Artificial intelligence

Chinese tech groups build AI teams in Silicon Valley

Alibaba, ByteDance and Meituan seek to poach top talent from US rivals despite Washington's chip curbs

Eleanor Olcott in Shanghai NOVEMBER 19 2024

China's biggest technology groups are building artificial intelligence teams in Silicon Valley, seeking to hire top US talent despite Washington's efforts to curb the country's development of the cutting-edge technology.

Alibaba, ByteDance and Meituan have been expanding their offices in California in recent months, seeking to poach staff from rival US groups who could help them make up ground in the race to profit from generative AI.

The push comes despite US efforts to stymie their work. Chinese groups have been hit by a US ban on exports of the highest-end Nvidia AI chips, which are crucial for developing AI models.

There are currently no restrictions on US-based entities related to or owned by Chinese tech companies accessing high-end AI chips through data centres located in the US.

However, the Department of Commerce proposed introducing a rule in January that cloud providers have to verify the identity of users training AI models and report their activities.

Alibaba is recruiting an AI team in Sunnyvale in California's San Francisco Bay Area and has approached engineers, product managers and AI researchers who have worked at OpenAI and the biggest US tech groups, according to three people familiar with the matter.

China's biggest ecommerce group has posted recruitment advertisements on LinkedIn for an applied scientist, machine-learning engineer and product marketing manager in the US. The team will focus on Alibaba International Digital Commerce Group's AI-powered search engine Accio for merchants, another person added.

One Alibaba recruiter emailed tech workers in the US saying the Chinese ecommerce company planned to spin off the Californian AI team into a separate start-up, according to two people familiar with the matter. Alibaba did not respond to a request for comment.

One former researcher at OpenAI said they had been bombarded with messages from Chinese tech companies — including approaches from food delivery platform Meituan and Alibaba — trying to learn more information about their experience at the company as well as offering job opportunities.

In the past few months, Meituan has been building out its team in California after executives grew alarmed that it was falling behind on AI, according to two people familiar with the matter.

Chief executive Wang Xing has tapped co-founder Wang Huiwen to return to the company to lead a new generative AI team called GN06, which is exploring AI-related opportunities, including menu translation features and AI companions, according to one of the people.

Some team members are splitting their time between the Bay Area and Beijing, the person added. Chinese media site 36Kr first reported news that Wang was in charge of a new AI unit in Meituan. Meituan did not respond to a request for comment.

TikTok owner ByteDance has the most established AI footprint in California, with multiple teams working on different projects. One research team is focused on integrating AI features into TikTok. It also has a group of researchers working on its Doubao large language model, alongside colleagues in China and Singapore, according to multiple people familiar with the matter.

California-based employees report to Zhu Wenjia, who is in charge of model development and is primarily based in Beijing. He previously led product and engineering at TikTok. ByteDance did not respond to a comment.

Smaller Chinese AI start-ups have also established a footprint in the US, recruiting engineers with experience working at leading research laboratories and companies in the area.

Wu Yuxin, one of the co-founders of Moonshot AI, is based in San Francisco, according to his LinkedIn profile. He previously worked at Meta, Cruise and then on multi-modal research at Google Brain, before co-founding the Beijing-based unicorn.

He is now working on large multimodal models at Moonshot, which owns a popular AI chatbot called Kimi that has gained traction in China, according to people familiar with the matter and his website. Moonshot did not respond to a request for comment.

Baidu, which operates China's biggest search engine, used to run one of the leading AI research labs in Silicon Valley, employing top scientists and engineers working on areas including speech recognition and autonomous driving.

At its peak in 2017, Baidu employed several hundred people at the US research and development centre, with high-profile leaders including Adam Coates and Andrew Ng holding leadership positions.

An exodus of leading staff due to internal conflict at the company and deteriorating relations between Washington and Beijing prompted Baidu to significantly reduce its operation there, according to multiple people familiar with the matter.

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Chinese AI groups get creative to drive down cost of models

01.ai, Alibaba and ByteDance have cut 'inference' costs despite Washington curbs on accessing cutting-edge chips

Bigger Chinese technology companies including Alibaba and ByteDance have cut inference costs by more than 90% and to a fraction of that offered by US counterparts © FT montage

Eleanor Olcott in Beijing OCTOBER 19 2024

Chinese artificial intelligence companies are driving down costs to create competitive models, as they contend with US chip restrictions and smaller budgets than their Western counterparts.

Start-ups such as 01.ai and DeepSeek have reduced prices by adopting strategies such as focusing on smaller data sets to train AI models and hiring cheap but skilled computer engineers.

Bigger technology groups such as Alibaba, Baidu and ByteDance have also engaged in a pricing war to cut "inference" costs, the price of calling upon large language models to generate a response, by more than 90 per cent and to a fraction of that offered by US counterparts.

This is despite Chinese companies having to navigate Washington's ban on exports of the highest-end Nvidia AI chips, seen as crucial to developing the most cutting edge models in the US.

Beijing-based 01.ai, led by Lee Kai-Fu, the former head of Google China, said it has cut inference costs by building a model trained on smaller amounts of data that requires less computing power and optimising their hardware.

"China's strength is to make really affordable inference engines and then to let applications proliferate," Lee told the Financial Times.

This week, 01.ai's Yi-Lightning model came joint third among LLM companies alongside x.AI's Grok-2, but behind OpenAI and Google in a ranking released by researchers at UC Berkeley SkyLab and LMSYS.

The evaluations are based on users that score different models' answers to queries. Other Chinese players, including ByteDance, Alibaba and DeepSeek have also crept up the ranking boards of LLMs.

The cost for inference at 01.ai's Yi-Lightning is 14 cents per million tokens, compared with 26 cents for OpenAI's smaller model GPT o1-mini. Meanwhile inference costs for OpenAI's much larger GPT 4o is $4.40 per million tokens. The number of tokens used to generate a response depends on the complexity of the query.

Lee also said Yi-Lightning cost $3mn to "pre-train", initial model training that can then be fine-tuned or customised for different use cases. This is a small fraction of the cost cited by the likes of OpenAI for its large models. He added the aim is not to have the "best model", but a competitive one that is "five to 10 times less expensive" for developers to use to build applications.

Many Chinese AI groups, including 01.ai, DeepSeek, MiniMax and Stepfun have adopted a so-called "model-of-expert" approach, a strategy first popularised by US researchers.

Rather than training one "dense model" at once on a vast database that has scraped data from the internet and other sources, the approach combines many neural networks trained on industry-specific data.

Researchers view the model-of-expert approach as a key way to achieve the same level of intelligence as a dense model but with less computing power. But the approach can be more prone to failure as engineers have to orchestrate the training process across multiple "experts" rather than in one model.

Given the difficulty in securing a steady and ample supply of high-end AI chips, Chinese AI players have been competing over the past year to develop the highest-quality data sets to train these "experts" to set themselves apart from the competition.

Lee said 01.ai has approaches to data collection beyond the traditional method of scraping the internet, including scanning books and crawling articles on the messaging app WeChat that are inaccessible on the open web.

"There is a lot of thankless gruntwork" for engineers to label and rank data, he said, but added China — with its vast pool of cheap engineering talent — is better placed to do that than the US.

"China's strength is not doing the best breakthrough research that no one has done before where the budget has no limit," said Lee. "China's strength is to build well, build fast, build reliably and build cheap."

Additional reporting by Cristina Criddle in San Francisco

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How China has 'throttled' its private sector

Venture capital finance has dried up amid political and economic pressures, prompting a dramatic fall in new company formation

Eleanor Olcott and **Wang Xueqiao** in Suzhou SEPTEMBER 12 2024

For a place devoted to advancing knowledge of the human body, there are few signs of actual life in BioBay, a science park in Suzhou west of Shanghai.

In a five-storey tower that houses biotech and pharmaceutical start-ups, the only sound is a generator whirring away in the depths of the building.

Scores of its tenants have either moved out or closed down, and a funding crunch that has hit the sector means many offices have been left vacant. Opportunistic dealers emerged to snap up cheap computers and lab equipment to sell on in Malaysia or Indonesia, leaving their business cards scattered around. Many offices are caked in dust.

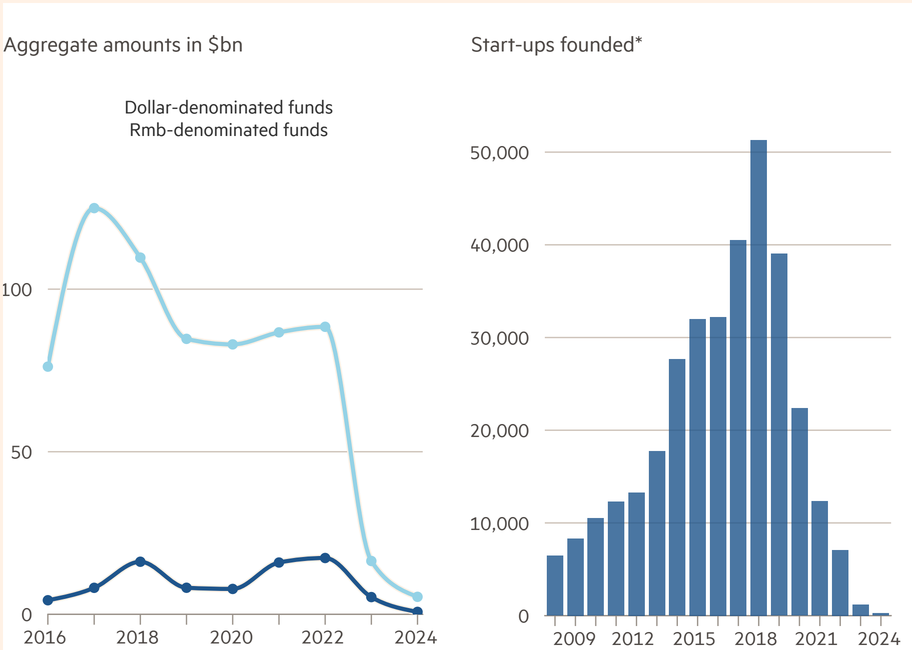
BioBay said it was "hoping to sublease" the empty spaces to new companies, but the lifelessness of the state-run park, once celebrated as a shining example of China's strides in cutting-edge science and technology, speaks to a broader trend in the country's venture capital industry.

"China used to be the best VC destination in the world after the US," says one Beijing-based executive, referring to the business of private investment in high-risk start-up companies.

Founders and investors harbour few hopes of a return to the glory years before the Covid-19 pandemic, when the likes of Alibaba and Tencent took advantage of rapid economic growth and the rise of the mobile internet to become globally significant technology companies.

"The whole industry has just died before our eyes," the executive continues. "The entrepreneurial spirit is dead. It is very sad to see."

Overseas and domestic VC fundraising for China have fallen, as the country's entrepreneurs shy away from launches



FINANCIAL TIMES

Sources: Preqin; IT Juzi • 2024 data ends in August and is incomplete; funding data is YTD
*includes start-ups that have received VC backing, plus some in areas that are a focus for VCs even if they have not received financing

The downbeat mood is reflected in the statistics. In 2018, at the height of VC investment, 51,302 start-ups were founded in China, according to data provider IT Juzi. By 2023, that figure had collapsed to 1,202 and is on track to be even lower this year.

Keyu Jin, associate professor at the London School of Economics, says the industry "has been critical to spur China's entrepreneurial dynamism".

"The outflow of global investment and the massive drop in the valuation of Chinese companies will impinge on the nation's innovation drive," she warns.

The crisis in the sector partly reflects the slowdown in the Chinese economy, which has been buffeted by the protracted Covid-19 lockdowns, the bursting of its property bubble and the stagnation of its equity markets. As bilateral tensions have risen, US-based investors have also largely pulled out.

But it is also the direct result of political decisions taken by President Xi Jinping that have dramatically changed the environment for private business in China — including a crackdown on technology companies regarded as monopolistic or not attuned to Communist party values, and an anti-corruption crusade that continues to ripple through the business community.

Desmond Shum, author of *Red Roulette* and a former real estate mogul, says the party "has throttled the private sector".

"Successful entrepreneurs . . . can expect to be closely monitored, unable to transfer money offshore and their transactions and public statements scrutinised," he adds. "Their money is the country's money."

A building housing start-ups west of Shanghai is largely deserted after scores of start-ups housed there moved away or closed

The state-run park was once celebrated as a shining example of China's strides in cutting-edge science and technology

The FT spoke to 11 executives at VC firms, including from state-run and private funds, as well as industry experts, academics and entrepreneurs. Most did not wish to be identified, as they are not authorised to speak on behalf of their investors, but all painted a bleak picture of what, at its peak, was the world's most dynamic and cut-throat market for founders.

"Five years ago, the venture capital and private equity guys were masters of the universe. They were the most optimistic people in China," says one industry insider.

"Now they're depressed. You don't see them any more."

Founders like Jack Ma at Alibaba and Pony Ma at Tencent — the two are unrelated — inspired a generation of Chinese entrepreneurs seeking to mint a fortune by taking their companies public.

By the final quarter of 2020, the two companies were worth a combined $1.5tn.

That dream started to crumble in November 2020 after Beijing cancelled the IPO of Ant Group, a fintech company carved out of Alibaba, just two days before its shares were due to begin trading.

Jack Ma was hauled in by the authorities for what were termed "supervisory interviews", kicking off a wider crackdown on the technology sector that underscored the unpredictability of investing in China.

Since then, the optimism that fuelled a generation of risk-taking entrepreneurs has been systematically eroded. "There is no good reason to start a company," says one serial founder in Shanghai. "Why should we take the risk? We have had five years of lost start-ups."

Many start-up companies sold equity to investors on the basis that they would buy back those shares if they did not list on the stock market or get acquired by a certain date. But a wave of failures has led VC firms to try to claw back assets from their insolvent investee companies through the courts.

“

Today, VC firms have to explain to the state why their companies failed and why they have lost the country's money

Chinese business publication Caixin reported in August that the country's leading state-owned VC, Shenzhen Capital Group, has filed 41 lawsuits since 2023, of which 35 were against companies that had largely failed to go public by a set date and had not repurchased shares.

Executives in the sector say that while such redemption clauses have been commonplace for years, especially in renminbi-denominated funds, few of them were enforced because there were always enough lucrative successes to more than cancel out the failures.

That calculus has changed, say several sector executives, who now find themselves under pressure from external investors — known in the industry as limited partners or LPs — to return capital. As a result, one Beijing-based investor says the sector has "turned into a debt-chasing monster".

In most cases, firms know there is little hope of reclaiming their investment. "We know that few of the founders have the means to pay us back, but we need to show our government LPs that we have made an effort to get their money back," adds another Beijing-based executive at a renminbi-denominated fund.

"You do not want to be accused of losing the government's money," says a third executive.

VC firms have laid off investment professionals and in some cases replaced them with lawyers or former judges to enforce the repayment terms. At law firms such as DeHeng and Zhonglun W&D, teams that previously worked on IPOs and buyouts have pivoted to advising on redemption clauses.

New start-ups face even more onerous terms. Two executives at renminbi-denominated funds, whose LPs are primarily local governments, say that it is no longer enough that the company is on the hook for repurchasing shares; founders must take personal liability for the debt.

"We require our founders to put their house and car on the line. In this market it is mandatory," says one. These strict requirements mean the fund has had to reject good investments — including one profitable company with strong growth and customers — because the founder refused to be personally liable for the loan, the person adds.

Another executive at a state-run fund that invests in early-stage start-ups, says they have started checking founders' assets, including bank deposits and property, to ensure they have the means to buy back shares.

Several firms have complained about their inability to track down founders who closed their companies and left China. To mitigate this, the executive at the state-run firm says founders with US citizenship now have to hand over the company chop — a rubber stamp widely used in China to authenticate documents — when a funding deal is signed, meaning the investor can take over if the boss flees.

Plaintiffs can ask the courts to impose restrictions on founders whose companies have reneged on their obligations, making it difficult for them to travel or find new jobs in China.

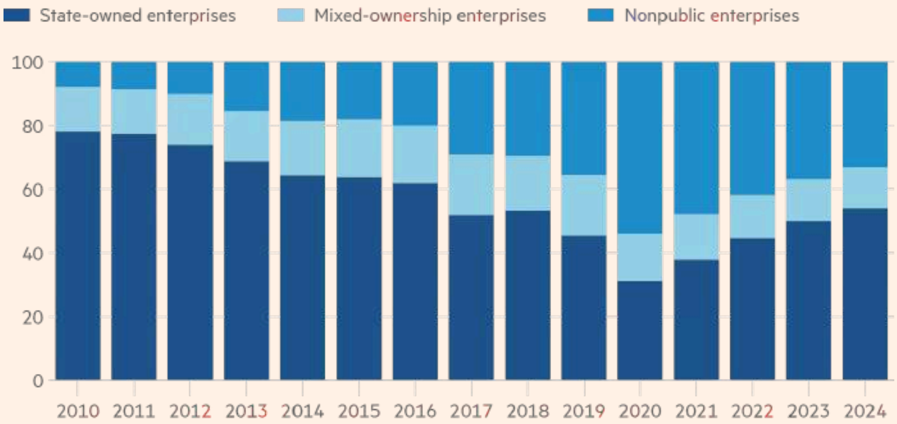
The pool of capital that VCs can tap into is also shrinking.

Foreign investors, wealthy Chinese, and corporate investors have been divesting or reducing their exposure to China, leaving state-backed players with an outsized role.

"In the past, US limited partners looking at Asia only wanted to meet China funds. Other markets like India struggled to get their attention," says one investor. "Today, we are like lepers. They don't want to touch us with a 10-foot pole."

China's private sector has been losing ground to state-owned enterprises in recent years

Share of total market capitalisation of top 100 listed firms, by ownership (%)



End-year values except 2024 = June
Source: Peterson Institute for International Economics

Three separate venture capital executives estimated that state-run funds now accounted for around 80 per cent of capital in the market. "The state is taking over the industry in an age of anti-corruption," says one Chinese expert on innovation, who declined to be named. "It is contradictory to the VC spirit of engaging in high-risk and high-potential ventures."

"In a portfolio of 10 companies, you would expect one or two to be a mega success and the rest to die. But now VC firms have to explain to the state why their companies failed and why they have lost the country's money," the expert adds.

Limited partners are also increasingly requiring fund managers to guarantee returns, creating a bias towards lower-risk investments. Two executives at renminbi-denominated funds say state LPs had over the past couple of years asked fund managers to guarantee annualised returns of between 6 and 8 per cent.

> **In the past, US limited partners looking at Asia only wanted to meet China funds. Now they don't want to touch us with a 10-foot pole**

Several firms say they are now mostly looking at companies in manufacturing, regarding them as less risky. In 2023, advanced manufacturing companies working on new energy, integrated circuits and new materials accounted for over 30 per cent of start-ups founded, according to IT Juzi — a marked change from previous years, when biotech, consumer technology and education topped the charts.

Beijing's efforts to cut what it views as excessive salaries in finance have also reduced the incentive for high-risk but potentially high-reward investments. State limited partners have either mandated that fund managers either cap their salaries at the Rmb2.9mn (around $407,000) annual limit that has been more rigorously enforced this year at state-backed financial institutions, or slash management fees by half, according to several people with knowledge of the matter.

Many funds are downsizing. Source Code Capital, an investor in ByteDance, let go of 50 of its 150 staff last year, while the big-name funds HongShan (formerly Sequoia Capital China) and Hillhouse have also cut back their China offices, according to people familiar with the matter.

Source Code, HongShan and Hillhouse declined to comment.

The person at the renminbi-denominated Beijing firm says that bosses are either laying off staff, reducing pay or creating working conditions that are so unpleasant that people leave voluntarily, thus avoiding the need for expensive severance payments.

"This industry used to be a 10,000lb gorilla. Now we're slimming down to the size of a chimpanzee," says another executive based in Shanghai.

The rapid contraction of an industry that helped make China a technological superpower will hamper future innovation, experts say.

Sebastian Mallaby, a senior fellow at the Council on Foreign Relations and the author of a book on venture capital, says “the debt mindset” that has taken hold means “fewer experiments in cutting edge science and technology that could push China to the technological frontier”.

Jin, at the LSE, says it is not just the amount of capital “but the strategic expertise of investors, their global connectivity and managerial knowhow that benefit these companies”.

Even sectors outlined by Beijing as critical to national security are now struggling to attract investment. Financing for biotech and pharma start-ups fell by 60 per cent in 2023 from its 2021 peak of Rmb133bn, according to IT Juzi.

Entrepreneurs are increasingly building companies without raising outside capital, rather than agree to onerous terms. “There are still founders doing start-ups. But they are literally bootstrapping the company, borrowing money from friends and family or taking out loans,” says the Shanghai-based venture capitalist.

He added that a lot of these entrepreneurs are catching the wave of cross-border ecommerce, using Chinese manufacturing prowess to build cheap consumer electronic products that then sell on Amazon, Shein or Temu.

Pedestrians in Shanghai’s Lujiazui financial district. Investors have been divesting or reducing their exposure to China, leaving state-backed players with an outsized role © Qilai Shen/Bloomberg

While a funding chill has hit most areas of tech, several venture capitalists mention humanoid robots and electric flying vehicles as two areas gaining traction, after Beijing singled them out for support in recent policy documents.

But several say the path to monetisation remains elusive. The robots are still far from replicating human dexterity and speed, while the Chinese military’s strict control of domestic airspace precludes the widespread commercial adoption of flying taxis.

Many of the funds that emerged during the rapid growth of the 2010s are now looking overseas and trying to convince their investors that they have the skills to make money outside their original market.

HongShan, Hillhouse Investment, 5Y Capital, ZhenFund, DCM Ventures, Linear Capital, Shunwei Capital, Genesis Capital and Qiming Venture Partners have either increased investments overseas or are more actively scouring markets like the US and Europe for deals, according to public filings and multiple people familiar with the matter.

Linear Capital founder Harry Wang acknowledges there are still VCs “trying to piece together the best offerings from different countries” for collaborative innovations. The other firms did not respond to requests for comment.

Another executive in Shanghai says “people are voting with their feet” and questions whether China venture capital will ever come back.

He adds that he has little option but to remain given his team and investments are all in China. "I am like the Titanic, flying the flag as the ship goes down."

Additional reporting by Ryan McMorrow in Beijing

The data on company formation in this article are for a selective universe of VC-related start-ups, and not total new incorporations in China. The chart showing the number of new start-ups has been updated since original publication to make this clearer

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Opinion **Business Insight**

What Shein's supply chain says about the future of Chinese manufacturing

Factory workers are deserting the garment industry as the population ages

ELEANOR OLCOTT

© Jade Gao/AFP/Getty Images

Eleanor Olcott AUGUST 26 2024

As the midday sun blazed down on Panyu, a suburb in the southern city of Guangzhou, silence took hold of what an hour earlier had been the sounds of trucks shuffling goods on roads still under construction and whirring sewing machines pumping out women's clothes.

The garment-making district — the hub of which is nicknamed "Shein village" for the central role it plays in making clothes sold on the fast-fashion platform — was resting. The workers had vanished underneath their stations before reappearing after a ritual lunchtime nap common across Chinese workplaces from factory floors to office towers.

The Chinese-founded start-up Shein, valued at $66bn in its latest funding round, hopes to go public in London in the coming months, bringing a much-needed boost to the listing-starved UK exchange. Its explosive entry to the fashion world at the turn of the decade, undercutting European rivals Zara and H&M with its seeming impossibly cheap prices — from $5 dresses to $2 T-shirts — has raised questions about the wages of the workers producing the wares.

But going to the heartland of Shein's supply chain, it was clear that its low prices are in spite of, not because of labour costs, which have been rising in China as the working-age population shrinks and young migrant workers shun factory jobs for the lower-paid service sector.

Factory workers that source to Shein typically get paid between Rmb7,000 ($982) and Rmb12,000 monthly, depending on how many clothes they finish. By contrast, the average wage for other blue-collar workers in the area is between Rmb5,500 and Rmb6,500.

Part of the reason the clothes are cheap is, well, because they are cheap. One factory manager held up a baggy dress — probably destined for the US or UK — and joked that she would never sell such low-quality clothes to a more discerning Chinese clientele. She says she uses cheaper fabrics for Shein orders than for Alibaba's Taobao, because the domestic platform gives more money to the factories to cover their costs.

Shein has also cut out expensive middlemen by shipping goods directly from warehouses in China to shoppers in the west — a model that has the added benefit of the great majority of its packages bypassing import duties.

Panyu highlights the attraction of Chinese manufacturing. Like other manufacturing hubs specialising in anything from socks to sex toys to steel pans, it has the entire supply chain concentrated in one district. That means factories can within half an hour place an order, take delivery of fabric or get an engineer to fix sewing machines with components made nearby.

Shein has said it will source more outside China, including Brazil and Turkey. But these destinations cannot meet the efficiency needed for the fast-fashion platform to constantly update its product portfolio.

China's migrant worker population also brings it an edge. While in Vietnam and Bangladesh workers tend to return home to their families at night, the labourers in Panyu sleep in nearby dormitories, cutting down commuting time and meaning they can work longer hours if a large order arrives.

For many industries, China remains the best place to manufacture. But the coming demographic crisis means there is a huge risk in over-relying on domestic manufacturing. Several factory managers spoke of the growing difficulty of hiring skilled workers. According to China's National Bureau of Statistics, average wages in private sector manufacturing have more than doubled in the decade to the end of 2022.

The contrast to the legions of young office workers and food delivery drivers coming in and out of Shein's office, just a few kilometres away, was striking. "We lack workers. It's tiring work, 12 hours a day. Millennials don't want to do this work," said one factory manager.

Part of Beijing's list of policy solutions to the ageing population is to prepare the industry for a future of fewer workers. It has been talking about releasing "new quality productive forces" through measures such as automating manufacturing.

But the concept of an automated factory feels like a pipe dream in Panyu. In the eight factories I saw, the most sophisticated technology was a creaky electronic clothesline. Investing in the technological upgrades is expensive and beyond the capacity of factories working on razor-thin margins.

Under the current trajectory, Panyu's future, like much of industrial China, could look much like it did at midday: with no workers in sight and machinery ground to a halt. But this time, it would be permanent.

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PwC China stops work on $140mn campus as Evergrande crisis mounts

Lavish training institute on tropical island under review as firm reels from fallout from its audits of failed property developer

Work began last year on the site at Haitang Bay, a tourist hub in the city of Sanya in China's Hainan Province © Eleanor Olcott

Eleanor Olcott in Sanya, **Stephen Foley** in New York and **Chan Ho-him** in Hong Kong SEPTEMBER 17 2024

PwC has halted construction of a lavish campus in China that it planned to use as a training institute for "building trust in leadership", amid mounting fallout from its audits of bankrupt property group Evergrande.

Work on the "Reimagine Park" at Haitang Bay on China's tropical island of Hainan began last year, but was stopped in recent weeks, according to one person close to the firm and workers on the site and a neighbouring project. The project is under strategic review, another person briefed on the matter said.

The review comes as PwC Zhong Tian, the entity commonly known as PwC China, reels from financial sanctions from the Chinese government. The unit was Evergrande's longtime auditor and gave its accounts a clean bill of health, but Chinese authorities announced this year that the developer's mainland subsidiary had inflated revenues by nearly $80bn in the years before it defaulted on its debts in 2021.

On Friday, authorities handed a six-month ban to PwC China and a fine of Rmb441mn ($62mn), saying staff had "concealed or even condoned" fraud in audit failures in relation to Evergrande's accounts. The crisis has led to an exodus of clients, and the firm has been shedding staff and cutting costs in anticipation of the financial hit.

Reimagine Park, on a 16-acre plot of land by the picturesque Haitang Bay, a tourism hub in the southern Hainan city of Sanya, was due to be completed next year. Blueprints envisaged a "net zero" facility comprising nine buildings connected by futuristic shuttles.

PwC China said in 2022 that it would invest more than Rmb1bn in the project. It invited partners at the firm to personally invest in the project, according to two people familiar with the matter. It is not clear whether PwC tapped other sources of financing. The institute would have been open to a broad swath of Chinese students and professionals as well as PwC staff.

When the Financial Times visited the site, the shells of three buildings had been erected, with interior work only partially completed.

A concrete building under construction at Reimagine Park © Eleanor Olcott

“The workers left at the end of July. There were loads of them, now it’s empty,” said one worker building a road that winds past the campus. “It must be to do with Evergrande. There’s no money any more,” he added.

A person still employed at the now almost deserted site confirmed that construction work had halted a few weeks ago.

“Reimagine Park is all about creating powerful and immersive experiences . . . where businesses, governments and communities can build trust,” said PwC China’s then chair Raymund Chao in a promotional video last year in which he high-fived his own avatar. “Let’s leap into the future together,” he said.

According to the 2022 company announcement, Reimagine Park was designed to host the “PwC Asia Pacific Trust Leadership Institute”. The firm said it was partnering with Insead Business School, Thunderbird School of Global Management and the Danish Design Centre to design the curriculum for the institute. The three institutions told the FT they were no longer involved in the project.

Further north in Hainan, in the city of Danzhou, Evergrande spent billions on developing “Ocean Flower Island”, an artificial orchid-shaped island designed to feature a theme park, shopping plaza, wedding venue and luxury villas. Senior Hainan politician Zhang Qi, who approved the land reclamation, was convicted of corruption in 2020. In 2022, authorities ordered the demolition of part of the project because of violations of environmental and construction regulations.

The six-month suspension imposed on PwC China highlights the sharp reversal of fortune suffered by the unit, which had long been the country’s largest accounting firm by revenue in part because of its extensive work for property developers.

As a result of the reputational damage from Evergrande, PwC’s international bosses last week imposed a new leader on the Chinese firm, Hemione Hudson, who said in a note to staff that the coming weeks would “not be easy as we put in place a detailed remediation plan”.

PwC China has told clients it will still be able to sign off on their end-of-year audits after the suspension lapses in spring 2025, and Hudson told staff the international leadership promised to keep making “tangible investments” in the Chinese business.

Additional reporting by Cheng Leng in Hong Kong

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