

Hong Kong – Global Fintech Hub

FintechHK Opportunities for You

18 November 2020

Invest**HK**

OVERVIEW

- **FintechHK Opportunities Overview**
- **Helping you Launch and Expand**

FINTECHHK OPPORTUNITIES OVERVIEW



HK Fintech Ecosystem Today

Hong Kong's Thriving Fintech Ecosystem

STRENGTH



3 fintech unicorns
out of HK's **8** unicorns



600+ fintech companies
with 66% focused on B2B
opportunities⁴



86% traditional banks
adopting fintech⁹



Top 5 ranking among
world's developed markets for
consumer fintech adoption⁶



46% of fintechs at least
three-years old⁴

DEPTH

DEMAND



Hong Kong has

160+ Banks
160+ Insurers
800+ Wealth/asset
managers



8 Virtual
banks
4 Virtual
Insurers

SUPPLY



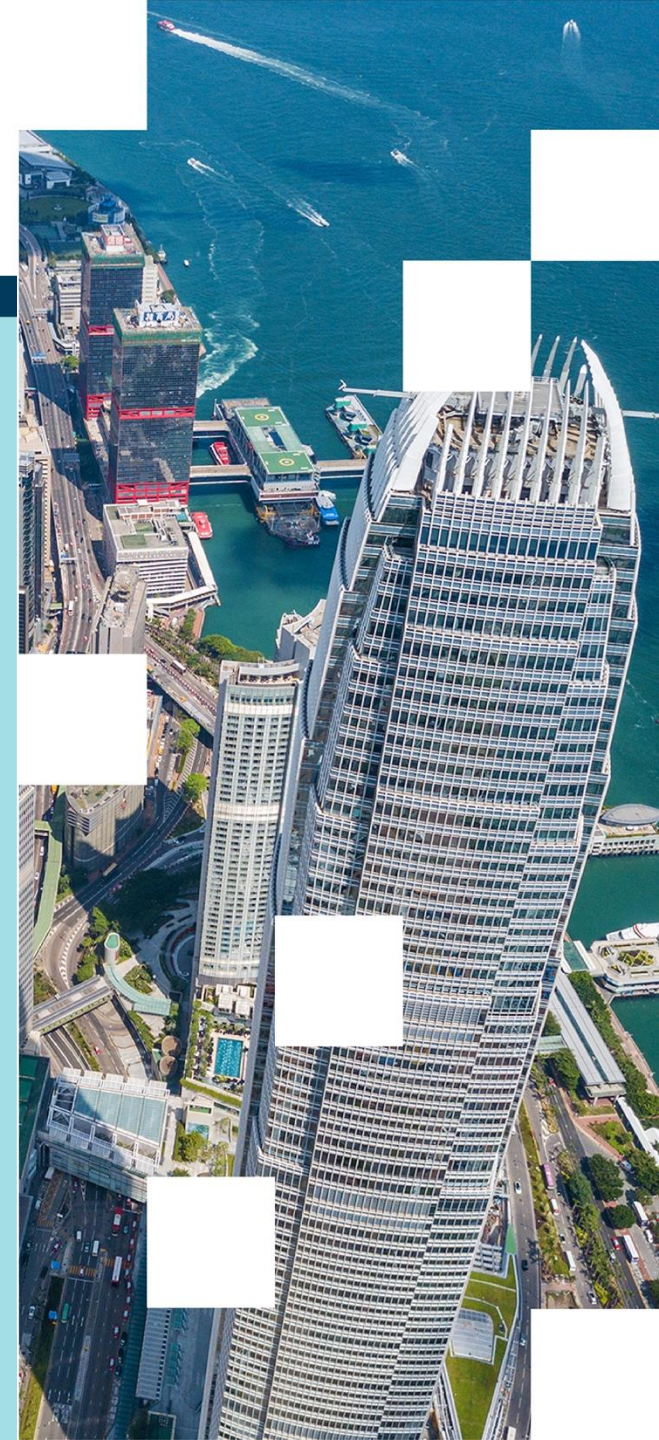
Top 2
RegTech and
Blockchain the
two fastest
growing categories
in 2019, followed
by InsurTech,
WealthTech and
Digital Assets⁴



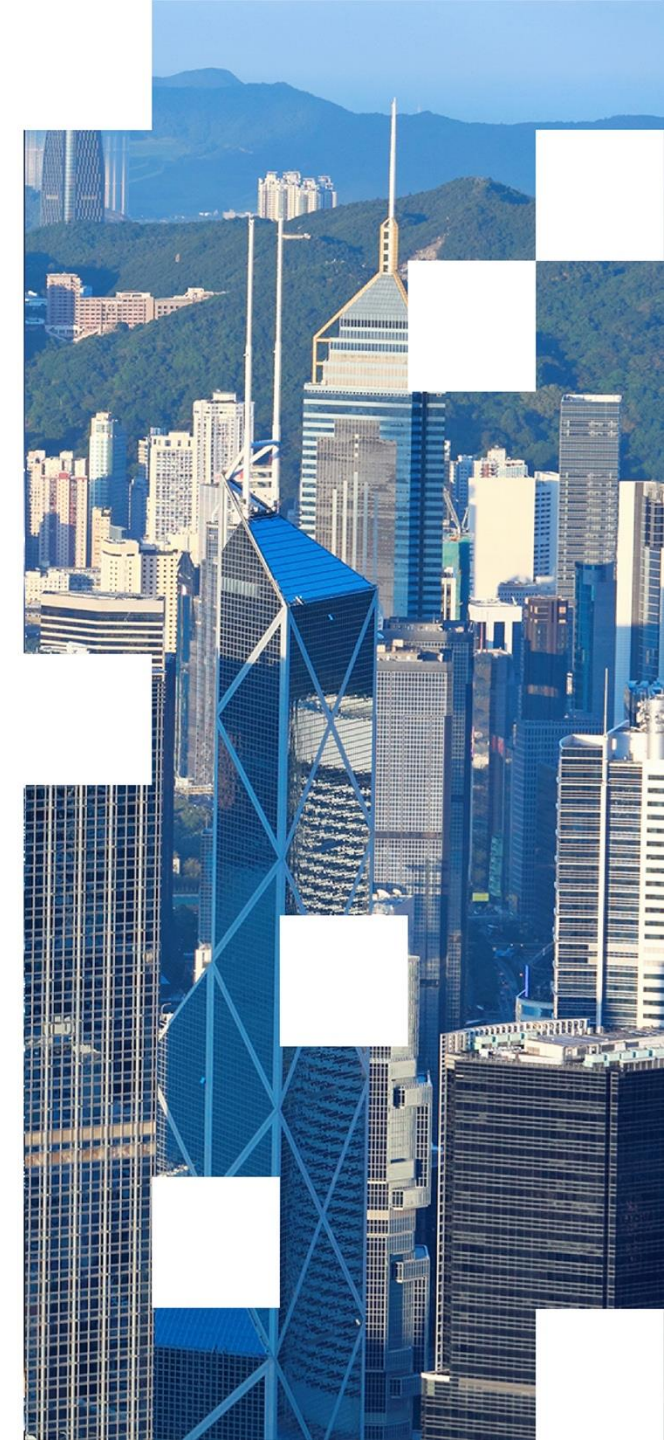
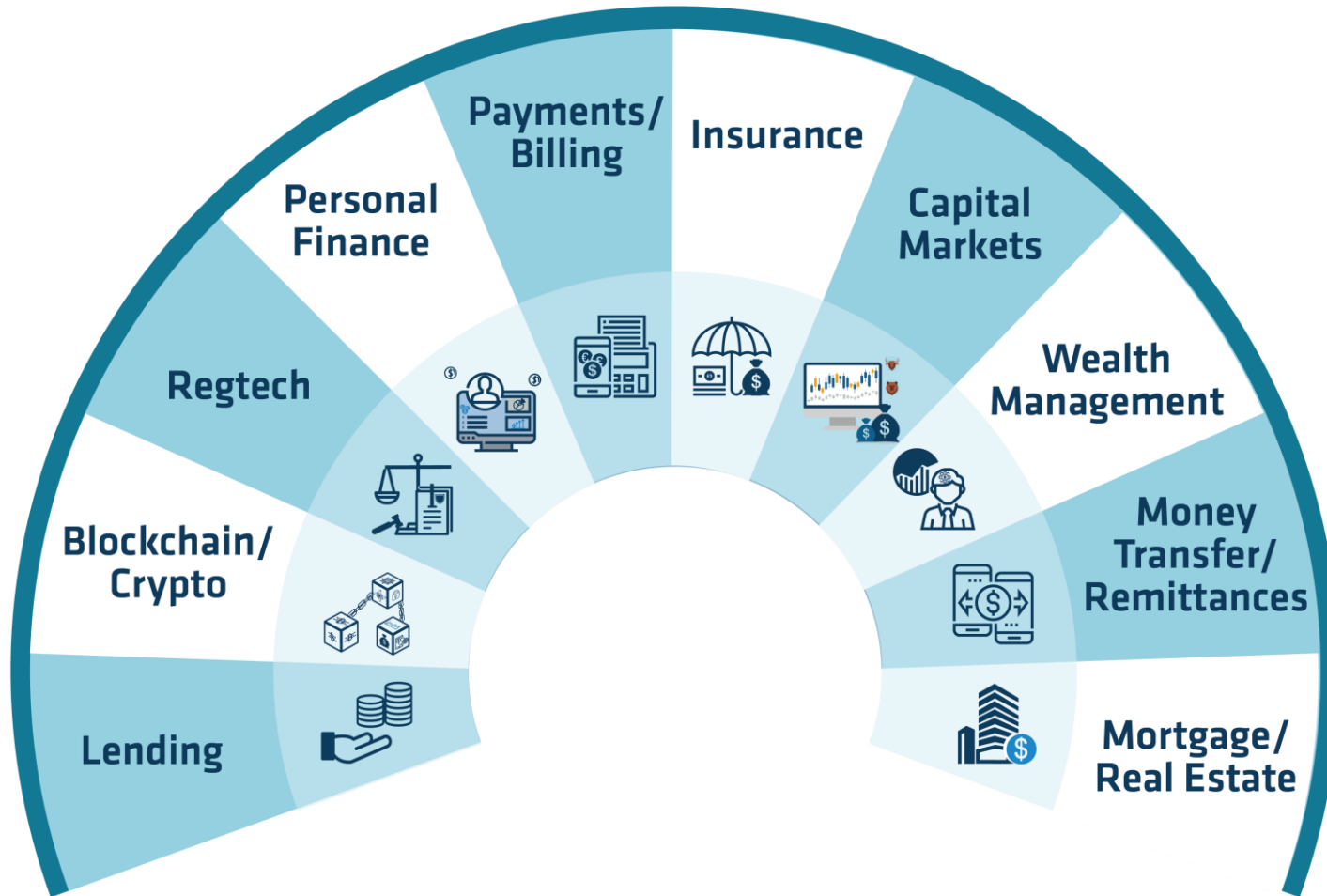
44% fintech founders
from overseas⁴



56% founders from
Mainland China
and Hong Kong⁴



Key Fintech Segments Served by InvestHK



6 Success Factors For Powering FintechHK Forward



**Rich
Financial
Service
Opportunities**



**Access to GBA
and ASEAN
market via HK**



Funding Sources



**Progressive
Regulatory
Regimes**



**Professional
Talent Base**



**Low & Simple
Tax System**



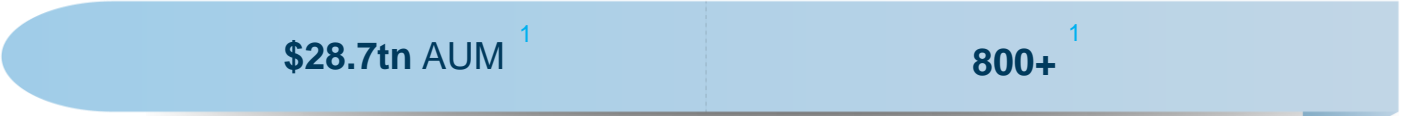
Rich Financial Services Opportunities in HK



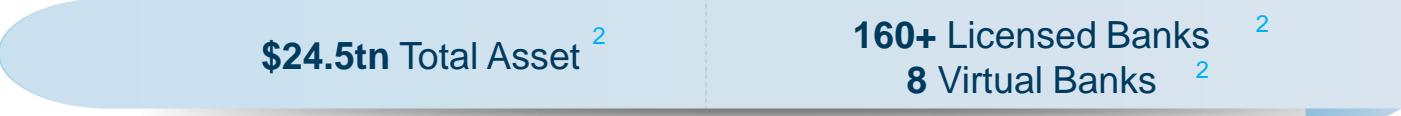
Asset & Wealth Management

Market Stats (HKD)

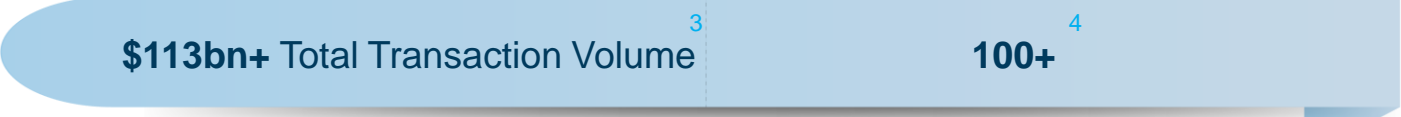
Firms



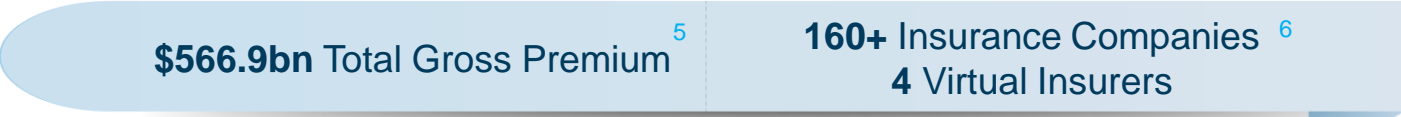
Banking



Digital Payment



Insurance



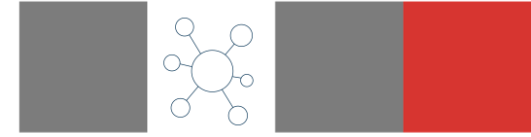
SMEs



1. Asset and Wealth Management Activities Survey 2019, Securities and Futures Commission (SFC)
 2. 2019 Annual Report, Hong Kong Monetary Authority
 3. Statista, Inc., 2019

4. PayDollar, 2020
 5. Insurance Authority, 2019
 6. Insurance Authority, 2020
 7. Trade and Industry Department, 2020

Opportunities for Fintech in Greater Bay Area (GBA)



◎

A **fast growing market** for Fintech companies to **scale** their expertise and know-how.

◎

A **gateway** for Mainland Fintech companies to go global and global companies to enter the Mainland market.

◎

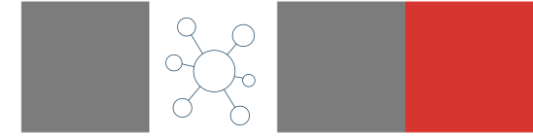
A **platform for integration** Between the professional Financial knowledge and Software technologies.

◎

A **test market** for new products and services.

Source : CBRE Research

Access to ASEAN markets via HK



Trade in Goods

Goods of HK origin at zero or reduced tariffs



Investment Protection

Fair treatment and enhanced protection



Trade in Services

Fewer restrictions on HK service providers ¹



Entry for Business Persons

HK businessmen stay up to 90 days ²

Free Trade Agreement with the Association of Southeast Asian Nations (ASEAN): https://www.tid.gov.hk/english/ita/fta/hkasean/text_agreement.html

1: as far as many sectors in individual economies are concerned

2: as far as individual economies are concerned

Deep Funding Sources – HK Government Funding Schemes Relevant to Fintech



| | | | | | | | |
|-------------------|---------------------------|---|--|--|---|--|--|
| Beginning Stage | Company Set-up | <ul style="list-style-type: none"> ▪ Waiver of Business Registration Fee / Annual Return Filing Fees | | | | | |
| Grow | R&D | Enterprise Support Scheme (ESS) up to HK\$10M /project <ul style="list-style-type: none"> ▪ For R&D projects ▪ Max. Project Duration: 24 months ▪ On a 1:1 matching basis ▪ You own IP | Partnership Research Program (PRP) up to 50% project cost <ul style="list-style-type: none"> ▪ Working with R&D centres, local universities and other designated local public research institutes ▪ You own IP | Technology Start-up Support Scheme for Universities (TSSSU) up to HK\$1.5M /year <ul style="list-style-type: none"> ▪ For start-up consisting of students/professors of 6 universities in HK ▪ Max. subsidized period: 3 years | Enhanced Tax Deduction for R&D Expenditure 300% for first \$2M 200% for remaining <ul style="list-style-type: none"> ▪ Qualifying R&D expenditure incurring cost of in-house R&D activities and payment made to designated local research institutions | R&D Cash Rebate Scheme up to 40% of R&D expenditure <ul style="list-style-type: none"> ▪ For ITF projects and projects funded by companies and conducted by designated local public research institutes | |
| | | TechTAS / QMAS Fast-track arrangement to admit technology talent to undertake R&D work | Research Talent Hub (RTH) Subsidies up to HK\$32,000 /Month /Talent <ul style="list-style-type: none"> ▪ Up to 4 research talents ▪ Amount subject to the qualification of the talent ▪ Max. engagement period per researcher talent: 36 months | Fintech Anti-epidemic Scheme for Talent Development (FAST) HK\$10,000 /Month For New Fintech Hire <ul style="list-style-type: none"> ▪ 1 new hire for each company ▪ Max. subsidized period: 12 months | Financial Industry Recruitment Scheme for Tomorrow (FIRST) HK\$10,000 /Month For New Hire(s) by Licensed Employers <ul style="list-style-type: none"> ▪ Up to 25 new hires per company ▪ Max. subsidized period: 12 months | | |
| Scale-Up | Hiring | Technology Voucher Programme (TVP) up to HK\$600K <ul style="list-style-type: none"> ▪ Supports local non-listed enterprises in using Technological Services & Solutions on a 3 (Government) : 1 (Enterprise) matching basis | | Innovation and Technology Venture Fund (ITVF) HK\$2B Fund Size <ul style="list-style-type: none"> ▪ Specific for Technology Start-Ups ▪ 1 (Government) : 2 (VC fund) matching ratio ▪ Lower of (1) 40% Total Investment Amount sought by the start-up or (2) \$30M Per Deal | | SME Financing Guarantee Scheme up to 100% Loan Guarantee <ul style="list-style-type: none"> ▪ Max. Repayment Period: 60 months ▪ Max. Facility Amount Per Borrower: Total amount of the lower of (a) wages and (b) rents for 12 months, or HK\$5 million | |
| | | Business Development | Dedicated Fund on Branding, Upgrading and Domestic Sales (BUD Fund) up to HK\$4M BUD Funding <ul style="list-style-type: none"> ▪ For Mainland China and FTA market (including ASEAN) ▪ Up to 40 projects per company ▪ Each project up to HK\$1M ▪ Initial payment up to 75% of the total approved government funding. | | SME Export Marketing Fund (EMF) up to HK\$800K <ul style="list-style-type: none"> ▪ To assist SMEs expand markets outside HK through funding support for their participation in export promotion activities | | |
| Further Expansion | Overseas Expansion | Fundraising | | Fundraising | | Fundraising | |
| | | Fundraising | | Fundraising | | Fundraising | |

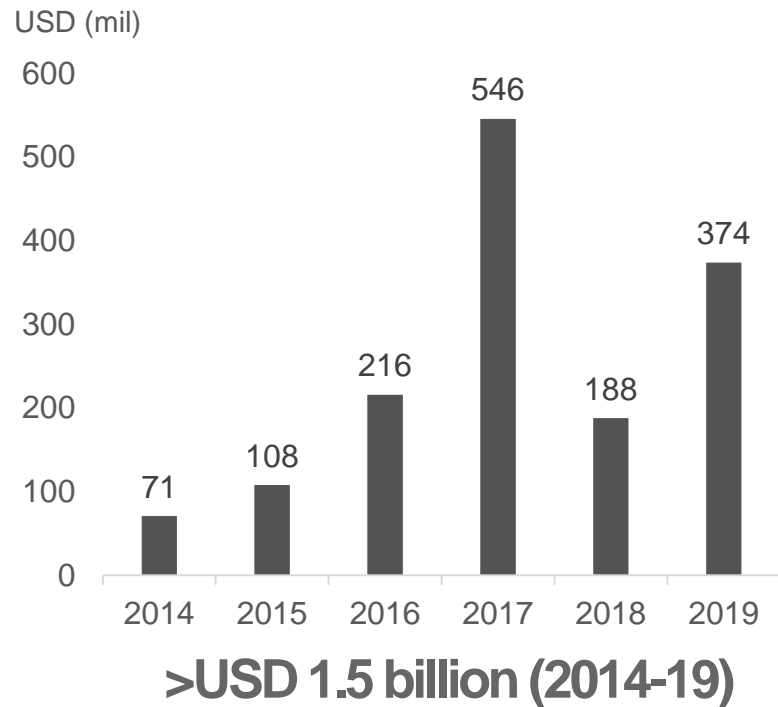
※ All of the above-listed schemes are subject to approval by the Hong Kong Government Department(s)/Organization(s) in-charge.

Funding Sources – Private Capital



Venture Capital Investment

Venture Capital investments into Fintech companies in Hong Kong (2014-2019)



Source: Accenture (2020)

IPO Fund Raising

#1

Over 7 of past 11 years, HK ranked #1 in total IPO fund raised

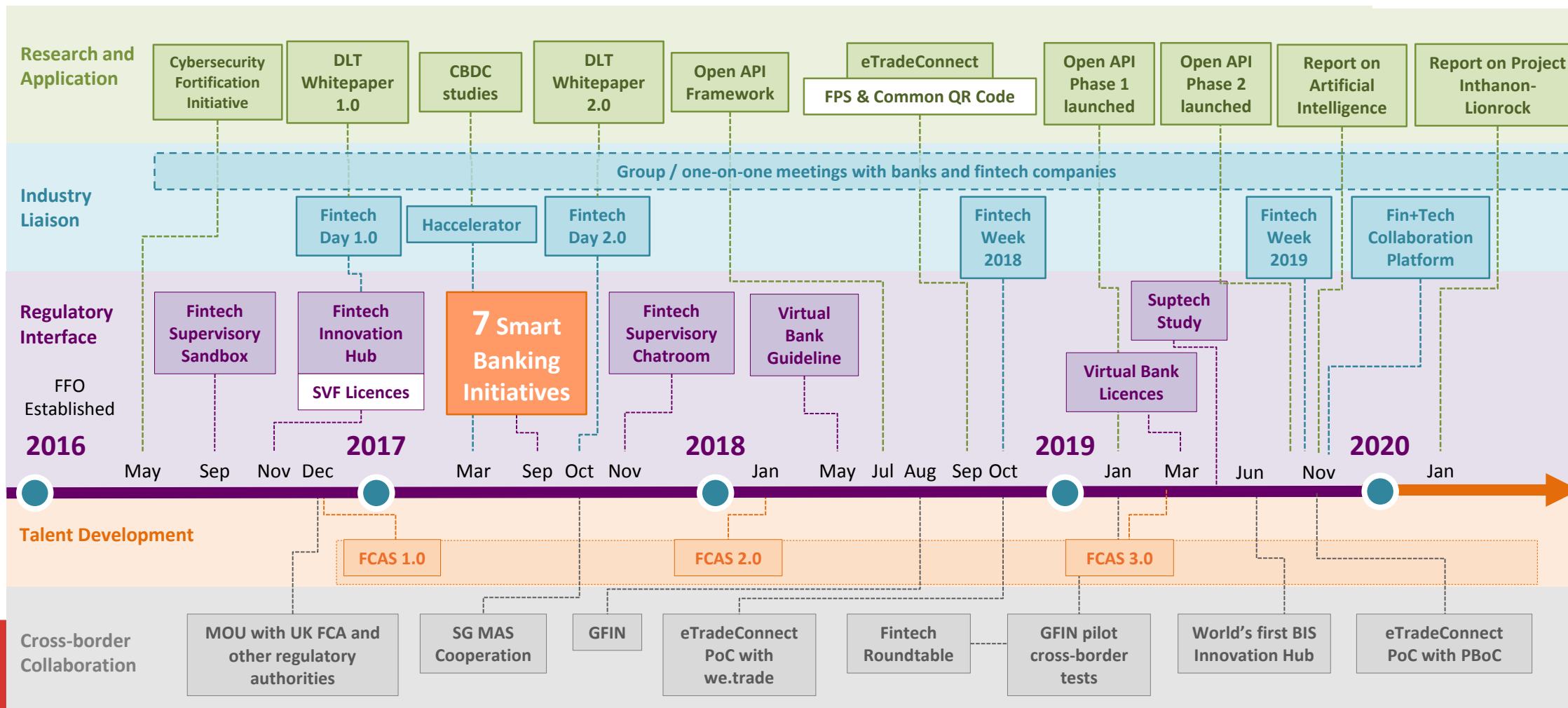
Source: * HKEX, IPO Express

Progressive Regulatory Regimes



HONG KONG MONETARY AUTHORITY
香港金融管理局

HKMA's Fintech Initiatives since 2016



Source: HKMA (Apr 2020)

HK's Deep Professional & Financial Services Talent Base



Accounting and Audit

45,000+ Chartered Accountants ¹



Asset & Wealth Management

45,000+ Registered Professionals ²



Banking

100,000+ Professionals ³



Insurance

123,000+ Registered Professionals ⁴



Legal Services

13,000+ Practicing Lawyers and Barristers ⁵

1. The Hong Kong Institute of Certified Public Accountants, 2019

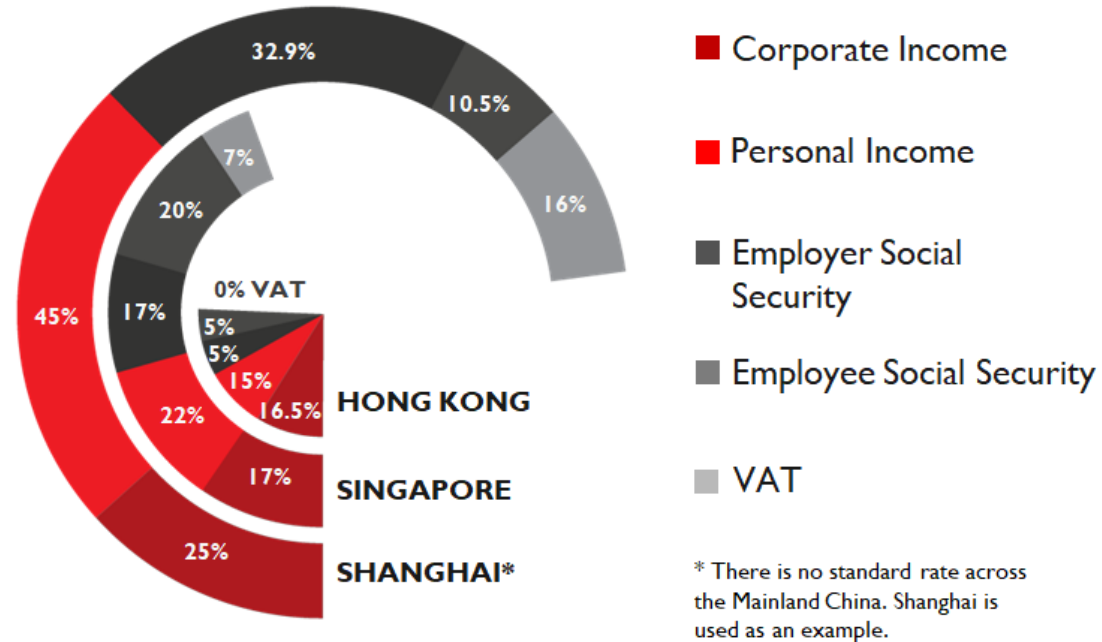
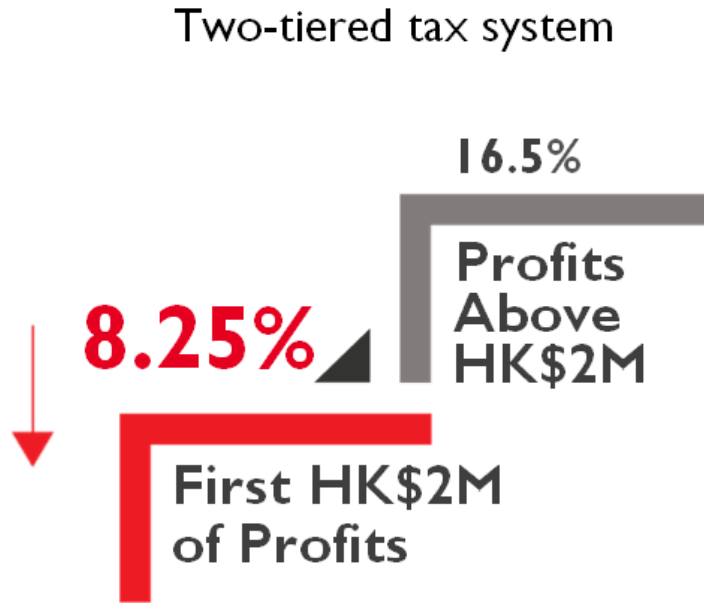
2. Securities and Future Commission, 2019

3. Census and Statistics Department, 2019

4. Insurance Authority, 2020

5. Hong Kong Law Society, 2020

Low & Simple Tax System – A Signature of HK



-  ~~X~~ VAT/GST/Sales tax
- ~~X~~ Capital Gains Tax
- ~~X~~ Withholding tax on investments
- ~~X~~ Estate duty
- ~~X~~ Global taxation
- ~~X~~ Wine duty



Hong Kong has signed Comprehensive Double Taxation Agreements (CDTAs) with **40** jurisdictions.



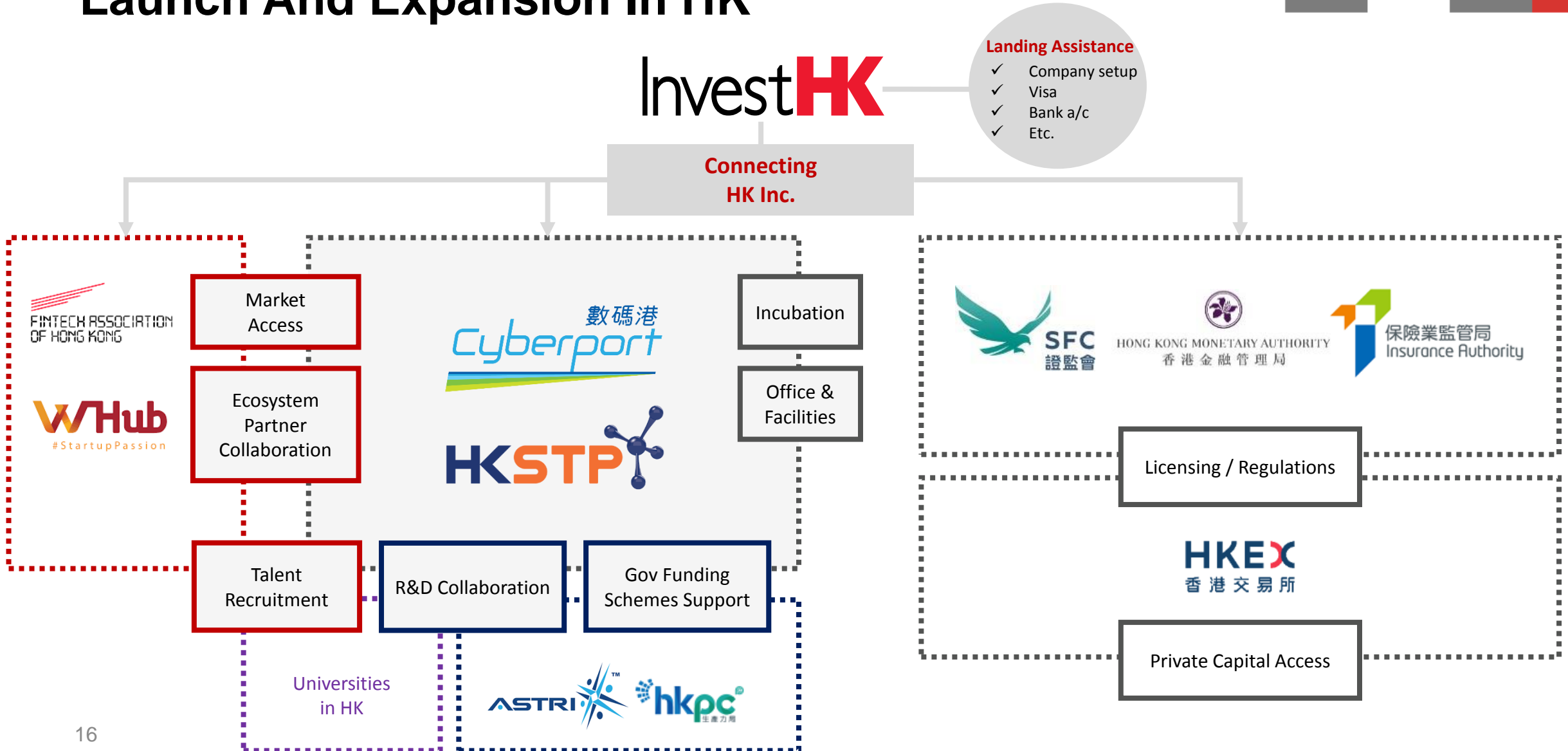
Negotiations with **13** jurisdictions are in progress.

(as of Feb 2019)

A woman with long hair, wearing a light-colored long-sleeved top and dark pants, stands on a balcony with her arms outstretched. She is facing away from the camera, looking out over a cityscape at sunset. The sun is low on the horizon, creating a warm, golden glow. The city buildings in the background are silhouetted against the bright sky. The balcony has a dark metal railing.

HELPING YOU LAUNCH AND EXPAND

Key 'HK Inc' Partners To Help Facilitate Your Launch And Expansion In HK



Immediate Next Steps



To get you going with your business expansion plan in Hong Kong, Mainland China, Asia and beyond!

1. Your 1st Point of Contact
 - Contact InvestHK as we offer one stop services to help you set up in Hong Kong (*see contact info on the next page*)
2. Understanding Your Needs
 - Our designated specialist will further understand your needs
3. Facilitation
 - Our specialist will provide you with the necessary info, incl. connecting you with the right party(s) to address your needs

Our Worldwide Network








Contact InvestHK

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