with our partner labs and discuss forming a delegation team to bring Chinese businesses to the US. Look out for the signs of a spending spree in the future years as Chinese investors come with their wallets to the U.S., encouraged by the central government, and looking for business investment opportunity. From our perspective, it's an incredible time to be involved.



[November 7] We hit the road running today with visits to several excellent clients and prospects, sampled some **pickled pigs ear** (chewy!), amongst some other fine delicacies. Like you've have experienced a few times yourself, every time I sit down here there is something else that is either a brand new variation on a protein or a previously undiscovered form of tofu. But it is really all for the

taking and we are fortunate that the restaurant business is brisk and refined in China. During the days of Mao and economic communism (as opposed to the free-market, ideologically-diluted communism in action today), restaurants were nil; few ate out because there was no disposable income and free enterprise had its mouth wired shut. Imagine the rebound after closing basic services and industry for thirty years.

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The Documentary: First-Hand Experience in China

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See
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Investment in capital expansion on both the manufacturing and services side is incredible. The People's Republic of China was the number one destination for foreign investment, topping \$300B in 2006.

[Transportation and Infrastructure] See the newly-paved highways, carved through hills in and all around the cities of Dongguan and Gaungzhou in Gaungdong province, in South China. Particularly noticeable are freshly-painted high voltage and medium voltage electric transmission cable towers carrying power to the various industries that power the world's largest factory, China. It is not surprising that China is experiencing double-digit economic growth; its infrastructure is constantly being improved, large water pipes can be seen constructed along its many roads and in high tech park areas.

Thousands
of cranes
near Shenzhen.
Like crickets



Water, Electricity and Transportation: The main pillars of physical infrastructure a country needs to compete in today's **Global In- and Outsourcing economy**. While China is blessed with abundant human resources, it has also managed to implement macro and micro economic policies that entice foreign investments to come and stay. Still lots to do, but one thing is true: they're not shirking from it. Of course this makes news in other, less-favorable ways: environmental disruption, human and cultural displacement, air quality (hack!) and what can only be described as natural human reaction to such an enormous sea change in a society.

During dinner discussions with Dongguan and Nancheng district officials at the swanky Premier Court Restaurant of the newly-opened **Haiyatt** (no typo in the name) Garden Hotel (a five star hotel with beautifully appointed rooms at \$45 per night US promotional rate) in downtown Dongguan. Mr. Zhang, Economic Vice chief, explains the many tax incentives that make it alluring for international companies to invest in his district.



As China improves its banking and monetary system, I can only imagine many other companies rushing to take advantage of this opportunity. When, not if, the cost of living and doing business in the southern areas increases, companies only have to move to the north near the North Korean border where costs are presently lower and will remain low because of our friends in Pyongyang.

Nevertheless, will they move to the North, knowing that one may not be too far from the "big one," (heaven forbid) only time will tell, but I am sure some will move to take advantage of the opportunity.

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This brings me to the author of The World is Flat, Thomas L. Friedman, and some of his observations that globalization promotes world peace and lessens world tension or at the very least cause's politicians to think twice before acting stupidly, not that they will not, but it forces them to blink once or twice. Mr. Friedman notes the following in his book:

1. Neighboring countries that have McDonald restaurants may have had skirmishes, but have never gone to war since the establishment of the restaurants. Why? The existence of the restaurant helps become a deterrent to politicians acting irrationally because of the economic consequences on both sides if McDonalds were to pull out. The "McDonalds effect" may be coming less of a factor today, but other companies are stepping up to play the same roll if not more in the IT and electronics industry.

2. Global companies such as Dell, IBM, Microsoft, Cisco etc. evaluate a country infrastructure, political stability, Macro, and Micro economic policies before choosing which one

will host their global manufacturing plants. In the process invests up to several billions of dollars are made, jobs are created which these countries grow to depend on and would blink twice during political upheavals with their neighbors if it were not for the investments and manufacturing infrastructures of these companies. A case in point he argues in his book was the India-Pakistan nuclear tension, in which global companies investments such as

GE and others were threaten because of this tension. Well, the tension subsequently subsided suffice it to say. Again, the global economic dependency was evidently a telling factor.



There are many more examples of global collaboration that one can cite; however, it appears that our interdependency through outsourcing and other global activities would only help to reduce world tension, if nothing else it causes all of us to BLINK TWICE. In the meantime, when in China, please try the pig ear, in Africa the omole, in the US some chittlin's or a Big Mac™, in France some foie gras or other global delicacies for it may just bring us all closer and save ourselves.

America:
美国 "mei guo"
Beautiful Country

[November 8] Shenzhen: Whoo! I guess it's tired-sounding to keep saying that the cities here are huuuuge, but they are. The Shenzhen (SZ) special economic zone was one of the first to be established after the modernizations proclaimed by **Deng Xiao Peng** in 1978. Coming only two years after the death of Mao, Deng realized (probably not for the first time in his long life—which was probably extended because he learned to hold his tongue) that China had to expand to feed itself (first) and generate wealth to support the socialist state. Shenzhen, being on the border with Hong Kong (the "frontier") was a natural place to experiment. So here is ATCB's "tent" as our colleague in SZ calls it. An outpost on the frontier of the PR of China. Excursions from this location, however, are by modern highway at 70 mph, not by tank or trudge.

Hi Mike

Did you get a chance to see our new Japanese Publication? It's in the Nxtbook Media format.
Let's talk about your promo efforts in Taiwan!

Regards
Graham

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Want a signature like this?



Wednesday is a too-early wake up at 5 a.m. to walk the one-half mile from the hotel to the terminal. A day of flying via Singapore to Vietnam and we've not much to report on except the stew of modern humanity that mixes together in the HK airport. Chinese, Indians, Muslims, Europeans, Americans, you name it, the DNA of the planet passes through the vaulted soaring white ceilings of the HK International Airport on Lantau Island. This place is built on fill and, true to all public works projects, the scale is expansive. It beats Tyson's Corner for shopping, especially if you're interested in picking up a tasty



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snack of **little dried fish** (crunchy!) or roasted corn on a stick. Yeah, you can get double-machiatto soy latte, too, if you need a fix from stateside.

Vietnam and India represent two more stops on the way during our exploration of the Wild East. With our work in China showing results...little by slowly, we are revving up our interest in a dragon and a tiger of the East: Vietnam and India.

Flying from Singapore, built up after WWI as a stronghold in the Asia region for the British Navy, it is only one-hour-thirty to HCM City (**Saigon**). I'm anxious to get there and touch down in a place that held the nation rapt during the nightly news when I was a kid. Now, Vietnam has acceded to the World Trade Organization (WTO) as its 150th member. My, my, good things come 'round if you wait. It would be nice to imagine a time in the not-too-distant future when the **Middle East** was as friendly a place to do business as SE Asia.

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We crossed over the China-Hong Kong (HK) border, essentially, a bridge over a canal connecting two sets of bored (but vigilant!) immigration authorities. After the normal immigration "Quality Assurance" processes, we boarded a modern high speed train that usually ferries other daily foreign business and holiday pilgrims to and from the two cites that keeps a perpetual trade buzz in a one-country two-system tango. We left PRC and hopped a "Double Decker" bus bound for HK airport spending a single night at the Regal Airport hotel before boarding **yet another** plane.

Our friends and colleagues left us; there were smiles and no tears. As much as we are bonded to some common mission, this is their country; we are merely facilitators of a sort.

We were on our own: two wide-shouldered, over-6-feet recovering-engineers, heaving their starving frames (well, not starving, we skipped one lunch) to the upper deck through metal spiral stairs with treads designed for a different physique demographic. Haven't felt that clumsy in awhile. Meanwhile the locals lithely bound up the steps.

Nursing a strained hamstring and back, and not altogether ready to greet the big 5-OH, tip-toeing with great trepidations up the stairs of the bus, shod in size 12 leather soles. The odd couple typically garners lots of stares during Asian travels and today was no exception. We had no choice but to be seated with shoulders adjusted diagonally in spaces normally allocated for two locals. The journey to the airport was, though, uneventful, as we meandered through narrow British style roads, gazing at lots of colorful neon Chinese signs and prayed that our knees would still hold us up at the other end. You see, it has only been 10 years or so since either of us sat in a public bus in the US designed for fast food waist lines; which gave us one more reason to appreciate some of the things we take for granted back home.

At the airport we proceeded straight to the hotel to rest and prepare for Vietnam, a special part of our tour. Our flight schedules at 8 A.M. the next morning to Ho Chi Minh City spared us only a few hours for dinner and some after hours drinks. The Regal, with its modern décor, **Feng-shui** like settings, and Tokyo-style appointed rooms, but bigger, was the right place to park, and be ready for our next flight. Dinner was easy, at the hotel's Japanese restaurant, with sushi and sake to temper our weary body and spirits.

November 13: Alp&Alley is born in Singapore



*Shia wase da
I'm happy*

Alp and Alley



In our next installment, we move south to Vietnam: a newly-minted member of the World Trade Organization (WTO) and a nation of 80 million with a unique and distinguishable rush and excitement. Then, it's on to Singapore for some R&R and a 27 hour stay in India.

We'll write you again soon.

MV/DF

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