

Return of the entrepreneurial spirit

A new spirit of innovation is sweeping through Hong Kong's younger generation, spawning new startup companies unlike anything seen in the SAR for well over a decade. **Luo Weiteng** and **Sophie He** report.

Entrepreneurship is enjoying a vigorous resurgence in Hong Kong after the city's innovative spirit seemed becalmed in the doldrums for decades.

The latest Hong Kong Trade Development Council (HKTDC) survey reveals that 15 percent of 1,000 randomly selected respondents in the 18-35 age group are either engaged in startups or are considering it. That's nearly double the 8 percent shown in a similar survey less than three years ago.

"Startups Taking off: A 2014 Report on Youth Entrepreneurship in Hong Kong," conducted jointly by the HKTDC and the Hong Kong Federation of Youth Groups (HKFYG), also revealed that the major thrust among startups in the city is information technology. About 12 percent of respondents were looking toward IT, mostly dedicated to developing mobile apps.

HKTDC Assistant Executive Director Raymond Yip talked about the resurgence on a Radio Television Hong Kong (RTHK) talk-show, where he applauded the return of the entrepreneurial spirit and urged even more young people to join in.

He dismissed some people's arguments that the withering of the city's enterprising energy for more than a decade could be traced to a generation of lazy, uninspired youths with little ambition and lacking any adventure spirit.

Yip said he is confident that today's young people have the drive to take the reins of leadership one day. Equally important, he added, they have a vision for innovation, offering great promise that the future will be bright for Hong Kong. That is a critical pathway to success, he cautioned.

Young people bent on success must start with the belief they are capable of success, then do their research, gain a thorough understanding of the market, possess a clear vision, and move decisively into the mainstream, willing to step out of their comfort zones.

'Tower of Saviors'

Acknowledging that most startups fail, for want of the necessary ingredients for success, Yip paid tribute to one local success story, "Tower of Saviors", the highest-grossing smartphone game of 2013, both in Hong Kong and Taiwan.

The game's developer, Terry Tsang Kin-chung, a product of the post-80s generation, quit his HK\$40,000-a-month job as a fund salesman in June 2008 and, with his brother, started a company to design games — Tsang's

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real interest in life.

During the first two years, Tsang worked as a private tutor and sold iPhone cases to get the cash to keep the business going. The first big break came when the team came up with a Facebook app for a local shopping mall. Success inspired them to delve further into smartphone apps. For the next seven months, the brothers and their team worked 14 hours a day. When they finished in January 2013, "Tower of Saviors" hit the market, becoming a runaway success. The game drew 5,000 players in its first week.

As of December 2013, the brothers' company had generated after-tax earnings of HK\$38.6 million. "Tower of Saviors" had amassed more than 10 million downloads.

There's no doubt many would-be entrepreneurs are deterred by Hong Kong's out-of-control rents, Yip acknowledged, but right away, he added, Hong Kong has its "upside" that rebalances the scales very nicely.

There are lots of tiny startups that have become going concerns. Tam, a former marketing executive, started "Cat Every Matter". He pulled together a sort of online club of about 200 members who could make requests of other members for simple services on their Facebook Timelines.

A few months later came hkd50.com, set up by Circle Lo Kai-kui and Karen Cheung Kai-wan, to bring buyers and sellers together. Clients can request one-off services ranging from improving resumes to seeking a companion for watching movie thrillers, or conducting *feng shui* rituals. Fees are set nominally at HK\$50 but are negotiable. The site takes a 5 percent commission. The pair

plans to introduce mobile app to help speed up the service.

At around the same time that hkd50.com started, Becky Ho quit her job as a writer for a food magazine and set up an online florist on Facebook. It was an unexpected success. Her company was generating monthly sales of around HK\$100,000, pocketing earnings of roughly HK\$40,000 monthly.

The startups that struggle and the ones that thrive offer insight into the budding culture in Hong Kong. Yat Siu, CEO and co-founder of Outblaze, a Hong Kong applications developer, is happy to be a part of it.

"Hong Kong is entrepreneur-friendly. It hasn't always been. It was not friendly when I moved to Hong Kong in the mid 1990s to start up my own business," said Siu. There was no interest in the Internet at the time, he told China Daily.

He set up Hong Kong Cybercity (HKC) — a predecessor to Outblaze — in an era when there was no email service provider in the city. The business community wouldn't have understood it if there were, he said. But HKC dabbled in email services and managed to attract a respectable 300,000 users before morphing into Outblaze.

Unlimited access

Siu added his startup success high-

lighted the advantage of IT businesses. It didn't matter that Hong Kong had no interest in the Internet or its potential at the time. IT enterprises have unlimited access to consumers around the world. "Although my company was located in Hong Kong, I never confined my business to the local market. I always looked to the global arena," he said.

Forbes Magazine listed Hong Kong at the head of the list among "The World's Top 4 Tech Capitals To Watch (after Silicon Valley and New York)".

With a wealth of business opportunities emerging in the local market, Siu offered his best advice — Hong Kong-based entrepreneurs should still maintain an international outlook.

The local market itself should become more open-minded, said Siu, adding he believes top talents from the mainland, Taiwan, Japan and other parts of the world will create a strong talent pool in Hong Kong that will contribute to the booming startup culture.

Startups are difficult. The majority fail. Some observers peg the failure rate at 75 percent. Others say it's closer to 90 percent.

Even promising entrepreneurs could run smack into a brick wall in the first few years, but the experience of getting their business up and running could benefit them in the long run, said Siu.

He described successful entrepreneurs as "fast learners and problem solvers". And, more importantly, he added, they should "love what they are doing".

Contact the writer at
sophiehe@chinadailyhk.com

It's not going to be a bed of roses

Starting one's own business has always been a dream of many young people in Hong Kong, but for those who actually took the plunge, many found it is not as rosy as it looks.

Edwin Lee Kan-hin, founder and chief executive of BridgeWay, a local business brokerage that helps people purchase or sell small businesses, mainly in the retail industry, talked about his experiences and how he started up his own company.

Back in the late 1990s, Lee was an investment banker and subsequently he worked at Wall Street from 2000. Unfortunately, he was laid off soon after the US was stricken by the terrorist attacks on the World Trade Center on September 11, 2000.

Lee returned to Hong Kong in October and founded the city's first business brokerage firm BridgeWay in 2001.

Lee said the first couple of years of starting up one's own business are usually the most difficult period.

"I know that many young people, like me back in 2001, quit their jobs and tried to start their own businesses. But there will be temptations from their old jobs, and their friends and relatives may also try to persuade them to go back to their old jobs," he said.

Unlimited access

"I got calls from headhunters and they asked me if I wanted to work for investment banks in Hong Kong, and it would be a lie to say I was not tempted," said Lee. "By that time, I was already 29 years old and I knew that if I turned down the opportunity, there would be no turning back as it was the last chance for me to work for investment banks."

However, Lee chose to stick with his own business.

He said many Hong Kong people wanted to start their own businesses, and recently, he has noticed that more and more young people are launching online stores as their startup businesses. Lee believes this might be a trend as rents in Hong Kong are too high and more and more people are shopping online.

For those who want to open physical stores, small restaurants and tuition centers are the most popular startup ventures.

"For small restaurants, I recommend that they sell takeaway food, like pizza and sushi, which means they can provide services to more people with a very limited space and with fewer employees," he says.

He also noted it's becoming increasingly important for such store owners to promote their wares on social media, or even open e-boutiques online.

Lee suggested that young entrepreneurs avoid starting something that is "too novel", and advised them to integrate their creativity into businesses that people are already familiar with — like a café, a pet store or a clothes shop with creative elements.

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