

Hong Kong

A global financial hub of the past, present and future

This year marks the 25th anniversary of the British handover of Hong Kong to China, during which time the financial and political ties between Hong Kong and Mainland China have grown steadily, while the city has continued to draw in international talent and serve as a global financial hub.

Over the decades Hong Kong has attracted major global firms and top financial talent, with its free flow of global capital and trusted legal system. “Hong Kong is the world’s leading international financial center. The Hong Kong stock market has changed from a regional financial center for mainly Greater China clients, to a global financial center attracting global clients,” says Leaf Hua Li, Chairman and CEO of Futu Holdings, the city’s leading retail brokerage firm.

Even so, the coronavirus pandemic has been a challenging time for Hong Kong, which imposed some of the strictest quarantine measures in the world, in order to keep its population safe and reduce infection rates. This had a significant impact on tourism, and led to tens of thousands of Western professionals leaving the city for places like Singapore.

The city is now gearing up for a strong rebound, with quarantine measures lifted significantly in September 2022 and the city welcoming back global visitors and looking to policies that can reaffirm its position as a global hub.

Hong Kong continues to be an international asset management center, with assets under management of approximately HK\$35 trillion, and is the largest hedge fund base in Asia, and the second largest private equity fund base. As of May 2022 there were more than 2,550 listed companies on the Stock Exchange of Hong Kong, with a total market value of nearly HK\$38 trillion.

At the same time, with well-established universities and research institutions, the city has developed a comprehensive ecosystem for technological innovation, especially in industries like artificial intelligence (AI), robotics and bio-tech. Over the past five years the Hong Kong government has spent more



John Lee
Chief Executive of Hong Kong

than HK\$150 billion on supporting the development of technological innovation, which has seen the number of startups grow from 1,500 in 2015 to 4,000 in 2021, including more than ten “unicorn” companies, worth more than US\$1 billion.

Still, more can and will be done. In his first policy address as Hong Kong’s chief executive, after taking office in July 2021, John Lee Ka-chiu announced in October a string of strategies aimed at attracting more mainland and overseas talent to Hong Kong.

He said that the government will launch an Office for Attracting Strategic Enterprises (OASES) to lure firms to Hong Kong with land and tax incentives, with a focus on sectors like financial and health technologies.

Offices will also be established in mainland China and overseas to liaise with the world’s top universities and encourage

graduates to come to the city, he added, with the city planning to introduce a two-year “Top Talent Pass Scheme” that aims to entice talent to pursue careers in Hong Kong. “Apart from actively nurturing and retaining local talents, the government will proactively trawl the world for talents,” Lee said. Hong Kong also plans to introduce “Light Public Housing” to increase affordable housing in the city.

Meanwhile, the city is set to invest heavily in transportation infrastructure, with three major road projects and three strategic railway projects set to go ahead, including the construction of a Northern Metropolis Highway to link Tin Shui Wai and Kwu Tung North and a third tunnel between Tseung Kwan O and Yau Tong. “We will continue to take forward other railway projects in the Northern Metropolis. Kwu Tung Station of the Northern Link will be commissioned in 2027, and the construction works for Hung Shui Kiu Station and the Northern Link Main Line will commence within the current-term of the government,” Lee said in his address.

For those who have seen the city grow over the decades, and know its potential, now feels like an exciting moment for Hong Kong.

“Hong Kong has survived and recovered from major shocks such as the Asian financial crisis, the SARS epidemic and the global financial crisis, demonstrating the city’s resilience,” says Futu Holdings’ Leaf, adding that the city’s function has gradually evolved, from mainly attracting large amounts of foreign investment in the past, to directing China capital to overseas investments and building a better global financial connection. “The city has played an irreplaceable role at every stage, bridging the Chinese mainland and the Western world, and will continue to do so,” he says.

Futu Holdings - Hong Kong's tech-driven broker looks towards another decade of success

Widely celebrated as “Asia’s world city,” Hong Kong is one of the most attractive business and investment destinations in the world. The city houses the world’s leading international financial hub, and its vibrant capital market is one of the most favourable investment markets worldwide, according to a recent Ipsos report. Since the launch of China Connect in 2014, the city has seen a massive increase in demand for brokerage services and a boost to trading activities on its securities market. Hong Kong also boasts the largest hedge fund centre in Asia, with HK\$35 trillion assets under management. As Hong Kong moves away from traditional brokers to becoming a cashless society, the growing popularity of digital banking and online trading platforms is set to revolutionise the market.

One innovator leading Hong Kong’s financial revolution is Futu Holdings, the city’s number one retail brokerage firm. Alongside corporate services and wealth management, Futu offers two easy-to-navigate online trading and investing brands - Futubull (available in Hong Kong) and moomoo (available in Singapore, the USA, and Australia). Each app employs identical cutting-edge technology to give users a seamless investment experience. This year Futu will celebrate its 10th anniversary since being founded as a securities trading system by former founding employee of Tencent, Leaf Hua Li, Futu’s Chairman and CEO, and the company is on a mission to make investing easier and more social. Leaf’s unique background as a senior tech developer and experienced trader has enabled Futu to pioneer the perfect product to meet investor needs.

The company’s market-leading success since receiving its brokerage licence in 2012 has been driven by its innovative ecosystem. Futu connects retail and institutional investors, listed companies, and the media, through its Futu Page, a social media network where companies can interact directly with investors via livestreams and Q&As. As a result, 40% of Hong Kong’s adult population are now Futubull users, and the company boasts a 98% client retention rate across both platforms. Leaf believes this is down to each platform’s interconnective user experience, which he thinks makes for happier and more successful traders. Futu focuses on education and takes steps to improve the financial literacy of its users. “Our large user base, including global individual and institutional investors, and active user engagement has enabled us to establish a unique ecosystem which connects investors and investment targets in primary and secondary markets,” says Leaf.



Leaf Hua Li
CEO

Futu’s rapid technological development and solid innovation background, along with its unmatched customer service DNA, has given the company an enviable competitive edge over its peers, which Leaf attributes to the trust users have in Futu’s platforms. “We have been operating in Hong Kong for the past decade and have always maintained a high level of trust from our customers. That is why we have the largest investor community here,” says Leaf. Led by a highly active CEO who is always reachable in the user community, Futu listens closely to its users and collects user feedback via various channels to ensure prompt feature updates. In the first half of 2022 alone, Futu released 99 versions of its mobile app and desktop clients, adding 3,989 new features, and the company insists on developing all its propriety technology in-house - with around 70% of its staff involved in R&D.

Futu cemented its leadership role in the industry when Futubull became Hong Kong’s first licenced brokerage to fully digitalise the account opening and trading process, following the commission’s new

requirements approving online account opening in 2018. Futu greatly improved user efficiency by reducing the account opening process to less than 5 minutes.

And since being listed on NASDAQ in 2019, Futu has increased its funding and expanded the brand. With total client assets increasing by 12% from Q1 to the end of Q2 this year, and total revenue increasing by 10.8% year-over-year to \$222.6M, the company is maintaining its excellent track record of profitability and growth.

Futu holds 51 licences and qualifications across various major markets, including a hard-to-acquire clearing licence in the USA and a Type 7 licence for providing automated trading services in Hong Kong. Backed by the motherland and facing the world, Futu’s globalisation strategy has seen the company collaborate with 66 world-renowned financial institutions and introduce moomoo to launch its services worldwide. The combined total user base of both platforms has since increased 20% year-over-year to over 19M, and now covers over 200 countries.

On the company’s wealth management side, Futu has provided services and worked with companies such as BlackRock, Morgan Stanley, Abn-Amro, and BNY Mellon Investment Management. On its corporate services side, as of the end of Q2, the company has served 276 IPO and IR clients and 519 employee stock ownership plan clients. In addition, Futu provided IPO underwriting for 12 Hong Kong companies in the first half of 2022, ranking as the number one local securities firm.

Futu considers itself extremely fortunate to have grown with its users over the past decade, and sees the next ten years as a golden opportunity to innovate new products and harness its core strengths for the betterment of its global user base.