

GROWTH

# Start-ups 'can use Greater Bay Area to launch globally'

**Its 70 million potential customers are a perfect market for HK firms to grow, if restrictions ease**

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The "Greater Bay Area" scheme could help Hong Kong start-ups and companies to go global, but it would only work if restrictions were eased further, experts said.

Chan Ka-keung, the former Secretary for Financial Services and the Treasury and now a senior adviser to home-grown online lender WeLab, said in an interview that because of Hong Kong's limited scope given its population of 7 million, it is imperative that the city's start-ups tap the Greater Bay Area market of 70 million.

"If start-ups in Hong Kong could enter the Greater Bay Area, they can then build up scale and size that are big enough to enter other overseas markets," said Chan. "Without scale, it is very hard for them to enter other markets. This is why the Greater Bay Area is so important."

The Greater Bay Area refers to the central government's plan to link Hong Kong and Macau with the southern cities of Guangzhou, Shenzhen, Zhuhai, Foshan, Zhongshan, Dongguan, Huizhou, Jiangmen and Zhaoqing into an integrated economic and business hub, rivalling Silicon Valley.

To boost Hong Kong's technology and innovation development, Chief Executive Carrie Lam Cheng Yuet-ngor said in September last year that her government would set aside HK\$28 billion for research and development in universities and re-industrialisation for innovation and technology.

This was in addition to the HK\$50 billion that Hong Kong's Financial Secretary Paul Chan Mo-po earmarked in his budget for 2018-2019.

Another HK\$10 billion was allocated for the sector in the budget a year earlier.

Chan Ka-keung suggested the city should also tap start-ups from the mainland and overseas.

"Hong Kong is a strong brand as it has sound regulations and a talent pool. Start-ups in the Greater Bay Area can use Hong Kong as a gateway for global expansion, while international firms can come here to enter China," he said.

Chan cited WeLab as an example of how a Hong Kong start-up has used the Greater Bay Area market to grow in size and scale.

The company, co-founded by former banker Simon Loong Pui-chi in 2013, started as an online money lender in Hong Kong. It then expanded into the Greater Bay Area with a partner and now offers financial services to over 30 million customers in Hong Kong and China.

Last September, the company entered Indonesia through a joint venture with conglomerate Astra International.

Astra WeLab Digital Arta offers mobile lending products to retail consumers and fintech solutions to enterprise customers in the Southeast Asian country.

But members of the financial community said that hardly any Hong Kong firms have enjoyed the benefits of the Greater Bay Area market as it has not yet fully opened up.

Hong Kong-based banks, insurance firms and brokers want Beijing to lower capital requirements to make it easier to set up companies in China.

Other professionals want to be allowed a wider scope for doing business and better tax incentives.

Authorities are looking at tax incentives, similar to those offered by special economic zones on the mainland, to attract more entrepreneurs and hi-tech talent to the area.



**The Greater Bay Area, with its 70 million people, includes the southern city of Guangzhou.** Photo: Alamy