

Record number of UK start-ups move to Hong Kong to cash in on mainland China opportunities

Hong Kong is winning over British entrepreneurs with cheap rent and lower tax incentives

118

269

0

430

817

Email



The number of British start-ups coming to Hong Kong doubled in the first half of 2014. Photo: Alamy

By Elizabeth Anderson, Business Reporter
1:47PM GMT 08 Nov 2014
Follow 1,369 followers

8 Comments

Two decades after the Hong Kong handover, the former colony is on a mission to lure Britain's top entrepreneurs back east.

Once home to fishermen and farmers, a mixture of Chinese and Western influences has turned the Special Administrative Region of China into a thriving and vibrant commercial centre.

Hong Kong has already created some of the world's most successful entrepreneurs, including Asia's richest man Li Ka-shing.

Now it is on a push to encourage more foreign entrepreneurs to its shores.

In the past four years, more than 200 start-ups have been founded in Hong Kong. UK businesses are third among that number, behind those from the US and France. The number of British start-ups coming to the region doubled in the first half of 2014 compared with the same time a year ago.

Related Articles



Want a taste of the high life? Head east... 06 Nov 2014

AEP: Britain's 'house price bubble' could be the biggest phoney story of this economic cycle 03 Nov 2014

Is luxury London property bubble about to burst? 01 Nov 2014

Victoria Beckham named UK's top entrepreneur, worth £210m 26 Oct 2014

"Hong Kong is a nascent start-up hub compared to Silicon Valley, London or Tel Aviv but it's very fast growing. By attracting more UK founders to Hong Kong, we hope that it will help showcase the city's growing profile on the global start-up map," said Simon Galpin, Director-General of InvestHK, a government scheme set up to encourage foreign direct investment into Hong Kong.

Recent research suggests Hong Kong, with a population of 7.2m, produced three entrepreneurs for every million between 1996 and 2010. In comparison, Britain produced one entrepreneur for every two million people.

This week, foreign start-ups will battle for a \$500,000 prize package that includes business and investment opportunities,

mentoring and key market insights about starting a business in Hong Kong.

Organised by InvestHK, the StartmeupHK Venture Programme is an annual competition that attracts entries from all over the world.

There are six UK start-ups among this year's 40 semi-finalists, in businesses spanning education, technology, financial services and e-commerce.

Among them is Adam Place's Bristol-based company NuDesine, which has developed an electronic musical instrument called the Alphasphere. Shaped like a football, it is comprised of 48 tactile pads that respond to touch, velocity, and pressure. Place developed the instrument two years ago after getting bored with conventional keyboards.



"When we first unveiled the instrument it got a lot of interest from the Asian markets, particularly Japan. And then it caught on in mainland China too," he says.

Last summer, Place and his business partner came to visit a distributor in Hong Kong and their manufacturing partners over the border in Guangdong.

"We decided then it was best to have a base out here," Place says. "For a hardware start-up, being a stones throw from the manufacturing hub over the border would clearly help the manufacture process and we started getting things set up almost immediately."

Since then, the instrument has been developed and Place is looking at how to get it to the mass market. At the moment, he says he's technically on an extended business trip in Hong Kong but hopes to win investment so he can set up a base permanently.

"Hong Kong is a good place to access and visit China quickly, but still be in a global city where English is widely spoken. And the internet speed is great, which is important because communication back to the UK is integral," he adds.

Hong Kong's main attraction for foreign firms is that it is a gateway to mainland China, the world's second-largest economy with a population of 1.3bn and a rising middle class keen to buy Western products.

Others with a distinctive product or design say being closer to China means they are less likely to be exposed to copycats, and can keep a stronger grip on their IP.

Hong Kong is one of the most business-friendly economies in the world according to the World Bank's annual "Doing Business" report published last month. It was ranked third and was praised for laws protecting minority investors, the ease of trading across borders, dealing with construction permits and starting a business. A company can be created and registered within 24 hours. It also has a low and simple tax regime.

Marks and Spencer recently announced it was opening a food store in Hong Kong, with fresh food flown over every day from the UK. The company says it is an experiment, but it potentially paves the way for the expansion of M&S food into Asian markets.

Dr Niek van der Duijn Schouten, another StartmeupHK semi-finalist, moved to Hong Kong from Cambridge in 2009. His firm Redisem, a semiconductor company, designs and supplies low-cost, energy-efficient chips which increase the power supplies of laptops and phone chargers.

Within a year of arriving in Hong Kong he had produced his first product, and now ships millions of chips each year, mainly to Taiwan and China. He employs 10 people at his lab in the Hong Kong Science Park.



He moved because of incentives offered by the Hong Kong government, which included a HK\$3m interest-free loan and free rent for two years, with a 50pc reduction for the next two. "We set up here firstly because of the access to Asian customers. But also because the rule of law here means that contractually it's a much safer place to protect your design – IP is much better protected in Hong Kong," Schouten says.

He says there are many more foreign start-ups in Hong Kong than when he arrived, because of government incentives and as word has spread. He advises those arriving to be aware of cultural differences.

"People are absolutely key. In a different country you need to learn about the local work ethic. People here need more looking after, you need to give them lots of praise and support. Don't ignore cultural differences. Speak to others and learn. There's a great community of us out here now."

118

269

0

430

817

Email

Promoted stories

83% of copied trades reaching profitability as opposed to...
eToro Blog

Germany Has Created An Accidental Empire
Social Europe Journal

Are Germans Really Poorer Than Spaniards, Italians And...
Social Europe Journal

Bankrupting the Next Generation Sign Up For Our Newsletter
The Financialist by Credit Suisse

Ten cars you don't want to own
Unlimited Rvrs

Suicidal Cyclist Geographer

Roubini: China Is at a Critical Tipping Point Sign Up For...
The Financialist by Credit Suisse

The Riskiest File Sharing Technologies
CollaborisBlog

Oil Price Slump May Spur European Oil and Gas Deal-Making
The New York Times

Bain Capital Ventures Raises \$935 Million to Back Growth...
DealBook

Unrest in Muslim south largely political legacy
Nikkei Asian Review

Cargill Abandons Pursuit of Dutch Animal Feed Supplier...
The New York Times

Recommended by @Outbrain

Ads By Google

Expat in Germany?
HMRC Approved OROPs Advice for UK Expats. Download A Free OROPs Guide
forthcapital.com/PensionTransfers

UK Business Opportunities
Grow Your Business in the UK Free UK Government Expert Support
www.localinvestuk.com/Opportunities

British Expat In Germany?
Avoid Losing 55% Of £70k+ Pensions Try a Free Expat Pension Review Now
your.expatspensionreview.com

How we moderate

Comments for this thread are now closed.

7 Comments

Telegraph

Login

Recommend

Share

Sort by Newest

kicks · 2 years ago

When China's gigantic bubble bursts, the draft from this exploding bubble will blow everything off this rock.

1 · Share

whitewolf · 2 years ago

With all do respect 90% of new businesses fail, the only thing that is keeping many going is the flood of money (QE) looking desperately for yield

1 · Share

Phantomstby · 2 years ago

Please take a moment to read of Sir James Cowperthwaite, who would have been much pleased by HK's success...

3 · Share

Lee1001 · 2 years ago

With Singapore it's taking much from London & NY

1 · Share

seethru · 2 years ago

Hong Kong is living proof that entrepreneurs and businesses thrive and flourish under a low tax regime with minimum government interference and red tape.

16 · Share

Thayari · seethru · 2 years ago

Really?

Isn't that good for business!

Now look at the social cost....

http://www.dailymail.co.uk/new...

http://www.scmp.com/news/hong-...

http://edition.cnn.com/2013/09...

http://www.scmp.com/news/hong-...

http://www.oxfam.org/hk/en/ene...

http://www.oxfam.org/hk/filemg...

Singapore, another place often touted as a fabulous place for business is even worse.

1 · Share

Guest · seethru · 2 years ago

they also thrive in the US with a high tax regime. They definitely don't thrive in Italy with all the red tape though and massive barrier to entry.

2 · Share

PREMIER ASSET MANAGEMENT

With new allowances are ISAs a good investment?

View

TELEGRAPH TRAVEL HAND-PICKED

Up to 70% off hand-picked hotels

View

HOUSE OF FRASER

Reward people with the personal touch

View

ROYAL INSTITUTION OF CHARTERED SURVEYORS

Thought diversity is the key to a career in surveying

View

Sponsored by

brother

at your side

TRENDnet

Outdoor HD PoE Netzwerkcameras

TV-IP821P1

TV-IP810P

TV-PS11P1

Ein besonderes Angebot

Kaufen Sie jetzt

Mehr Informationen

Financial Guides and Offers

Top 10 Trading Mistakes with CFDs - Free 5 page guide

Increase your knowledge of CFD trading

Open a Forex Account and Get 60% Bonus on All Deposits.

Where is the clever money going?

Expert views on the global markets from RMG Wealth Management

The top tips for global investors

Top 10 Trading Mistakes with CFDs - Free 5 page guide

Powered by dianomi

Most Watched Finance Videos Of 2014

Terry Smith: I've returned rps a year by following these three rules!

Wakeman: 'Bowie made me millions'

The share to buy and hold for the next twenty years'

Five quick tricks saved this family £400 a year on household bills

AdChoices

Offshore Company Set-Up

Offshore Company and Bank Account. Number 1 Offshore Service Provider!

More From The Web

Shop and Save on Millions of Products

Hughes Monitor Audio RADIUS90-BLACK HiR Speaker

£349.00

House of Fraser

Promoted stories

10 stocks that could benefit from the China free trade deal (Foot Australia)

What No One Tells You About the Cloud (Ricoh Services)

Is the Perfect Storm Headed Toward Purpose-Built Storage Systems? (CIO)

Ten Free Killer iPhone Apps (Dummies.com)

Recommended by @Outbrain