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# HONG KONG BUSINESS

## Startup funding goes low key amidst COVID-19 and social unrest



*The total value of startup deals hit \$9.84b, a 39% YoY drop compared to last year.*

Venture capital (VC) firms are starting to hold back on injecting funds into startups as economic uncertainties continues to threaten Hong Kong's financial stability. But despite this, it is business-as-usual for some startups and VCs.

In this issue of *Hong Kong Business*' Hottest Startups, we identified the 17 biggest disclosed and early-stage funding rounds between Q2 2019 and end-Q1 2020, by startups that are not more than three years old.



On top of the list is indoor mapping startup Mapxus, also known as Maphive Technology Limited, which clinched \$23.28m in a seed funding round led by Beyond Ventures last November. Coming up at second place is gaming firm Area28 Technologies with a \$16.69m seed funding from Vectr Ventures and Alibaba Hong Kong Entrepreneurs Fund, followed by fashion edtech startup MOTIF which secured \$15.52m.

Proptech startup HOMI Smarthome came in at fourth place, with a \$13.19m funding, whilst rounding up the top five is business spaces booking platform Booqed at \$13m.

Other notable startups are OneOneDay (\$10.09m), Genvida (\$10m), OliveX (\$7.76m), Volt14 (\$7.41m), Carnot Innovations (\$6.21m), enabot (\$3.88m), ZuBlu (\$2.33m), Wizpresso (\$2m), GitStart (\$1.16m), Neufast (\$1.16m), ZhenHub (\$1.16m) and Bookairfreight (\$777,725). Overall, the average funding of these 17 startups is at \$8m.

“It’s been a tough last year for Hong Kong in general due to the political climate and protests which caused some uncertainty in the economy. It’s certainly caused a knock-on effect for our startup ecosystem with investors becoming more risk-averse. They have been closely monitoring the situation before committing to deploying capital,” said Betatron’s venture partner **Sam Ameen**.

For the whole of 2019, data from the Hong Kong Venture Capital and Private Equity Association (HKVCA) showed that venture capital (VC) firms participated in 58 startup funding deals, which totalled \$9.84b (US\$1.27b). This was a 39% drop compared to \$16.2b (US\$2.09b) in 2018, despite having fewer deals, 51, in the prior year

“The fund-raising activities were active particularly in the first nine months of 2019. But the situation turned around since October 2019 due to the social movement in Hong Kong especially the implementation of anti-mask law and the siege of the Hong Kong Polytechnic University in October and November 2019 respectively,” **Lap Man**, co-founder and managing partner of Beyond Ventures.

In addition, HKVCA noted that H1 2019 had 31 deals with a total deal amount of US\$872.1m. Comparably in H2 2019, it only saw 27 deals garnering US\$399.73m.

“In 2018, you saw big fundraising rounds. So they’re very cashed up right now and have been executing for quite a while. There have been some political barriers raised by the US government in relation to what they call ‘the blacklisting’. But given that they have already raised significant rounds in 2018, [startups] have been able to execute quite well,”



said **Denis Tse**, founding managing partner of Asia-IO Holdings. Rising government support

Despite the drop in funds injected into Hong Kong, the government has been showing continuous support for deeptech startups. "We still see some deals in HK initiated by VC Funds and co-invested by those VC Funds and HKSAR Government," Man added.

"The government has been quite supportive in two separate directions: through co-investing with a few of these venture managers by means of a formalised co-investment programme; and also the government indirectly through their secretary bodies and affiliated organisations have also set up their venture funds," Tse stated.

One of these funds is the Innovation and Technology Venture Fund (ITVF), which serves as a co-investment vehicle that goes alongside selected VC funds as coinvestment partners. They invest in local I&T startups at a matching investment ratio of approximately one to two. In the first batch, it co-invested in seven deeptech startups in H2 2019. In HKB's Hottest Startups list, there are three startups that received indirect funding from IVTF, namely, Mapxus, Genvida and enabot. The funding scheme was due close applications for another round of funding on 31 March.

In addition, the Hong Kong Budget last February mentioned that \$380m of the \$30b fiscal stimulus would be used to subsidise the rents of Hong Kong Cyberport and Hong Kong Science & Technology Park's tenants.

### **Banks adopting blockchain**

Even though there have been no big funding rounds in fintech lately, Ameen stated that blockchain startups have been getting a lot of attention as banks turn their heads to tech.

"Every bank and most large financial institutions are assessing blockchain opportunities right now—whether that's a direct investment or integrating blockchain into their internal operations. I see this trend continuing given the favourable regulations in Hong Kong compared to other jurisdictions around the world," Ameen added.

Apart from blockchain, Man observed another trend amongst startups. "Those Chinese companies producing products, such as fast-moving consumer goods, beverage, cosmetic and electronic appliances, leveraging the China brand. These goods used to be monopolised by the Western brands," Man stated.



He noted that in the past one or two years, the quality and design of those products and services are catching up or even outperforming those Western brands with more competitive prices.

“Chinese investors tend to look at Hong Kong-based ventures run by Hong Kong founders, or in other instances, Hong Kong-based entrepreneurs that have been actively reaching out into the China market. So there has to be some connectivity already between the entrepreneurs. They have their attention on the China market” Tse explained.

**Alfred Lam**, research and policy director of HKVCA, is also expecting to see more online tutorial platforms in Hong Kong and China as education technology has become an attractive segment for retail investors. VCs also mentioned other underserved verticals have been gaining traction, including insurance technology, biotech and life sciences, logistics, supply chain, and marine shipping.



## 1. Mapxus

**Founders:** John Chan, Ocean Ng

**Funding:** Mapxus (Maphive Technology Limited) has raised \$23.28m (US\$3m) in funding over a seed round in November 2019, led by Beyond Ventures.

**Start of operations:** 2018

AI startup Mapxus brings the location technology commonly developed for outdoors to indoor spaces through its indoor mapping technology platform. The startup digitises indoor navigation by providing a ready-to-use software development kit so that business organisations, government bodies, and social enterprises alike can build city-based indoor map applications for public sharing. In July 2019, the startup became part of Apple's Indoor Maps programme, providing indoor mapping services to enable app development for iPhones and iPads.





## 2. Area28 Technologies

**Founder:** Tony Zander

**Funding:** Area28 Technologies bagged \$16.69m (US\$2.15m) from a seed round in December 2019, led by Vectr Ventures and Alibaba Hong Kong Entrepreneurs Fund.

**Start of operations:** 2017

Gameteck startup Area28 develops a collaborative Googledocs-like platform for game developers. The firm claims to be the first and only cloud-based game engine. Area28's Content Development Suite (CDS) feature enables realtime collaborative development amongst dispersed game developer teams. It also eases game builders' workflow by allowing game testers to play multiple iterations. The platform is also said to feature stakeholder reviews, where game studios can track the progress and feedback of the individual aspects of the development process.







### 3. MOTIF

**Founder:** Alvanon Global fashion innovation company

**Funding:** In November 2019, MOTIF secured \$15.52m (\$2m) in a seed round from The Mills Fabrica.

**Start of operations:** 2017

Started by global fashion innovation company Alvanon, MOTIF is a fashion industry-focused e-learning platform for professionals and companies, built to respond to the fast-paced emergence of new skills in the apparel industry. Aiming to close the skills gap in this segment, the learning hub offers eight programmes, which include courses on 3D transformation, apparel costing, and how to run a fit session. They also have courses aimed at corporate HR or business teams that need to make sure employees have sound fundamentals and cross-functional understanding. They plan to add more courses on commercial and soft skills.





#### 4. HOMI Smarthome

**Founder:** Amar Dhillon

**Funding:** In July 2019, HOMI SmartHome raised \$13.19m (US\$1.7m) in a seed round led by Singapore-based investors SeedPlus, AngelCentral, and Xoogler Angels.

**Start of operations:** 2017

HOMI SmartHome is a consumer IoT services company that provides smart home services across Asia. It offers consolidated smart home systems with consultations, installation, and 24/7 customer support and charge their customers for as low as \$2 a day. The startup's products include a wide array of products such as light switches, smart locks, cameras and modules. It comes with an app for efficient management of these smart home devices. Their installation services can take no more than three hours.







## 5. Booqed

**Founders:** Charles Oh, David Wong, Ken Huang

**Funding:** In October 2019, Booqed bagged \$13m (\$1.68m) in a seed funding led by real estate management firm Colliers, US-based seed accelerator Techstars and investment firm Lazard Korea.

**Start of operations:** September 2016

Booqed is an online platform for booking short-term meeting and working spaces with operations across nine cities in Asia. Guided by the goal of making every space attainable for business, the platform facilitates transactions between tenants and landlords, helping tenants find shortterm spaces and aiding landlords in monetising unused spaces. Aside from coworking spaces, Booqed also boasts a mobile app for faster transactions and a concierge dedicated to meeting every clients' needs.





## 6. OneOneDay

**Founder:** Rick Tsing

**Funding:** In May 2019, OneOneDay secured \$10.09m (US\$1.3m) in a pre-series A funding round from individual investors such as Tiberius Holdings' founding partner Rohan Malhotra.

**Start of operations:** 2017

Adtech startup OneOneDay allows users to block out and plays ad videos that the user only wants to see. Its app uses blockchain, artificial intelligence and psychometrics analysis for viewers to register their preferences and replace intrusive ads. It will then put together a 'playlist' of ads that users can choose. Watching an ad also allow viewers to earn cash rewards, whilst a part of that revenue goes to charity works. Users may choose on what causes they would like to support.





## 7. Genvida

**Founders:** Daniel So, Chi Yip Ho, Ka Wai Hong

**Funding:** Genvida raised \$10m (US\$1.28m) in a series A funding round through the government's Innovation and Technology Fund.

**Start of operations:** 2019

Founded by a group of engineers, biotech firm Genvida aims to help physicians, government officials and the patient themselves make better decisions. Their key product is the Solid State Nanopore Sequencing (SONAS) technology, which offers a fourth-generation nucleic acid sequencing solution. Genvida claims that this tech makes the lowest possible per base and per run cost, assuring high quality results by their systems' ultrahigh accuracy. Last year, the Hong Kong Science and Technology Parks Corporation partnered with Genvida to establish the Sensor Lab to boost R&D of micro/nano sensors technology.





## 8. Olivex

**Founder:** Keith Rumjahn

**Funding:** In 2019, OliveX secured \$7.76m (US\$1m) in a seed round from Lithuanian strategic investors Alabaster and Anatanas Guoga.

**Start of operations:** 2017

OliveX is a fitness app that utilises artificial intelligence and gamification to help users track their fitness habits. One of its apps is KARA Smart Fitness, which allows clients to exercise with celebrity trainers by streaming pilates, yoga, boxing, and high intensity interval training (HIIT) workouts. Their second app is Ba Duan Jin, which is a Google Play users' choice award nominee for 2019. It is a gamified fitness app that teaches users the martial art of eight brocades, which is a scientifically proven exercise that improves fitness for all ages, especially for the elderly.





## 9. Volt14

**Founders:** Adam Haldar, Animesh Kumar Jha

**Funding:** Volt14 bagged \$7.41m (US\$955,000) in a seed funding round on November 2019, from 500 Durians, Hong Kong Science and Technology Park's venture arm, and Entrepreneur First.

**Start of operations:** 2018

Volt14 is a nanotech startup which develops ultra-high performance materials for lithium-ion (Li-on) batteries, aiming to double the energy densities of mass-produced batteries. They claim that its anodes will accelerate battery energy densities by up to 70%, which eliminates range anxiety of dollar per kilowatt-hour (\$/kWh) storage costs by almost 40%. The anodes can be used by any Li-on battery, from 3C applications to defence and space. Volt14 stated that compared to other battery materials startups, they use a wet chemistry approach where a battery producer can use their existing production lines to mass produce their anodes without any manufacturing bottlenecks.





## 10. Carnot Innovations

**Founders:** Ashish Jerry Justin, Chris Choy

**Funding:** In November 2019, Carnot Innovations secured \$6.21m (US\$800,000) from 500 Startups' Southeast Asia-focussed 500 Durians Fund, MTZ Holdings, and Entrepreneur First (EF).

**Start of operations:** 2018

Carnot Innovations uses advanced machine learning algorithms to detect and predict maintenance, control logic and operations defects in HVAC systems such as chillers, pumps, cooling towers, heat pumps, AHUs. They assist facility managers to perform targeted defect rectifications at optimal times and ensures persistent energy and maintenance cost savings of over 20%. It also features equipment life and efficient utilisation of operator time and enables AI-powered continuous commissioning.







## 11. Enabot

**Founder:** Erika Zhu

**Funding:** Its latest funding round raised \$3.88m (US\$500,000) in a pre-series A funding round last January.

**Start of operations:** 25 June 2018

Enabot is a technology startup, manufacturing smart robots equipped with artificial intelligence. Its main product Ebo, is a smart robot companion for cats that works in various ways. It can take photos and videos of cats remotely, allows users to interact with their pets, roll and spin around to entertain cats and functions as a trainer. Other features include self-learning AI, automatic docking and charging. In addition, it comes with a smart collar that allows Ebo to monitor cat's activity and mood trackers. All of these features can be accessed through a mobile app.





## 12. ZuBlu

**Founders:** Adam Broadbent, Matthew Oldfield

**Funding:** ZuBlu has raised a total of \$2.33m (US\$300,000) from Betatron.

**Start of operations:** 2017

ZuBlu is an innovative travel platform to search, compare and book scuba diving and underwater adventure travel in Asia. With ZuBlu, divers can make sustainable travel choices effortlessly, whilst actively contributing to ocean conservation. With over 250 eco-friendly resorts and liveaboards to choose from, guests can explore some of the best diving throughout Indonesia, Malaysia, Philippines, Thailand, Pacific, Maldives and the Red Sea. An experience-driven platform, ZuBlu puts the power of discovery in the hands of the user, offering the choice to search the best location based on a desired encounter - from seeing sharks, turtles and manta rays, to diving coral reefs, shipwrecks as well as underwater caves.





### 13. Wizpresso

**Founder:** Calvin Cheng

**Funding:** Wizpresso has raised a total of \$2m in a pre-seed round raised last March 2019.

**Start of operations:** 2018

Looking to take the pain away from the conventional paperwork, Wizpresso allows investors and analysts collect, benchmark and analyse operational and alternative data online. It uses proprietary machine learning algorithms with search engines across public filings of listed companies in Hong Kong, China and the US. The startup's CEO, Calvin Cheng claims this also takes the pain away from the fact that some companies do not reveal substantial operational data or even alternative data. The platform's subscription plans are said to have the same costs with a cup of coffee every day, thus complementing their name "Wizpresso".





#### 14. GitStart

**Founder:** Hamza Zia

**Funding:** GitStart has raised a total of \$1.16m (US\$150,000) last August 2019 in a seed round led by Y Combinator and Pioneer Fund.

**Start of operations:** 2017

As companies scramble in acquiring the best tech talent suitable for their company, GitStart aims to equip software developers with the necessary skills for firms in need of a specific skillset. Through its AI-powered platform, developers who wish to improve their skills may start with small coding jobs. As they improve, GitStart will then recommend these individuals to companies for full-time hiring. The platform sets a base income higher than the minimum wage. Their CEO Hamza Zia, said that they've accepted 200 developers from the launch of their platform and rejected 1,200 at the same time.





## 15. Neufast

**Founders:** Agnes Wun, Dennis Lee

**Funding:** Neufast Limited has raised a total of \$1.16m (US\$150,000) last February 2020 from the Hong Kong Science and Technology Parks Corporation (HKSTP) and Chinaccelerator.

**Start of operations:** 2018

Human resources startup Neufast has created a platform that scans a candidate's CV, matches their abilities to the job requirements, and benchmarks against the skills the candidate should have. It then puts the candidate through an array of online psychometric tests before finally moving to a 30-minute video interview with the hiring manager. This technology is rooted in the research of I/O psychology and AI computing. assessment needs. After a few tests, it submits the overall performance score to the HR manager, which is said to predict their success in the workplace.





## 16. ZhenHub

**Founders:** Eric Choi, Sheldon Li, Vince Poon

**Funding:** ZhenHub bagged a total of \$1.16m (US\$150,000) in a seed round on October 2019, led by Betatron and SparkLabs Accelerator.

**Start of operations:** 2016

Logistics startup Zhenhub enables retailers to execute global logistics operations in one platform, from ecommerce vendor's search for warehouses, gathering quotes, inbound products, and to tracking those products after they've been shipped. Their free platform allows merchants to manage their inventory, integrate with sales channels and fulfill their orders. Zhenhub claims that they take their users away from messing around in Excel for checking every error. Some of its partners are Shopify and crowdfunding firms Indiegogo and Kickstarter.







## **17. Bookairfreight**

**Founders:** Daisy Jiang, Stefan Vanberg

**Funding:** Bookairfreight has raised a total of \$775,225 (US\$1m) in a seed round in October 2019, led by VC firm and startup accelerator Betatron.

**Start of operations:** 2018

Bookairfreight calls themselves a one-stop freight solution for SMEs. They provide instant quotations, transparent pricing and trackings. They also cover up to US\$10,000 on insured value and offer compensation for late deliveries. The startup's platform carries a network of tier 1 freight forwarders across 51 countries and its transparent pricing service lays out wholesale air freight rates before clients are committed to a purchase. Its Instant Quotation feature claims to save 72 hours of clients' time and that their rates are 20% cheaper than other air freight booking platforms.