

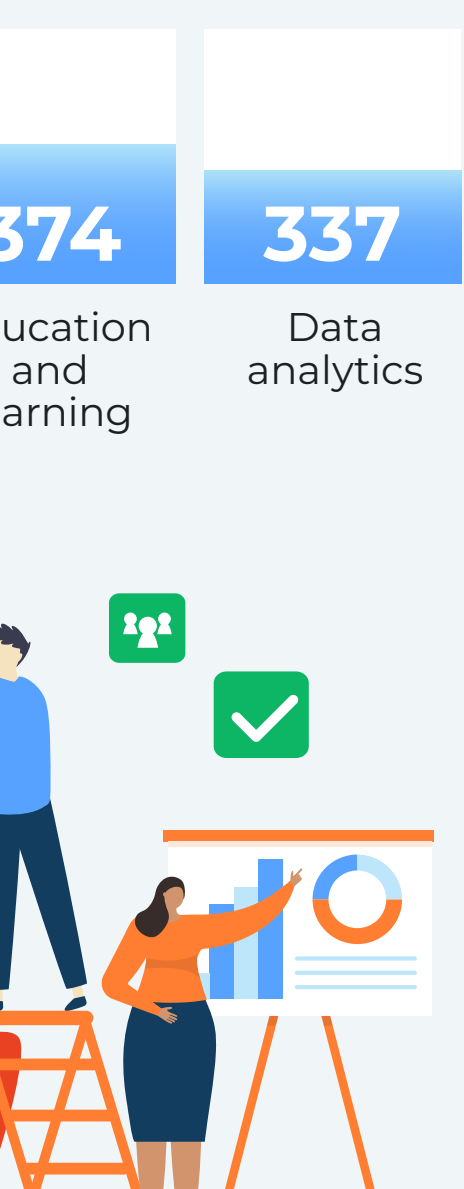
HONG KONG, A WORLD-LEADING DYNAMIC STARTUP ECOSYSTEM

The combination of its ideal location, strong economy, deep capital markets, and pro-business policies is turbocharging Hong Kong's startup ecosystem. The SAR's rapidly expanding network of incubators and accelerators, and large pool of angel investors and venture capitalists, provide startups with all they need to scale up.

1. ROBUST STARTUP GROWTH

Number of startups¹

Year	Number	% year-on-year growth
2019	3,184	21
2020	3,360	6
2021	3,755	12
2022	3,985	6
2023	4,257	7



Number of startups in top 5 industries (2023)



2. DOING BUSINESS SEAMLESSLY

- World's **#2** economically-free jurisdiction²
- Asia-Pacific **#2** and world **#10** hub for new technology development³
- World's lowest taxed data centre market
- Asia-Pacific **#2** and world **#4** data centre market⁴
- World **#2** emerging ecosystem⁵
- Asia-Pacific **#4** and world **#10** for digital competitiveness⁶
- South-East Asia and Oceania **#5** and world **#17** for innovation performance⁷
- Globally **#5** for technological infrastructure⁸

- Simple, low-tax system**
 - First \$256,410 (HK\$2 million) of corporate profits taxed at 8.25%, remainder at 16.5%
 - Qualified R&D expenditure eligible for tax deduction
- Ease of doing business**
 - Sophisticated air, sea and land logistics infrastructure seamlessly connects Hong Kong regionally and globally
 - Comprehensive legal and intellectual protection, based on Common Law system
 - Large pool of multicultural talent
 - Stable currency pegged to the US dollar and open capital account
 - Free-trade port
 - Liquid and deep capital markets

3. INNOVATION AND TECHNOLOGY (I&T) AT THE FORE



- HK SAR** has since 2015 committed around \$25.6 billion (HK\$200 billion)⁹ for I&T development
- Government's Hong Kong I&T Development Blueprint¹⁰** aims to:
 - enhance the I&T ecosystem and promote new industrialisation
 - enlarge the I&T talent pool
 - promote digital economy development
 - develop Hong Kong into a smart city
 - integrate Hong Kong into China's development and consolidate its role as a bridge connecting the mainland and the world
- HKSTP**, one of Hong Kong's I&T platforms, is home to some 1,300 enterprises that occupy facilities including the Hong Kong Science Park, three InnoParks and the fintech-focused InnoCentre.
 - 20,000+ people in the HKSTP community
 - 1,700+ I&T companies
 - 13,000+ R&D practitioners¹¹
- InnoHK**, an I&T initiative to boost global research collaboration, brings together more than 30 top universities and research institutions from 11 economies. It accommodates 29 world-class research laboratories, focusing on health-care technologies, artificial intelligence (AI) and robotics.
- Cyberport** is a digital community of over 1,900 startups and technology companies.

4. ABUNDANT FUNDING OPPORTUNITIES



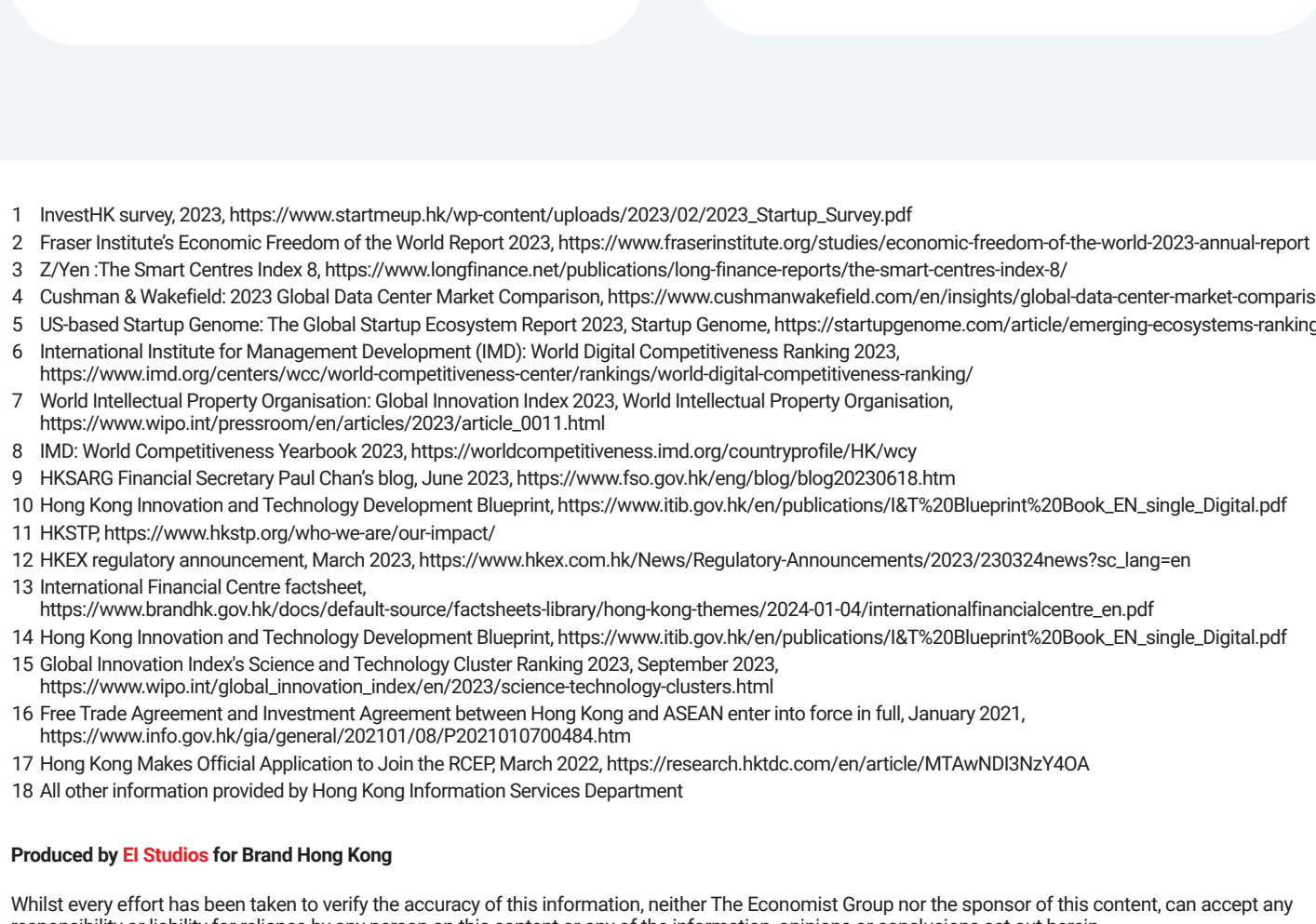
Government initiatives

- \$1.2bn** **\$1.2 billion (HK\$10 billion)** Research, Academic and Industry Sectors One-plus Scheme incentivises collaboration among the government, industry, academia and research sectors to boost research and development (R&D) outcomes and industry development.
- \$641m** **\$641 million (HK\$5 billion)** Strategic Tech Fund invests in enterprises with development potential.
- \$256.4m** **\$256.4 million (HK\$2 billion)** Innovation and Technology Venture Fund co-invests on a matching basis with private venture capital funds in Hong Kong. It has invested **\$26.9 million (HK\$210 million)** in 28 local I&T startups, attracting over **\$269.2 million (HK\$2.1 billion)** in private investment as of end-December 2023.
- \$50.8m** **\$50.8 million (HK\$396.5 million)** invested by HKSTP's Corporate Venture Fund in 31 technology startups, attracting over **\$1.6 billion (HK\$12.6 billion)** in private investment in the same funding round as of January 2024.
- \$23.2m** **\$23.2 million (HK\$181 million)** invested by the Cyberport Macro Fund in 25 companies, attracting over **\$192.3 million (HK\$1.5 billion)** of private investment. The Cyberport Incubation Programme provides financial, technical and business advisory support to tech startups to help them turn their creative ideas into business opportunities.

- Listing**
 - Listing rules were relaxed in March 2023 for companies in five sectors:
 - Cloud computing
 - AI
 - Advanced hardware
 - Semiconductors
 - The metaverse
 - This reduced the listing valuation threshold to **\$1.2 billion (HK\$10 billion)**, even if pre-revenue, from **\$1.9 billion (HK\$15 billion)**.¹²
 - 94 firms have gone public under HKEX's new economy listing regime, implemented in 2018:
 - More than \$75.8 billion (HK\$592 billion) was raised as of end-October 2023.
 - 62 were pre-revenue or pre-profit biotechnology companies, which raised over \$15.3 billion (HK\$120 billion).¹³
 - This makes Hong Kong one of the world's top biotech fundraising hubs.

5. INTENSIFYING LOCAL AND REGIONAL CONNECTIVITY

Hong Kong is a stepping stone for businesses to tap opportunities in the Guangdong-Hong Kong-Macao Greater Bay Area, the rest of Asia, and globally.



- Greater Bay Area (GBA)**

With a total population of over 86 million and regional GDP of about \$1.94 trillion (HK\$15.1 trillion) in 2022, GBA provides access to a large market and human capital pool, and an array of R&D collaboration opportunities and supply chains. Hong Kong's Northern Metropolis Development Strategy will deepen co-operation between Hong Kong and Shenzhen,¹⁴ while the Shenzhen-Hong Kong-Guangzhou region ranks second among the world's science and technology clusters.¹⁵

Hong Kong closely co-operates with Guangdong — the two signed agreements in 2023 to promote I&T collaboration.
- Belt and Road (B&R) Initiative**

A national development strategy that promotes co-operation among countries and regions on policy co-ordination, facilities connectivity, trade and financial integration. Hong Kong is positioned to capitalise on its unique advantages to connect the mainland with other B&R participants.
- ASEAN**

Free trade agreement and investment agreement between Hong Kong and ASEAN entered into force in full on 12 February 2021.¹⁶
- Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA)**

A free trade agreement concluded by mainland China and Hong Kong that provides preferential treatment for Hong Kong-made products and Hong Kong-based services companies accessing the mainland market. This applies to foreign companies incorporated in Hong Kong.
- Regional Comprehensive Economic Partnership (RCEP)**

In early 2022 Hong Kong applied to join the RCEP, a free trade agreement encompassing China, ASEAN's ten members, Australia, Japan, New Zealand and South Korea.^{17 18}

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18 All other information provided by Hong Kong Information Services Department