

Digital Marketing & Multimedia

“ In Hong Kong, you always feel this relentless push to move ahead. This is a very high-energy city. Hong Kong companies are brave and they are keen to be the first to try new things. ”

Win Mak, CEO of Mirum Hong Kong

Hong Kong Advantages and Opportunities

The robust growth of the internet and mobile economy in Asia has led to an upsurge in demand for digital marketing and multimedia services in Hong Kong. Centrally located in Asia, Hong Kong is the ideal platform for international marketers to access the market, develop partnership and build network in the Asia-Pacific region.

Marketing Services Capital in Asia

- Hong Kong continues to attract a growing number of international and Mainland Chinese companies to set up their regional headquarters and offices. Marketing companies are able to work closely with the key decision makers to formulate and implement strategies for Asia Pacific market.
- With increasing number of Mainland Chinese companies going global through setting up business entities and raising funds in Hong Kong, the demand for professional and marketing services in Hong Kong has been growing.
- Hong Kong had the highest media advertising spending among ASEAN countries (eMarketer 2017). Mobile Internet advertising in Hong Kong is forecasted to grow at a CAGR of 17.5 percent to reach US\$587 million by 2019, surpassing paid search. Mobile video Internet advertising revenue will be the fastest growing sub-sector over the next five years, projected to rise at a CAGR of 29.2 percent (PwCHK 2017).
- There are rich supply of talents who are multi-cultural and multi-lingual, with competency to manage marketing campaigns on both Western and Chinese social media platforms.
- Hong Kong offers some of Asia's largest trade shows and conferences throughout the year. Best opportunities to showcase the company and build relationships with international and local businesses.

Leading Consumer Market

- Hong Kong is a free port without sales tax, VAT, and import/export tariff for general merchandises. This incentivises free flow of goods and information, making Hong Kong a leading retail capital in the world.
- Hong Kong is Asia's trendsetter. Traders in Hong Kong service a local population of 7.3 million and overseas visitors of more than 58 million with 76 percent coming from Mainland China (HKTB 2017). Located at the doorstep of China, the largest e-commerce and consumer market in the world, Hong Kong is the ideal gateway for the Chinese market.

Opportunities in Asia Pacific

Asia Pacific - the Main Engine of Global Ad Spend Growth

- The Asia-Pacific region is forecast to be the leading contributor to global ad spend growth in 2018, contributing 39.7 percent, US\$8.1 billion, of the total global increase, led by markets like China, Japan, India and the Philippines (Dentsu Aegis Network 2018).
- Digital advertising continues to be the main driver of growth in Asia Pacific. By 2022, Magna forecasts digital ad spend to have increased to US\$107 billion (Digital Market Asia 2017).

China - the Largest Advertising Market in Asia Pacific

- China is the world's second largest advertising market after the US and the largest in Asia-Pacific region, with US\$62 billion of advertising sales expected in 2017 (Magna Global 2017).
- Overall digital ad spend in China was estimated to reach \$50.31 billion in 2017 – of which 72 percent will go to mobile channels. Baidu, Alibaba and Tencent will continue to dominate the digital ad market in China (eMarketer 2017).

World-class Connectivity

- Mobile subscriber penetration rate over 247 percent and household broadband penetration rate over 92 percent (OFCA 2017).
- Internet connection speed in Hong Kong is the 4th fastest in the world, with average peak Internet connection speed at 129.5 Mbps and average Internet connection speed at 21.9 Mbps (OGCIO 2017).



“ We have fantastic people here as there is such a sophisticated creative industry in Hong Kong. Our team is majority Hong Kong born and raised, multi-cultural and well-trained professionals. The diversity from Hong Kong is what gives us the global edge.”

**Devin Ehrig, Co-founder
Shadow Factory**



The Perfect Launch Pad for Creative and Technology Business

Deep talent pool, dynamic market, mature IT and legal infrastructure make Hong Kong the global headquarters for VR company Shadow Factory

Shadow Factory is a full-stack creative media production studio specialising in providing story-driven immersive experience solution for commercial customers, including virtual, augmented, and mixed reality production. Since its inception in 2016, the company has experienced rapid growth and is now a medium-sized agency comprising creative and technology professionals in Hong Kong. Centrally located in Asia, the company serves a portfolio of international clients based in Hong Kong, Macau, North America and Japan ranging from entertainment and retail to industrial industries.

“Hong Kong is an ideal location where one can comfortably reach entertainment and industrial markets regionally in Asia as well as global brands and corporates, all from the same place. With such market dynamic, together with other perks such as high-speed internet and mature legal and IP infrastructure, Hong Kong offers a unique opportunity for us,” said Devin Ehrig, Co-founder.

Coming from film and animation background in the US and seeing VR as one of the most powerful medium of audience engagement, the founders realised that Hong Kong is the perfect launch pad for their VR business, and decided to make the city their global headquarters.

“Hong Kong is where we started,” he added, “we have fantastic people here as there is such a sophisticated creative industry in Hong Kong. Our team is majority Hong Kong born and raised, multi-cultural and well-trained professionals. The diversity from Hong Kong is what gives us the global edge.”

Thanks to Hong Kong’s deep talent pool, Shadow Factory has formed a winning business model and a unique, high-performing team structure with creative, technology and business development specialists.

Ehrig also believes that the fast-growing gaming industry in Hong Kong has created ample opportunities. “Industry associations and relevant organisations are driving diversity in the sector and raising awareness about the prospects of these unexplored markets present including career opportunities for Hong Kong youth. It has never been a better time to involve in interactive content development in Hong Kong,” Ehrig remarked.

In less than two years since its inception, the company has grown from four staff to a team of 24, with functions such as creative design, technical production, as well as sales and marketing, and expects to increase up to 40 staff by end of this year. With their upcoming Series B round funding, Ehrig said that Shadow Factory will continue to maintain its productions in Hong Kong while forming a new team in Canada. As the team expands, they are also looking to reaching out to South East Asian market.

Shadow Factory

- Established in 2016 and headquartered in Hong Kong
 - A creative media production studio specialising in providing story-driven immersive experience solution for commercial customers
 - All immersive content and technology development are produced in Hong Kong
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shadowfactory.io

AI-Based Technology Company Seizes Potential Growth in Hong Kong and Beyond

Aiming to empower businesses and professionals with a suite of AI-based SaaS solutions, AnyMind Group's goal is to help companies make better decisions and increase efficiency.



In just two years, AnyMind Group has evolved from a two-man startup in Singapore to an organisation with 11 offices and one product development center across 10 markets in the Asia Pacific region. The Group has three business divisions in Hong Kong - AdAsia Holdings, CastingAsia and TalentMind. The first two divisions provide influencer marketing, programmatic and digital advertising solutions for advertisers and publishers. Through the usage of Artificial Intelligent (AI) technology, the varied solutions enable companies to optimise, track and analyse advertising performance, site monetisation and influencer marketing activities. Besides marketing solutions, TalentMind leverages on artificial intelligence to enable recruiters and human resource professionals to streamline recruitment

process and workflow. AnyMind Group serves a diverse portfolio of clients in Hong Kong, including F&B, finance, consumer brands and others.

"Hong Kong is one of the most popular cities in Asia for international business and one of the world's top IPO markets with a compelling listing and fundraising venue in Asia," Kosuke Sogo, CEO and Co-founder explained why they decided to setup an office in Hong Kong.

"Our Hong Kong office well complements AnyMind Group's presence in Taipei, Shanghai and Tokyo. Many of our clients have regional headquarters in Hong Kong, therefore having a team on the ground helps us better support them. Since our Hong Kong office opened in May last year, we have been performing very well and hitting our revenue targets," he added.

Gateway to Mainland China

While Mainland China presents enormous opportunities to foreign investors, AnyMind Group is aware of its uniqueness and complication, and the Hong Kong team can help the group to better understand how business operates in this huge market. "For example, Mainland China's social media market is vastly different from the West. Our team in Hong Kong is able to devise strategies that fit respective markets as the team is familiar with both East and West cultures and practices. In addition, our Hong Kong team works closely with our Shanghai team to bring regional insights to Chinese enterprises looking to expand into other Asian markets," Otohiko Kozutsumi, COO and Co-founder, added.

Besides local sales and marketing activities, the Hong Kong office also handles some of the regional functions units in East Asia, including finance, communications and human resources. The team in Hong Kong is still expanding and the group has plans to open four new offices in the Philippines, UAE, India and Russia.

Invest Hong Kong has been offering support to AnyMind Group, helping them to understand the latest market development, government initiatives and expand their network in the city.

AnyMind Group

- Headquartered in Singapore with 11 offices and one product centre in the APAC region
- AdAsia Holdings, CastingAsia and TalentMind are the three business divisions in Hong Kong providing AI-driven matching engine and end-to-end SaaS solutions

anymindgroup.com

“Our team in Hong Kong is able to devise strategies that fit respective markets as the team is familiar with both East and West cultures and practices.”

Otohiko Kozutsumi
COO and Co-founder
AnyMind Group

Highlight of Tax & Funding Initiatives

- The HKSAR Government has implemented a two-tiered profits tax rates regime. Under the regime, the profits tax rate for the first HK\$2 million of profits of corporations is lowered to 8.25 percent, the remaining at the existing 16.5 percent.
- To encourage R&D in Hong Kong, enterprises will be offered a 300 percent tax deduction for the first HK\$2 million qualifying R&D expenditure, and a 200 percent deduction for the remainder.
- **Cyberport Funding & Incubation Programmes** – Cyberport offers seed to Series A funding and incubation programmes with financial assistance for innovative digital entrepreneurs https://www.cyberport.hk/en/about_cyberport/cyberport_entrepreneurs/cyberport_incubation_programme
- **Hong Kong Science & Technology Parks Funding & Incubation Programmes** – HKSTP offers seed to Series A funding and incubation programmes for startups involved in web and mobile technology, etc. <https://www.hkstp.org/en/services/incubation/incubation-programmes/>
- **Technology Voucher Programme** – a funding scheme to subsidise SMEs in using technological services and solutions to improve productivity, upgrade or transform business processes. <https://www.itf.gov.hk/l-eng/TVP.asp>
- **New Technology Training Scheme** – a funding scheme to support enterprises that wish to have their staff trained in a new technology. <http://www.itc.gov.hk/en/funding/ntts.htm>
- **BUD Fund** – a dedicated fund provided on a matching basis to help private enterprises develop brands, upgrade and restructure their business operations and promote sales in the Mainland China market. <http://www.bud.hkpc.org/en>
- **SME Export Marketing Fund** – a funding scheme to subsidise SMEs' participation in export marketing activities targeted at markets outside Hong Kong. https://www.smefund.tid.gov.hk/english/emf/emf_objective.html

Useful Links

Create Hong Kong
www.createhk.gov.hk

Hong Kong Design Centre
www.hkdesigncentre.org

Hong Kong Wireless Technology Industry Association
<http://wtiahk.org/>

Hong Kong Advertisers Association
www.hk2a.com

Hong Kong Digital Entertainment Association
www.hkdea.org

IAB Hong Kong powered by HKDMA
www.iabhongkong.com

Hong Kong Association of Interactive Marketing
www.hkaim.org

Hong Kong Institute of Marketing
www.hkim.org.hk

The Association of Accredited Advertising Agencies of Hong Kong
<http://aaaa.com.hk>

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Invest Hong Kong is the department of the Hong Kong Special Administrative Region (HKSAR) Government responsible for attracting foreign direct investment, supporting overseas and Mainland businesses to set up and expand in Hong Kong. We partner with clients on a long-term basis and are available at any stage of their business development process.

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