

Speech by S for IT at STARTIT.asia Hong Kong 3rd Edition Startup & Ecosystem Mixer (English only)

Following is the speech by the Secretary for Innovation and Technology, Mr Nicholas W Yang, at the STARTIT.asia Hong Kong 3rd Edition Startup & Ecosystem Mixer today (July 10):

Consul General (Consul General of Italy in Hong Kong, Mr Clemente Contestabile), Mr Vitale (Executive Committee Member of the Italian Chamber of Commerce in Hong Kong and Macao, Mr Alessandro Vitale), distinguished guests, friends, ladies and gentlemen,

Good evening. A warm welcome to the Italian entrepreneurs. Welcome to Hong Kong. It is a great honour and pleasure for me to join STARTIT.asia once again.

To me, STARTIT.asia provides an excellent platform for the Italian start-ups to familiarise themselves with, and to experience, the fast-paced Asian business environment. It also enables the Italian entrepreneurs and investors to discover the benefits of their presence in Hong Kong, which help pave the way for expanding their business exposure across Asia and into Mainland China.

Italy, on top of being the world's design and fashion capital, is now rising as an innovation and technology hub. Its economy, being the eighth largest in the world, is dominated by small and medium-sized enterprises. This is just like Hong Kong.

Hong Kong was home to more than 2 600 innovation and technology start-ups in 2018, which was up 18 per cent from 2017. Our start-up community is very robust and international, with about 35 per cent of the founders coming from outside of Hong Kong. The Government of the Hong Kong SAR has been scaling up its investment and support in the past three years, aiming to create a vibrant innovation and technology ecosystem in Hong Kong.

Let's look at some numbers. We've seen a phenomenal growth of venture capital investment in Hong Kong-based start-ups over the past few years. In 2014, only around HK\$1.2 billion venture capital funding was invested in our start-ups. In just four years' time in 2018, this amount went up to some HK\$18 billion, 13 times higher. The depth and liquidity of our capital market also ensure that Hong Kong's innovation and technology sector's financing needs can be well met. The Hong Kong Stock Exchange ranked first globally in six of the past 10 years on IPO funding raised. In 2018, we raised over HK\$288 billion through IPOs, beating both New York Stock Exchange and NASDAQ as the world's top IPO venue.

Last year, we enhanced our listing requirements in order to accommodate the emerging and innovative companies with weighted voting rights structure and pre-revenue biotechnology listing, making Hong Kong even more attractive to the new technology companies for public fund raising.

Indeed, industries like fashion and retail are applying innovation and technology to enhance competitiveness and bring new momentum and growth to their business. The Government of the Hong Kong SAR has been supporting the R&D in fashion and textile industries by funding the establishment of the Hong Kong Research Institute of Textiles and Apparel, or known as HKRITA, since 2006.

I have witnessed the efforts of HKRITA in driving sustainability of the textile and apparel industry by putting award-winning recycling technologies into practice. The recycling garment production line, which can turn old garments into new wearable clothing, won a Gold Medal at the 47th International Exhibition of Inventions of Geneva. I am very much impressed by HKRITA's commitment to pursue commercialisation of R&D results in the fashion and retail sector, helping Hong Kong's sustainable development and re-industrialisation.

The Policy Address last year proposed an allocation of HK\$2 billion to facilitate the advanced manufacturing sector to set up operations in Hong Kong. Another HK\$2 billion will be injected to launch the Re-industrialisation Funding Scheme to subsidise manufacturers on a matching basis to help them set up captive smart production lines in Hong Kong. We believe that these initiatives for developing high-end and high value-added production will help diversify and grow Hong Kong's economy in the long run.

To encourage more private venture capital funds to invest in Hong Kong start-ups, we have established a HK\$2 billion Innovation and Technology Venture Fund to co-invest with the private VCs. In addition, another HK\$7 billion was provided to the Hong Kong Science Park to enhance support for its tenants and incubatees. Up to 300 per cent super tax deduction on R&D expenses, without upper limit, is now available to all Hong Kong companies. All in all, the Hong Kong SAR Government has already invested over HK\$100 billion in innovation and technology development during the past three years. There is more to come. Hong Kong's innovation and technology ecosystem is more robust than it ever has been.

Once again, welcome to Hong Kong. I hope some or all of the STARTIT.asia entrepreneurs this year will join Hong Kong's growing tech start-up ecosystem. Let us drive the innovation and technology development in Hong Kong and move ahead together.

Thank you very much.