

MORE BY AUTHOR

LUCAS LEDBETTER [RSS](#)



BUSINESS

Lunar New Year shopping trends 2015

TAGS:

[Business](#) [Startup](#) [Starting business](#) [Hong Kong](#) [Mainland China](#) [Chinese government](#) [Alibaba](#) [Taobao](#) [Ecommerce](#)



With so many Hong Kong entrepreneurs eyeing the market on the mainland, it is surprising to see [a startup business](#) shifting operations from the mainland to Hong Kong. The island is not known as a hotbed for startups, but Larry Salibra and his tech startup Pay4Bugs determined that it would be an improvement over the current trends on the mainland.

FEATURED BLOG POSTS



EPHEMERA
Photo-dolls



Thanos Kalamidas



EPHEMERA
Abstract strokes



Thanos Kalamidas

In his interview with [StartUpBeat](#), Salibra explained that operation costs were mounting by the day on the mainland. A main problem was that the domestic Chinese Internet tech market is steadily separating from the international market.

Many of the services used by Pay4Bugs, which offers software code reviews that more effectively and inexpensively catch bugs and loopholes for software developers, are based outside of the mainland. Sites such as Github and Google being blocked by the Chinese government gave rise to expenses such as paying for a VPN to allow continued access to these sites. On top of that, bureaucratic processes such as annual residency permit re-application are becoming increasingly cumbersome.

Salibra found Hong Kong to be more welcoming. He was quickly able to obtain a residency permit, and many of the costs and hassles of the mainland were absent there. Internet access was cheap and unrestricted, and healthcare was virtually free, even for a non-citizen such as himself.

The transition has worked out for Pay4Bugs – but why don't we see more native tech startups in Hong Kong? [An article from Sina Weibo analyzes](#) several dimensions of the Hong Kong startup environment to explain this phenomenon.

Social factors

One social barrier to startups is that due to the Western influence in Hong Kong, Internet users there tend to use American and European Internet apps, services, and products instead of Chinese ones; yet at the same time, they aren't familiar enough with Western user customs and interests for startups to target those other countries. Meanwhile, due to highly developed transportation and services sectors, demand for e-commerce is lower and there is little awareness of the leaping strides in the expansion of online markets such as [Alibaba](#) and [Taobao](#).

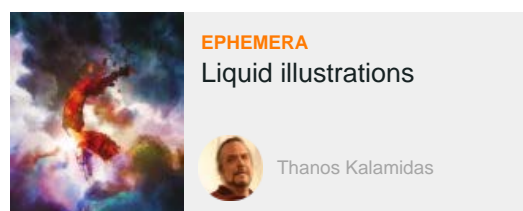
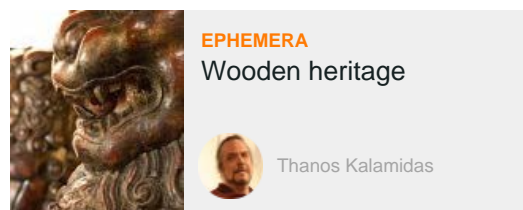
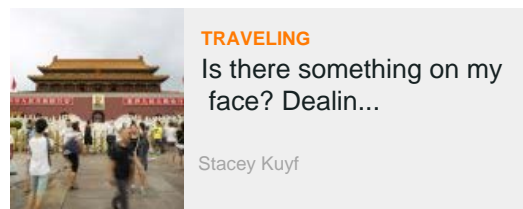
"Many of the services used by Pay4Bugs, which offers software code reviews that more effectively and inexpensively catch bugs and loopholes for software developers, are based outside of the mainland"

Demographically, there are relatively few young or old people in Hong Kong's population. This means that there are few young entrepreneurs with the energy to launch and grow startups.

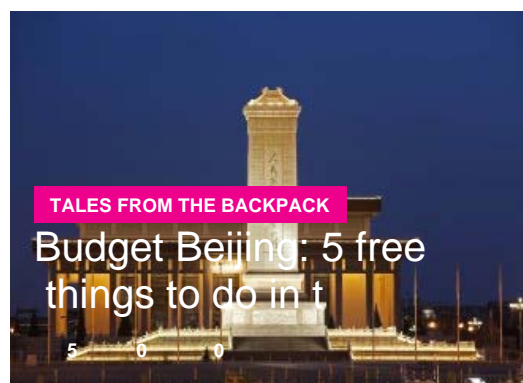
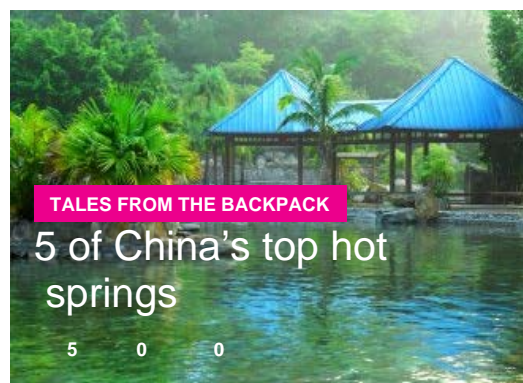
In terms of mainstream values, these youths are also highly influenced by their parents, who expect them to go into Hong Kong's traditionally strong and stable industries of trade and logistics, financial services, professional and business assistance services, and tourism, or to become doctors, lawyers, and bankers.

Government bureaucracy and priorities

Hong Kong's government offers startups a variety of assistance, including tech innovation parks boasting R&D facilities, buildings, service programs, innovation,



PHOTOS



development, offices, market promotion, seed money, and cheap, almost universal broadband Internet.

On the other hand, the 0.72% of Hong Kong's GDP offered in assistance for small business is proportionally a pittance compared to the 2-3% offered by countries such as Singapore and South Korea. Government policies favor the established and proven industries mentioned above, and one piece of small business-friendly legislation after another has failed to be passed into law in the past several years.

Severe daily life and subsistence pressure

Since a professional can make tenfold as much money in finance, IT is not a highly-pursued career line for many locals, the article went on to point out. Despite that, the IT personnel necessary to start and run tech startups definitely exists, but the combination of few investors and high real estate costs puts a chokehold on those who might otherwise leave the security of larger companies to branch out on their own.

Even Salibra suggested that Hong Kong relax financial reporting restrictions for small businesses, reduce business account supplier restrictions to make credit card use less complex, and reform zoning codes to decrease property and rental prices.

But if Hong Kong's startup environment has all of these shortcomings, is it worth moving there? Salibra says one of the largest factors making his stay there worthwhile is that Pay4Bugs is poised to profit when the mainland market opens up again.

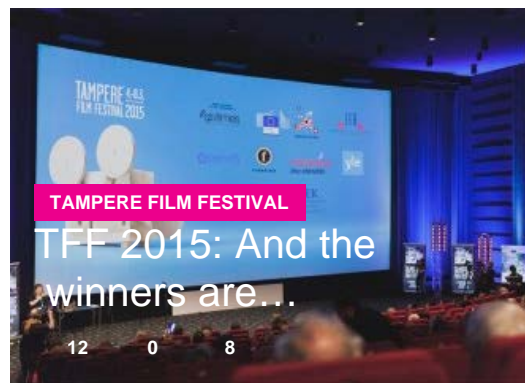
TAGS:

[Business](#) [Startup](#) [Starting business](#) [Hong Kong](#) [Mainland China](#) [Chinese government](#)
[Alibaba](#) [Taobao](#) [Ecommerce](#)



Contact eict@gbtimes.com with questions, comments or tips.

comments powered by [Disqus](#)



GBTIMES RECOMMENDS



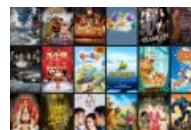
CHINA'S ECONOMY

The smiling reformer



FRINGE CINEMA

Begin a cinematic journey to the frin...



CHINESE FILM

Chinese films seek new audiences



CHINA'S ECONOMY

"New normal", new priorities



PROSTITUTION

Prostitution: Slavery or service job...

GBTIMES - ONLINE RADIOS



© 2015 gbtimes
All rights reserved.

[About Us](#)

[Careers](#)

[Contact Us](#)

[Advertise with Us](#)

[Sign In](#)

[Contributors](#)

[Privacy Statement](#)

[Terms & Conditions](#)

