

# **How might Hong Kong serve as a runway for mainland enterprises going abroad, particularly those in the Space Industry, and attract high-end talent?**

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At a NewSpace Dialogue monthly discussion, I was recently approached by a super connector. She acknowledged that integrating Chinese mainland enterprises with overseas buyers would be one of the highlights over the next five years. For example, Hong Kong's connection to Abu Dhabi and its strategy to remain relevant in the NewSpace race are particularly appropriate. With these new opportunities along the Belt and Road, what possible challenges do we see for Hong Kong, and how should we buttress our relative weaknesses? Can we attract high-end talent without high-end challenges, albeit in niches along the NewSpace supply chain?

Mainland enterprises often face regulatory, branding, cultural, communications, and market access challenges when going abroad. Hong Kong has always been a dependent runway before their global liftoff, offering financial, Common-law legality, and global connectivity advantages, and, most of all, cultural adaptation for those seeking new international connections. This is well recognised by connectors, and such connections have worked to our respective advantages. But to connect mainland space companies from rocket launches to booking an experiment on the TianKong space station will require much more strategic thinking and a deeper understanding of NewSpace, or the commercialisation of Space that businesses can now get involved.

Moving into 2030, the Space ecosystem is now less about pushing what we have through "selling" and more about understanding the needs and aspirations of our customers through "marketing." What does this mean?

Let's take a step back. Do we genuinely understand the needs, demands, and aspirations of customers or citizens who are active in, or wish to be active in, the NewSpace economy? Where are the buyers of Chinese space technology and services? Which countries want their own GPS constellation? Considering the BRI countries as a backdrop, what is Dubai's space policy, for example? Knowing that, what are their customers' needs? Selling to customers' customers –or understanding the motivations and aspirations of both customers and their clients –is what I mean by marketing. For this question, it appears we need to conduct deeper marketing research.

In Hong Kong, conversely, our understanding of key challenges for mainland enterprises going global is relatively stronger, and they include a litany of challenges:

- Regulatory hurdles: Navigating foreign compliance, data protection, and trade laws can be complex and costly.
- Brand perception: Chinese brands often face scepticism or lack recognition in new and foreign markets.
- Resource-dependent: Space investment is very long-term and needs patient capital and high-end talent. Global investors may hesitate to invest in such initiatives due to geopolitical and now “astropolitical” tensions, a lack of transparency generally with space tech, and a lack of independent verification of claims and buyers’ respect for the rule of law.
- Cultural and operational gaps: Language, business norms, and consumer behaviour differ widely across regions and customers.
- Supply chain and logistics: Establishing reliable and credible international distribution networks is resource-intensive.

We all understand customers buy things for their own use, at their own time, and not because some sellers want to sell their version of the next best mousetrap. Indeed, what are the needs and demands for Space products and services from these BRI countries if we are to sell into the BRI? Through recent dialogues, we can feel that they don’t want to be left behind and want their children to be a part of the future when space technologies are pervasive. They genuinely do not want to be a victim of this next iteration of the Digital Divide, nor an unwilling bystander as elephants dance for access to space. Although they have aspirations, the means, but perhaps not the technologies or space access that China has, they are eager shoppers. Through Hong Kong, maybe they could match their needs to the space technologies that are being “Made in China”, but adapted “through Hong Kong.”

This, in fact, is the opportunity that knowledgeable NewSpace advocates are advocating. Many outside sceptics against having NewSpace as a new sector in Hong Kong have entirely missed the picture. Hong Kong’s role is not to make rockets, nor launch satellites, nor encourage family offices to invest in these risky businesses that require patient capital. (Space infrastructure will be expensive and requires a more extended timeframe to build, because it needs to be so distant and the repair of any damage is nearly impossible.) NewSpace “through” Hong Kong over the next decade is more about the lawful transmission of data collected by miniature satellites called CubeSats that even a child can build today in less than a week. This is known as the downstream market for NewSpace, and Hong Kong can be a preferred hub if we lay the groundwork for this new digital supply chain. The world is taking off in NewSpace and new supply chains are being established. How can we ensure that such supply chains are connected through Hong Kong?

Thus, making “through Hong Kong” a strategic imperative for NewSpace means institutionalising support, incentives, and branding efforts to position the city as the default gateway for mainland companies’ global expansion.

The newly launched Task Force on Supporting Mainland Enterprises in Going Global aims to provide a strategy for one-stop, tailor-made services to mainland firms, including promotional events, innovation forums, and cross-sector collaboration. This is a great start. What we need is to go deeper with marketing noted above, building the required infrastructure and supply chain. To institutionalise this runway, possibly the HK government can:

- Codify incentives: Offer tax breaks, subsidies, or fast-track licensing for mainland firms that base global operations in Hong Kong.
- Promote success stories: Showcase mainland firms that scaled globally via Hong Kong to inspire others.
- Integrate into national policy: Further align with China’s Belt and Road and Greater Bay Area strategies to make Hong Kong the default outbound node.

High-end talent is attracted to high-end challenges. A bolder move is to send foreign students back to their home country and use them as ambassadors. Their mission is to determine how to connect these Chinese firms to their home. High-end talent is attracted to the moonshot challenge. Young people love adventures and building new businesses abroad. Use them as soft landing zones for mainland firms entering new markets. We should be mindful and also seed these new connectors who are more digitally savvy than yesterday’s traders. For the downstream demand, we are actually talking about the movement of data. The essence of NewSpace for HK will be about data and using AI to extract insights from it. It’s time to invest in our digital compradors.

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