



*How to Transform Hong Kong  
into a GreenTech Hub*

October 2023

Spurred by multiple government initiatives Hong Kong aspires to become a leading GreenTech hub in the region driving innovation and sustainable green financing alike. To achieve this goal, the government, businesses, and academia should join forces and implement a set of strategic measures.

Here are seven key actions that we, the Fintech Association of Hong Kong (FTAHK) believe that should be taken to turn Hong Kong into a GreenTech powerhouse.

## **A. LASER FOCUSED FIRST: IDENTIFY SUB-SECTORS FOR EARLY WIN**

To establish credibility and gain momentum, Hong Kong should focus on specific sub-sectors within GreenTech. Areas like electric vehicles (EVs), renewables, and green hydrogen can be initial targets. Leveraging Mainland China's expertise in these sectors, Hong Kong can collaborate with Mainland companies, partnering with local firms to strengthen its GreenTech ecosystem. Playing to its innate strength, as an international financial center, Hong Kong can offer tax breaks and other financial incentives to attract investments in these sub-sectors.

## **B. SHOW ME THE MONEY EARLY: ESTABLISHING FUNDING STRUCTURE**

Early-stage GreenTech companies often struggle to secure funding when their projects are not yet bankable. The government should consider creating funding structures through entities like Cyberport or HK Science Park (HKSTP) to support these companies in their early stages. Blended financing, combining public and private partnerships, can be explored to focus on both project returns and impact. Furthermore, funding "public goods" related to GreenTech, such as innovative EV charging mechanisms (including digital tools, for example those that could locate and book spaces), can help develop the ecosystem and encourage new innovative solutions.

## **C. DOES HK HAVE GREENTECH TALENT? DEVELOP A GREENTECH TALENT POOL**

Attracting and nurturing talent is crucial for building a thriving GreenTech sector. Hong Kong can establish specialized GreenTech courses in universities, offering scholarships for graduate and postgraduate degrees. Short-term courses with partial subsidies can also be provided to existing tech professionals seeking to deepen their understanding of GreenTech. To attract overseas talent, the government can offer specific tax breaks and subsidies to foreign companies

entering the GreenTech sector in Hong Kong, extending the same support to local startups.

#### **D. BALANCING RISK & REWARD: FOSTER A RISK-TAKING MINDSET**

GreenTech's the new kid on the block and requires out-of-the-box thinking and risk-taking to explore new technologies. The government can create an ecosystem that attracts and empowers risk-takers and aspiring GreenTech entrepreneurs. Public-private partnerships that reward entrepreneurs based on outcomes and impact can be established to provide support and encouragement.

#### **E. STRENGTHEN CROSS-SECTOR COLLABORATION**

Collaboration between businesses, government, and academia is essential to address the challenges faced by GreenTech startups, including funding, commercialization, and certification. Stronger cross-sector collaboration should be promoted, facilitating faster business commercialization within the Hong Kong or Greater Bay Area ecosystem. The Green Technology and Finance Development Committee can play a pivotal role in setting up separate workstreams involving business and academia. Collaboration with industry organizations such as the Hong Kong Institute of Construction and Zero Carbon Park should also be encouraged to reduce the risk of failure and accelerate commercialization.

#### **F. EDUCATE: FACILITATE ECOSYSTEM DEVELOPMENT AND KNOWLEDGE SHARING**

Raising awareness of existing GreenTech solutions and sharing best practices are vital for scaling up the ecosystem. Similar to the efforts made by the Hong Kong Green Finance Association, initiatives should be put in place to build capacity and knowledge in GreenTech. This can involve workshops, conferences, and knowledge-sharing platforms to foster collaboration, learning, and innovation.

#### **G. BRIDGEBUILDING FOR COMPLEMENTARY STRENGTHS: LEVERAGING HONG KONG'S SUPER-CONNECTOR ROLE**

Hong Kong's strength as a super connector between Mainland China and the rest of the world can be extended to the GreenTech sector. China's decarbonization goals present significant opportunities for tech solutions, while China itself leads in various GreenTech areas. Hong Kong should act as a bridge, facilitating

collaboration and knowledge exchange between China and the West to meet their decarbonization targets. As an international financial center, Hong Kong can play a crucial role in financing decarbonization initiatives across Asian markets, including those involved in the Belt and Road initiatives. Government trade missions and communications should actively promote the use of Hong Kong financing and GreenTech solutions to support the transition to a zero-carbon economy in these regions.

By implementing these strategies, we firmly believe that Hong Kong will be in a position to be a leading GreenTech hub driving innovation, sustainability, and economic growth in the region.

In October 2023.

The FinTech Association of Hong Kong Ltd.