Staying Ahead, Nurturing Innovative Start-ups

Purpose: Information
Submitted by: Hong Kong, China
EXECUTIVE SUMMARY:

Agenda item 16: New initiatives and exchange of best practice

Agenda item 16.3: “Staying Ahead, Nurturing Innovative Start-ups” [Hong Kong, China]

Hong Kong, China’s best practice sharing focused on support for innovative start-ups, especially Fintech start-ups. Supporting start-ups was an important part of Hong Kong, China’s drive to develop innovation and technology for the economy. A broad range of measures were adopted such as enhancing existing start-up incubation programmes, introducing new programmes, reducing general and specific taxes, and improving SME funding schemes to enable start-ups to benefit as well.
Staying Ahead, Nurturing Innovative Start-ups

Ms. Belinda Wong
Assistant Director-General of Trade and Industry (Industries Support)

The Government of the Hong Kong Special Administrative Region
I&T Development in HK

2015: Set-up
Innovation and Technology Bureau
- to spearhead development of I&T in HKC

2017: Set-up
Committee on Innovation, Technology and Re-industrialization
- to coordinate efforts at a higher-level and inter-bureau approach
Start-up Ecosystem in HK

2014
Start-ups: 1,065
Workstations: 2,826
Staff: 2,381

2017
Start-ups: 2,229
Workstations: 6,200
Staff: 6,300
Science Park

- Enhance support for incubates and tenants
- Set up a Smart Campus
- Construct research-related infrastructure and facilities

Inject HK$10 billion (US$1.3 billion)
Roll out new support scheme, up to HK$200,000 (US$26,000) for each eligible start-up to conduct market research and promotion

Enhanced Incubation programme: HK$500,000 (US$64,000) to individual start-up
Supporting Fintech Start-ups

**Cyberport**: HK’s leading Fintech Community

- “**Smart-Space**”: dedicated co-working space tailored made for Fintech start-ups and companies

**Cyberport Incubation Programme**

- Designated support for 150 Fintech start-ups by 2020
- 67 Fintech start-ups have been supported as at end 2017
Accenture to continue its cooperation with Cyberport to roll out “FinTech Innovation Lab” in HK in 2017-2019.
2016: Launch of **Fintech Innovation Hub**
by Hong Kong Monetary Authority (HKMA) & HK Applied Science and Technology Research Institute

- neutral testing ground
- tech firms and banks to formulate innovative Fintech ideas
- conduct proof-of-concept trials

2017: Launch of **Fintech Haccelerator Programme**
by HKMA & Cyberport

- platform to organise Hackathon competitions
- accelerators to explore co-operation with Fintech start-ups and innovators
2016: Launch of **Fintech Supervisory Sandbox (FSS)** by HKMA

- allow banks and partnering tech firms to conduct pilot trials
- no need to achieve full compliance during trial period

2017: Launch of **FSS 2.0 - Chatroom**

- offer speedy feedback to banks and tech firms
- tech firms & start-ups can access the Chatroom direct without the need to partner with a bank
### Fiscal Measures

#### 2-Tier Profits Tax System

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<th>CURRENT</th>
<th>PROPOSED</th>
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<td>16.5%</td>
<td>8.25%</td>
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Tax rate for the first HK$ 2 million of profit:

#### Tax reduction for domestic expenditure on R&D

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<th>First HK$2 million (US$260,000):</th>
<th>300% Tax reduction</th>
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<td>Thereafter:</td>
<td>200% Tax reduction</td>
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Fiscal Measures

The 2018-19 Budget

Information and Technology Fund
- Inject further HK$10 billion (US$1.3 billion)

SME Funding Schemes
- Relax eligibility criteria
  - Years of operation requirement

Start-ups can apply!
Hong Kong
The Global Connector for Start-ups

Lots to offer
Willing to learn