

Opening remarks by S for IT at STARTIT.Asia Hong Kong 2nd Edition Startup & Ecosystem Mixer (English only)

Following are the opening remarks by the Secretary for Innovation and Technology, Mr Nicholas W Yang, at the STARTIT.Asia Hong Kong 2nd Edition Startup & Ecosystem Mixer today (May 29):

Consul General (Consul General of Italy in Hong Kong and Macao, Mr Antonello De Riu), Luca (President of the Italian Chamber of Commerce in Hong Kong and Macao, Mr Luca Cico), Mr Cucino (Chairman of the China-Italy Chamber of Commerce, Mr Davide Cucino), Mr Sbuttoni (Partner at Baker&McKenzie, Mr Paolo Sbuttoni), distinguished guests, ladies and gentlemen,

Good evening. It's my great pleasure to join you again at the STARTIT.Asia. First of all, congratulations to the success of the first edition of STARTIT.Asia last year. It's great to see the programme taking root in Hong Kong. I am also delighted to see so many aspiring technology entrepreneurs from Italy who find Hong Kong the right place to explore business opportunities. This is an excellent testimonial to Hong Kong's ability to attract and blend the best ideas and talents from all over the world. It also helps strengthen the bilateral relationship between Hong Kong and Italy on the innovation and technology (I&T) front.

According to a survey conducted by Invest Hong Kong in 2017, the number of start-ups has grown over 16 per cent, compared to those in 2016. Co-working spaces have been gaining momentum in Hong Kong. Internationally renowned co-working space operators are expanding their presence in Hong Kong, accelerating the innovation and technology ecosystem and disrupting the office leasing market. What's more, co-working spaces offer entrepreneurs an affordable and flexible way to grow and expand their businesses in this Asia's world city.

Hong Kong's innovation and technology infrastructure is also fast developing in the past few years. Three new submarine cables providing direct links between Hong Kong and the US are in the pipeline. Investors include Facebook, Google, Telstra and NEC. They have chosen Hong Kong as a landing point for their huge investments in the three submarine cables, which are the Pacific Light Cable Network, the Hong Kong-Guam and the Hong Kong Americas Submarine Cable Systems. On cloud services, Google is going to open a Google Cloud Platform region in Hong Kong this year. And Amazon Web Services will also launch an AWS region here in Hong Kong. These again show the big players are also placing their bets on Hong Kong as the data hub of the region.

Just a few days ago, Hong Kong was ranked the second most competitive

economy globally, out of the 63 economies assessed in the International Institute for Management Development's (IMD) World Competitiveness Yearbook 2018. Among the four main competitiveness factors used in the IMD ranking, Hong Kong maintained the No. 1 position in "Government efficiency" and "Business efficiency", both for the fourth consecutive year.

Hong Kong has unique competitive edges, such as the close proximity to the fast-growing China market, a competitive tax regime, the rule of law, an open and free market and a can-do mindset in the business sector. On top of these, the HKSAR (Hong Kong Special Administrative Region) Government will continue its role as a promoter and facilitator to drive innovation and technology development.

As announced by the Chief Executive in the 2017 Policy Address, we have mapped out a clear direction for Hong Kong's I&T development using an eight-pronged approach. In the 2018-19 Budget, the Financial Secretary unprecedentedly allocated more than \$50 billion to accelerate the I&T development in Hong Kong, through nurturing start-ups and promoting industries and R&D collaboration, as well as investing in infrastructure development. The financial commitment and significant investment in both software and hardware help build a vibrant ecosystem for start-ups here in Hong Kong – more than ever before.

Tax incentives will be rolled out with a view to encouraging enterprises to conduct more R&D in Hong Kong. A 300 per cent super tax deduction will be provided to the first \$2 million of qualifying R&D expenditure conducted in Hong Kong, and a 200 per cent tax deduction will be provided for the remaining balance. And there is no cap for the amount of tax deduction. This is a major policy breakthrough for Hong Kong.

In addition, we believe Hong Kong can leverage the world-class R&D capacity of our local universities, particularly in the fields of healthcare technologies and artificial intelligence/robotics technologies. The Government has earmarked \$10 billion to support the establishment of two research clusters in the Hong Kong Science Park in these areas, so as to attract world-class scientific research institutions and technology enterprises to Hong Kong, and to join forces with our local universities and research institutions in conducting more R&D projects, nurturing more technology talent in Hong Kong.

In addition, \$10 billion is allocated to the Hong Kong Science and Technology Parks Corporation for building shared research infrastructure and facilities, as well as enhancing support for its incubatees and tenants. Another \$200 million is allocated to Cyberport for enhancing support for start-ups and boosting the development of a digital technology ecosystem. Cyberport will also strengthen its incubation programme and put forward new measures to attract multinational companies to set up offices and R&D units in Hong Kong.

To meet the needs of the I&T sector, the Government will roll out the Technology Talent Admission Scheme. This pilot scheme, which applies to

incubatees and tenants of the Hong Kong Science and Technology Parks Corporation and Cyberport, provides a fast-track arrangement for eligible technology companies/institutes to admit top-notch research and development talent from around the world with a pre-approved quota. Successful companies will also be required to engage three local employees to work in technology areas for every three talents admitted from outside of Hong Kong. I believe the scheme will help augment our talent pool and provide more training and job opportunities for our local people.

Global economic gravity is shifting to Asia. Hong Kong will ride on major national strategies, including the Guangdong-Hong Kong-Macao Bay Area development and the Belt and Road Initiative, which will bring more business opportunities for Hong Kong's economy.

Before I close, I would like to welcome and encourage more Italian entrepreneurs and investors to come to Hong Kong and explore collaboration with our local counterparts. I believe Hong Kong's growing and robust ecosystem will offer a conducive environment for starting or scaling up businesses in the area of innovation and technology.

Last but not least, my best wishes to the five shortlisted Italian start-ups for their upcoming presentations of promising business ideas. Please enjoy the rest of the STARTIT.Asia programme.

Thank you.