

Chinese giant Tencent backs British touch-free tech company Ultraleap

Tencent, the Chinese technology giant which is the world's largest video game developer by revenue, is taking a stake in a Bristol-based technology company which uses ultrasound waves to simulate the sense of touch.

Sky News has learnt that Image Frame Investment, a Tencent subsidiary, is investing \$50m (£35m) into Ultraleap in the first phase of the company's Series D fundraising.

City sources said on Thursday that the funding round was likely to conclude in July and would add roughly £25m to the Tencent investment.

The round is being conducted at a pre-money valuation of approximately £200m, they added.



Image:

Tencent is China's largest internet company

Tencent's investment brings a major strategic partner onto Ultraleap's shareholder register ahead of a likely initial public offering (IPO) in the next couple of years.

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The UK government is also a backer of the company, having invested several million pounds through its Future Fund last year.

Ultraleap uses so-called haptic technologies to allow people to experience physical sensations without touching surfaces.

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Its applications include a trial with the fast-food chain KFC in Poland to enable customers to order remotely, and a digital out-of-home immersive play experience with LEGO at London’s Westfield shopping centre.

The company believes demand for its technology will soar in a post-pandemic world where remote engagement will be far more highly prized by corporate clients.

Ultraleap’s hand-tracking capabilities were developed partly with customers in the automotive sector in mind, but are also seeing significant interest from companies in the medical, industrial and entertainment sectors.

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Qualcomm, the wireless technology group, is another partner of Ultraleap.

Tencent is one of the world’s most prolific developers of games using virtual reality and augmented reality simulations, which is understood to have triggered its interest in investing in Ultraleap.

Its purchase of the stake does, however, come at a time of heightened sensitivity around Chinese acquisitions of foreign technology companies.

Ultraleap was founded by Tom Carter in 2013, having had the

idea during his undergraduate degree research project at the University of Bristol.

The company was set up as Ultrahaptics Limited in 2013.

In 2019, it acquired San Francisco-based Leap Motion, with the combined group then rebranded to Ultraleap later that year.

Dr Carter remains the company's chief technology officer and a significant shareholder.

Other major investors in Ultraleap include Mayfair Equity Partners, which led its Series C round in 2018.

Although the company remains loss-making, its revenues are expected to surge this year and it is likely to break even in the short-to-medium term.

An Ultraleap spokeswoman declined to comment on the Series D fundraising.