

International unicorns, founders and innovators thrive in Hong Kong

The global startup ecosystem axis has fundamentally shifted over the past 12 months. The pandemic has been a test for all nations, cities and global entrepreneurial communities.

It has also been a test for both resilience and the ability to thrive in changing conditions. Whilst Silicon Valley still takes a lion's share of the international startup community, there are many other international startup hubs that can better cater and serve to nurturing early-stage startups to fully-fledged scaleups.

With the work from home culture and the great exodus from metropolis city centres to remote working environments in full swing, the need to move your startup to a buzzing city centre has come into question.

Yet there are some iconic startup hubs that still deserve our full attention and ideally full physical presence to unleash all our full startup and scaleup potential.

Hong Kong is one of these prime locations for entrepreneurs looking to launch a new business and ultimately develop their visibility across Asia and beyond.

It is no secret that Hong Kong has endured much international attention over the past two year mainly due to the long-running US-China trade war, as well as the social unrest. Despite this, the resilience of Hong Kong's startup scene and agility of the business community to adapt to changing market conditions

and develop new ways to stay competitive and relevant in a highly complex global business environment has been testimony to Hong Kong's dedicated and solid startup infrastructure.

Many contributing factors have led to this success story. There has been an influx of support from government agencies such as [Invest Hong Kong](#) to institutional VC's, to the advent of local accelerators and rapidly growing network of angel investing bodies.

Hong Kong has a very international startup ecosystem with one in four founders being from outside Hong Kong. Additionally, four of the universities in Hong Kong are named the top 50 universities in the [QS World University Rankings](#) 2021 report.

Hong Kong is literally ripe for the picking. The fruits of your startup hard work just might be rewarded in this welcoming, inclusive and business friendly city.

Championing these efforts is [Invest Hong Kong](#) (InvestHK) the Hong Kong Special Administrative Region Government Department (HKSAR) responsible for attracting foreign direct investment and supporting overseas and Mainland businesses to set up or expand in Hong Kong.

How to set up in Hong Kong

Hong Kong has a population of 7.48 million and it welcomes talent from all over the globe with business-friendly immigration policies. If you're looking to set up in Hong Kong or simply want some experienced advice of best practice solutions, let us introduce you to the Hong Kong Inc Family. Yes, that's right thanks to [InvestHK](#), a global body of specialists can help you gain direct access to key initiatives and institutions that provide connections to funding, housing, education and infrastructure that will prove invaluable to any business looking to broaden their horizons.

InvestHK provides free advice and customised services for overseas and Mainland companies. With international offices throughout the world including North America and South America, I'm pretty sure you have an InvestHK representative and sector specialist in a city near you that can help guide and

advise you options for setting up business in Hong Kong.

Dimitris Horiatis, Senior Innovation & Technology Manager of InvestHK as based in New York is a key contact for those who are looking to maximise your business exposure in Hong Kong and tap into the unique startup culture and support opportunities in Hong Kong. We spoke to Dimitris on exactly what sets Hong Kong apart from other international cities and makes Hong Kong a vibrant and dynamic hub to live, invest and work in.

Hong Kong is in a unique position to serve as the gateway into China and the rest of Asia for western businesses. Under the “One Country, Two Systems” constitutional principle Hong Kong still practises Common Law and has one of the most robust IP protection systems in Asia. Hong Kong is not just an international business and finance hub. It is also quickly becoming an Innovation Hub and has always been a fantastic place to live in and visit. It has exquisite natural beauty. Within 15 minutes, you can be at the beach or hiking within its dramatic rock formations, such as the Dragon’s Back, which is one of the best urban hiking trails. The city provides the perfect balance of work and play opportunities for companies that want to set up and be able to attract the best talent from around the world. Finally, its government talent attraction schemes will continue to attract the best talent, and make it easy for companies to bring in the human

resources they need to thrive.”

Dimitris can connect you to key stakeholders that can help take your startup to the world! The top 5 countries of origin that look to set up businesses in Hong Kong are Mainland China, UK, US, Japan and Singapore. However, Hong Kong welcomes everyone to its shores, and this is why it has one of the most diverse and welcoming startup cultures in the world!

The Wall Street Journal has referred to Hong Kong as the freest economy in the world and Hong Kong consistently outperforms in international rankings. Historically Hong Kong is characterised by free trade, free market, free flow of capital and importantly a stable currency with no foreign exchange control. Thanks to its proximity to Mainland China, it also acts as a strategic gateway to growing Mainland China markets, regional financial and logistics hubs across Asia.

Read also

[Meet ‘Gangnam Valley’, the Korean version of Silicon Valley](#)

Reasons Hong Kong has a competitive edge

“From all places in Asia, Hong Kong is one of the best places to create innovations for businesses.” – Mr Charles Ng, Associate Director-General of Investment Promotion at InvestHK

1. Hong Kong’s simple and predictable tax regime provides an attractive

business environment for investment allowing businesses to lower the operating cost. Hong Kong works on a Low, Simple and Competitive Tax System. Businesses and individuals in Hong Kong enjoy one of the most tax-friendly systems in the world. Only three direct taxes are imposed and there are generous allowances and deductions which can reduce your taxable amount.

2. Power by numbers – Hong Kong has a population of 7.48 million and attracts international talent due to its good pay, a low tax rate and simple and efficient visa application procedures. Admission of highly skilled immigrants has always been part of the fabric of Hong Kong society. The immigration policy on entry for employment of foreign professionals, which is known as the General Employment Policy, has been in place for decades.
3. The city boasts 8 unicorns across fintech, logistics, travel tech sectors. The most popular industries for startups in Hong Kong are fintech, e-commerce/supply chain, professional services and ICT. In addition, Hong Kong has world-class universities, tremendous strength in scientific research and an international business environment.
4. Hong Kong startups raise billions, in 2019-20 they approximately raised \$2.5B, the fintech sector alone raised over \$340M.
5. “One Country, Two Systems” arrangement – The “One Country, Two Systems” arrangement of the 1984 Sino-British Joint Declaration is an enduring competitive advantage for Hong Kong. It is important to the development of content, media, big data, cloud computing and Internet of Things startups. Hong Kong has the free flow of information with no censorship on content transmission and provides a congenial environment for the development of web-based businesses.
6. Sound legal system – a robust rule of law and intellectual property rights protection system is a defining attribute of Hong Kong. It ensures a level playing field for all. Civil rights and private ownership of property are protected by law. Contracts, intellectual property and personal data are resolved in a fair and legal manner through our independent Judiciary, which is guaranteed by the Basic Law, Hong Kong’s Constitution. In Hong Kong, you have a layer of protection and legal buffer to protect your intellectual property and get your business up and rolling in the international community.
7. Hong Kong Closer Economic Partnership Arrangement (CEPA) – Capitalising on the advantages under “One Country, Two Systems”, CEPA enables easier access to the Mainland China market for Hong Kong-made products and Hong Kong-based service companies. The liberalisation measures under CEPA also apply to foreign companies with business establishment in Hong Kong.
8. The Hong Kong FinTech Week, the annual flagship fintech event in Hong Kong. In 2020, it went 100% virtual and drew in over 1.2 million viewers from over 130 economies, a record in its 5 years history. For Fintech

companies, the Hong Kong FinTech Week 2021 will be held on 1-5 November 2021. (www.fintechweek.hk/)

9. Hong Kong attracts startup talent from diverse industries and naturally there are certain types of startups that gravitate to Hong Kong to leverage its unique offerings, for example fintech startups choose Hong Kong as an obvious destination due to its deep financial services industry. Biosciences, cyber security, analytics, deep tech and semi-conductor startups are also attracted to set up in Hong Kong.
10. The Hong Kong stock exchange is ranked the fourth-largest stock market in the world and brings opportunities for those starting out as well as for those who are more experienced. Additionally, Hong Kong is active in the SPACs market with 4 companies doing a SPAC in Hong Kong within the coming months.
11. Infrastructure – The Hong Kong Science and Technology Parks Corporation (HKSTPC): The HKSTPC was established in May 2001 to provide one-stop infrastructural and other support services to technology-based companies and activities. Currently in Hong Kong there are 110 private-sector co-working spaces, incubators and accelerators that support over 3300 startups located in Hong Kong.
12. Technology Talent Admission Scheme – Hong Kong is a diverse community and home to many expat communities that foster inclusive and vibrant startup ecosystem attracting worldwide ICT Talents. The Government rolled out the Technology Talent Admission Scheme in June 2018 to provide a fast-track arrangement for the admission of overseas and Mainland technology talent to undertake R&D work in Hong Kong.
13. Innovation and Technology Fund (ITF): The Government set up the ITF in 1999 with an injection of HK\$5B to support projects that help industries develop innovative ideas and upgrade their technological level. Three injections amounting to a total of HK\$9B were made in the past years.

All these factors and more have attributed to Hong Kong's competitive edge and helped cement its place as one of the top startup ecosystems in the world.

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