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Hong Kong startups face tighter funding amidst shift to deep tech

Investors are focusing on firms with clear market demand and global potential.

Hong Kong startups face stiffer competition for capital this year as investors increasingly back companies with clearly defined local and international demand, particularly in deep tech, analysts said.

Startups are also shifting from broad consumer services to specialised, technology-driven solutions with measurable commercial value.

“In terms of products and services, they have increasingly gravitated toward deep-tech and cross-border solutions,” **Cherry Yeung**, a senior economist at the Hong Kong Trade Development Council, said in an emailed reply to questions.

Key sectors include financial technology, with roughly 590 firms, followed by information and computer technology with about 530, and biotechnology and healthcare, each hosting more than 300 startups.

Unlike typical software or internet startups, deep tech focuses on solving complex, real-world challenges, such as disease or climate change, through scientific innovations rather than purely business-model changes.

The city’s startup ecosystem grew 11% in 2025 to 5,221 companies from a year earlier, with further expansion projected at 13%–15% this year, **Jayne Chan**, head of startups at Invest Hong Kong (InvestHK), told Hong Kong Business via Zoom.



Investors are prioritising startups with clear market demand and global potential. “Solutions that only target the domestic market may have reduced funding potential,” Lap Man, co-founder and managing partner at Beyond Ventures, said in a separate Zoom call.

Early-stage financing remains a hurdle, with fewer private investors at the seed and angel levels.

“Many Hong Kong investors tend to focus on later-stage opportunities,” Chan said.

Geopolitical risks, including global conflicts, also shape investor behaviour. **Jimmy Ng**, a senior director at Gobi Ventures, Inc., said war in the Middle East might redirect investor focus toward Asia, including Hong Kong, giving founders more bargaining power in a competitive but selective environment.

Deep-tech startups face particular pressure, given the longer development cycles.

“Investors and partners now focus more on technologies with clear differentiation, strong intellectual property, and real clinical or industrial impact,” **Patrick Tang**, CEO at CELLmeric Ltd., said in an emailed reply to questions.

Rosie Chan, CEO at JAPJAP Zero Waste Ltd., added that fundraising has become more challenging with more disciplined and selective investors.

“Startups need to demonstrate stronger execution and realistic growth strategies,” she said in a separate email.

The government is seeking to ease funding constraints through accelerators, co-investment funds, and research commercialisation programs.



The 2026–2027 budget includes a government-backed artificial intelligence (AI) research and development institute and a \$10b industry-oriented fund to channel capital into AI, life and health technology, and robotics.

Initiatives include a pilot accelerator programme for tech startups, offering as much as \$30m in matching subsidies, and a \$2b state venture fund, which has invested \$510m in local startups, helping attract roughly \$5.1b in private investment.

University spin-offs get as much as \$1.5m per year for six years through a government-supported technology startup support programme.

Growth industries

Several sectors are expected to see strong growth in 2026. Healthcare and medical technology companies benefit from Hong Kong’s 2018 listing rules allowing pre-revenue biotech firms to go public, attracting overseas capital, InvestHK’s Chan said.

Since the rules’ introduction, about 80 biotech companies have been listed in Hong Kong, according to the Hong Kong Exchanges and Clearing Ltd. website.

Emerging areas include cell and gene therapy, AI-enabled healthcare, and advanced biomanufacturing, Tang said.

“In the biomedical sector, technologies that improve the safety and scalability of advanced therapies are gaining increasing attention,” he added.

JAPJAP’s Chan said climate technology and infrastructure solutions are expected to gain more interest. “This includes solutions related to the energy transition, circular economy systems, and environmental infrastructure.”

Meanwhile, hardware and robotics are also gaining interest, particularly within the Hong Kong–Shenzhen ecosystem, Lap added.



Support is also being extended through programmes, such as the ‘Start-up Express’, that help new companies build connections with international investors, Yeung said.

“Early-stage financing is supported by government-backed platforms, including funds under the Hong Kong Science and Technology Parks Corporation and Hong Kong Cyberport Management Co. Ltd.’s (Cyberport) micro fund,” she added.

InvestHK’s Chan added that the agency advises startups on funding, partnerships, and regulatory matters, helping them navigate the competitive landscape.