

AUGUST 2020

STARTUP IN HONG KONG

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ITCA 
ITALIAN TRADE AGENCY



INTRODUCTION

Overview of the Market

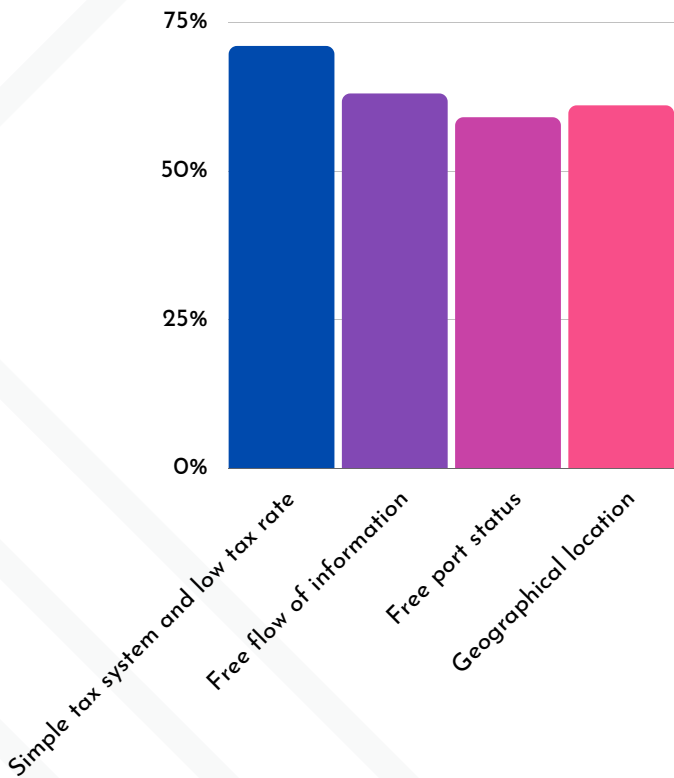
According to the results of the “2019 Annual Survey of Companies in Hong Kong with Parent Companies Located outside Hong Kong” conducted by Invest Hong Kong (InvestHK) and the Census and Statistics Department which were announced in October 2019, the city has continued to attract and retain leading overseas and Mainland companies, as well as entrepreneurs from around the globe to use Hong Kong as the base to set up and expand their businesses

The number of business operations in Hong Kong with parent companies overseas and in Mainland China was 9,040 in 2019. Among them, 1 541 had set up regional headquarters in Hong Kong, up 9.1 per cent over the number in 2017.

HONG KONG'S

Attractiveness

Favourable Factors



With reference to Legislative Council document based on the surveys conducted by Invest Hong Kong, as a part of The Guangdong-Hong Kong-Macao Greater Bay Area development and the Belt and Road Initiative, it is concluded that 90% of international start-ups' long term ambition in coming to Hong Kong was to penetrate the Mainland market, using Hong Kong as a test bed for their products and services.

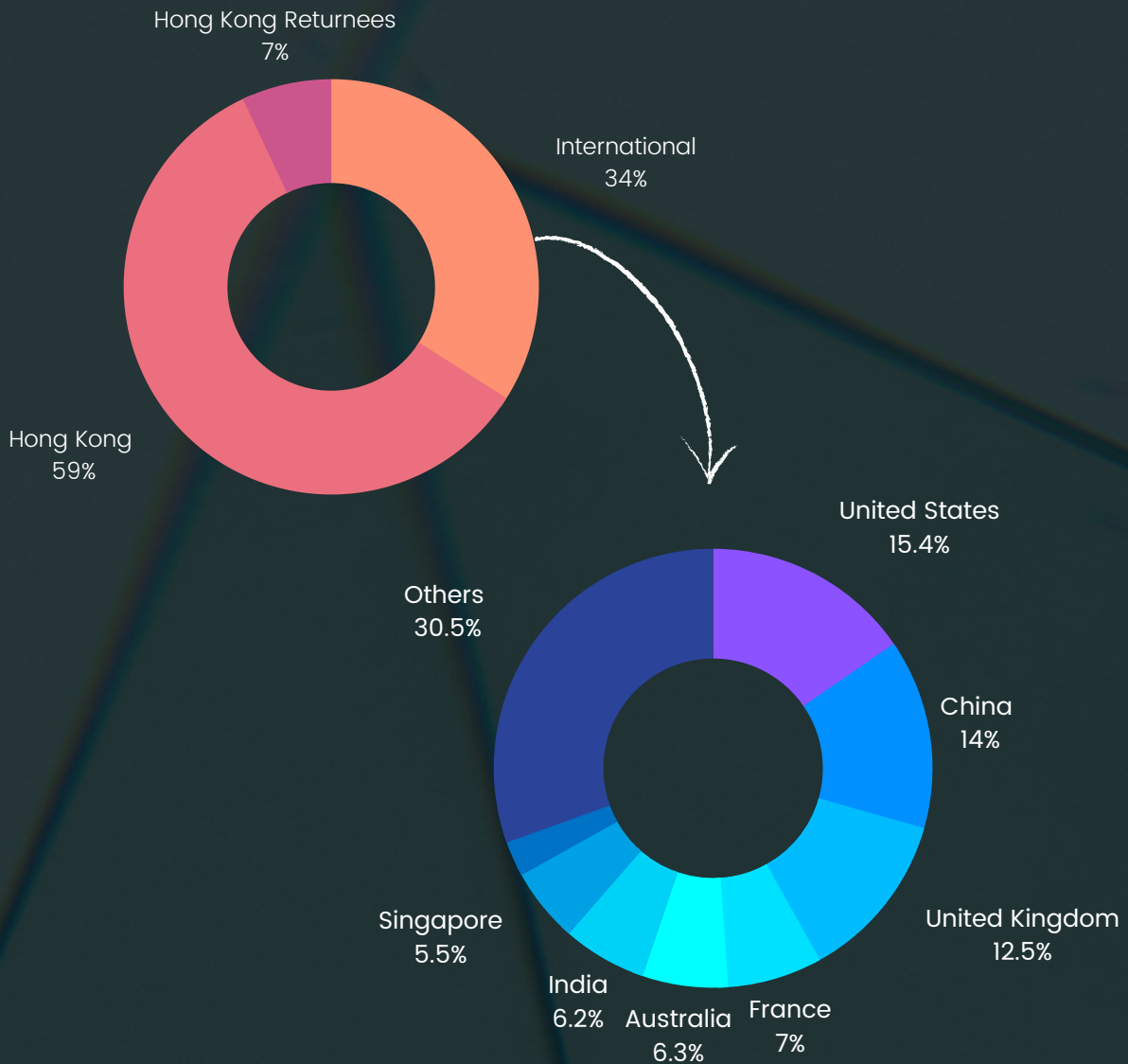
Likewise, Mainland companies were using Hong Kong as a stepping stone for their internationalization campaign.

GENERAL

Demographic

The 2019 Annual Startup Survey found that there were 3,184 start-ups operating in major public and private co-work spaces and incubators in Hong Kong, up 42.8 per cent from 2,229 in 2017. These start-ups employed over 12,400 persons, an increase of 97.4 per cent over the 2017 figure.

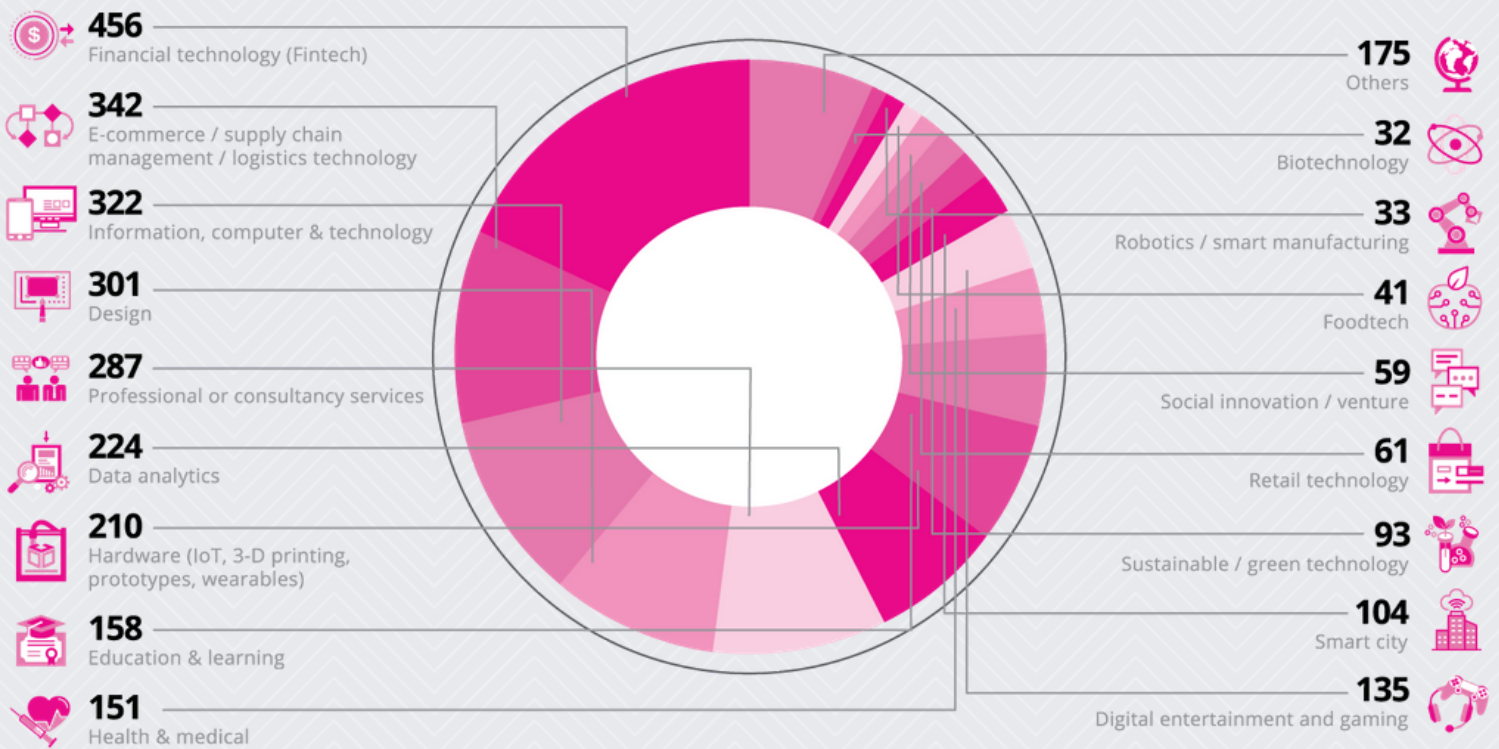
• FOUNDERS NATIONALITY



SECTOR

Demographic

Startups in Hong Kong accesses various sectors in the market, with majority focusing on Fintech, IT, logistics and other professional consultancy services.



To strengthen the strong focus on technology and science development, and encouraging venture capital investment in local I&T startups, the government has introduced the HK\$2 billion (US\$256 million) Innovation and Technology Venture Fund to attract private venture capital funds to co-invest with the HKSAR Government in local I&T startups on an investment ratio of about 1:2.

Global Comparison

According to the 2020 report of Startup Genome, Hong Kong's rank dropped from #25 in 2019 to #29, among the global startup ecosystem. Growth is still expected to be competitive.

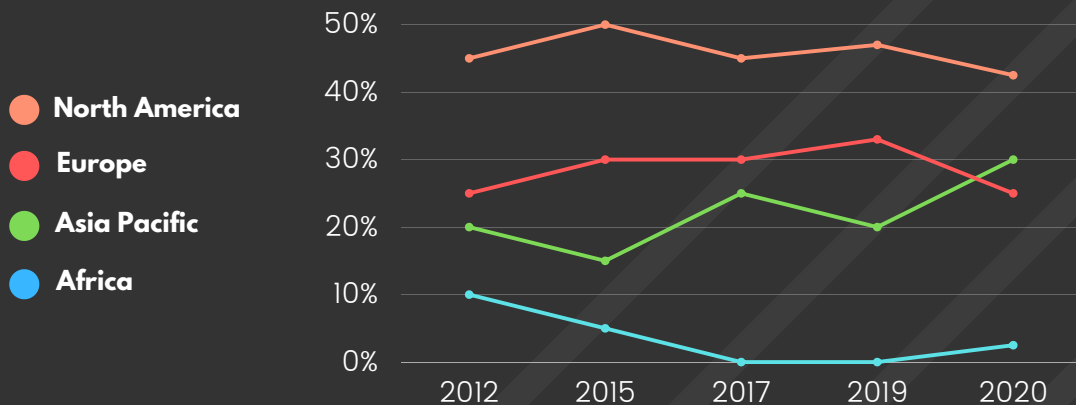
Asia is performing strong in-terms of startup in the recent years. Initially driven primarily by Chinese ecosystems, now includes new entrants among the top global cities from Japan (Tokyo), South Korea (Seoul), India (Delhi), and Australia (Melbourne). The share of Asia-Pacific cities in top global ecosystems has increased from 20% in 2012 to 30% in 2020.

Asia-Pacific is the region which has seen the highest growth in number of billion-dollar club startups



Asia-Pacific went from having 20% of all top ecosystems in 2012 to 30% today

Share of top ecosystems by continent, 2012 to 2020



Facilities for Startup



University of Hong Kong

iDendron, HKU Innovation & Entrepreneurship Hub, was launched in 2017 with the aim of nurturing entrepreneurial and innovative spirit on campus, incubating HKU early-stage startups, establishing interdisciplinary cooperation and engaging the community to support human endeavors and society developments. Over 30 HKU students and alumni startup teams are based at iDendron and various events, workshops and sharing have been organized to support the growth of startups and engage the community.

Chinese University of Hong Kong

The Pi Centre, a university-wide initiative to stimulate creativity and entrepreneurship by offering up to one year of working space, facilities, trainings, startup funding and mentoring services to teams of students starting companies to commercialize technologies and implement innovative business models for profit and for the benefit of society.

Since 2014, Pi Centre has admitted eleven batches of 81 out of 232 applications to provide mentorship and supports for startups.

Incubators/Accelerators

CYBERPORT INCUBATION PROGRAMME

http://www.cyberport.hk/en/about_cyberport/cyberport_entrepreneurs/cyberport_incubation_programme

Cyberport Incubation Programme supports entrepreneurs and start-ups with resources that aim to accelerate their growth. In addition to a range of business and professional services, incubatees get up to HK\$500,000 support over 24 months. Incubatees can participate in the programme on-site at Cyberport, or off-site at their own premises.

GLOBAL ACCELERATION ACADEMY (HKSTP)

<https://www.hkstp.org/en/innovate-with-us/acceleration/global-acceleration-academy-gaa/>

Global Acceleration Academy (GAA) is a 1-3 months intensive business acceleration programme spearheaded by HKSTP to connect up-and-coming startups with global enterprises and help them localise their innovation and achieve success in the Asian market and beyond.

HONG KONG SCIENCE AND TECHNOLOGY PARK'S INCUBATION PROGRAMMES

<https://www.hkstp.org/en/innovate-with-us/incubation/>

The Incubation Programmes focus on three key areas – Incu-App, Incu-Tech, and Incu-Bio. They are custom-made to support technology startups in the fields of web and mobile technology, technology and biotechnology respectively.

EUREKA NOVA

<https://www.eurekanova.com/>

Eureka Nova is an accelerator powered by the New World Group committed to business integration. Programs include Mizuho Crowd Brain by Mizuho Bank and Tencent Smart Retail by Tencent Group

KALEIDOSCOPE LAB

<https://www.hshgroup.com/en/about/kaleidoscope-lab>

Kaleidoscope Lab, a mentorship-driven startup initiative powered by HSH, offering a unique 12-week programme of coaching, mentorship and commercial assistance to fast-growing technology-based companies to define what's next in tech for luxury hotels.

STARS PROGRAMME

<https://www.hkstp.org/en/innovate-with-us/incubation/>

The STARS Programme, organised by Hong Kong Startup Council, provides assistance and support to startups on aspects of mentorship, industrial partnership (prototyping, design & production), go-to-market (marketing, sales, distribution, patent registration and pitching).

ZEROTH.AI

<http://www.zeroth.ai/>

Zeroth is Asia's first accelerator program backing founders working on frontier technologies such as artificial intelligence, blockchain and robotics.

THE MILLS FABRICA INCUBATOR PROGRAMME

<http://www.themillsfabrica.com/incubator/>

The incubation programme is currently operating in both Hong Kong and the UK, offering cross-border support between Asia and Europe. It is dedicated to techstyle startups - companies at the intersection of technology and style including materials & supply chain innovation, wearables & products merging technology & style and new retail experiences.

LIME HK

<https://www.limehk.co/about>

LimeHK is a tailored acceleration program for early to middle stage startups focusing on region HK, Greater Bay Area and Japan by providing in-depth mentorship, introducing strategic business relations and essential startup resources.

OPPORTUNITIES

Funding/Seeding

Various funding support are provided by the HKSAR Government. All programmes from the Hong Kong Science and Technology Parks and Cyberport are supported by Government funding. For example, the Incu-Tech/Incu-Bio Programme granted financial aid of HK\$639K and HK\$851K respectively, with ready-to-use offices or laboratory premises up to 12 months rent-free and other forms of assistance are also provided. Other funding projects are as follows:



Patent Application Grant

Locally incorporated companies and individuals can seek funding to apply for patents for their own inventions.



Innovation and Technology Fund for Better Living

The Fund subsidises innovation and technology projects which will bring more convenient, more comfortable and safer living to the public, or those addressing the needs of specific community groups.



Social Innovation and Entrepreneurship Development Fund (SIE Fund)

The SIE Fund supports innovative poverty-alleviating projects of different forms and stages, from idea generation, prototype, start-up to scale-up. The Fund has appointed Intermediaries to design and administer funding schemes.

OPPORTUNITIES

Private Funding

Angelhub

(<https://angelhub.io/company/about-us>)

AngelHub is a SFC Licensed Platform vetted startup Investment platform for Professional Investors. It provides access, time and know how to startups and Professional Investors to democratize the fundraising process that was reserved to a small exclusive group of people. It pools investors and companies for fund matching.

Betatron

(<https://www.betatron.co/about.html>)

A startup investment firm and accelerator program which invests up to US\$500,000 into circa 15-20 startups per year. Founded in 2016 by a group of the leading Venture Capital firms in Hong Kong, including Mindworks Ventures, Vectr Ventures, Cocoon Ignite Ventures, the Aria Group, IC Studio and Incu-Lab.

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ITALIAN TRADE AGENCY

**ICE - Italian Trade Commission
Hong Kong**

www.ice.it

Italian Trade Agency



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