

Smart City, IoT & 5G: Impact and Opportunity for SMEs

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About Terra Magnum Capital Partners

The Firm

- Founded in 2016 with over \$800 million capital under management, Terra Magnum Capital Partners is a private equity firm that specializes in technology investments

Team

Unique alchemy of China experience from LP and GP side

- Solid track record investing in China over past 10+ years
- Local knowledge – Chinese investment team with local investment experience and government background, understand the different cultures within the region
- Existing network and access to top tier companies
- Optimal balance of local network with outstanding Western institutional investment training

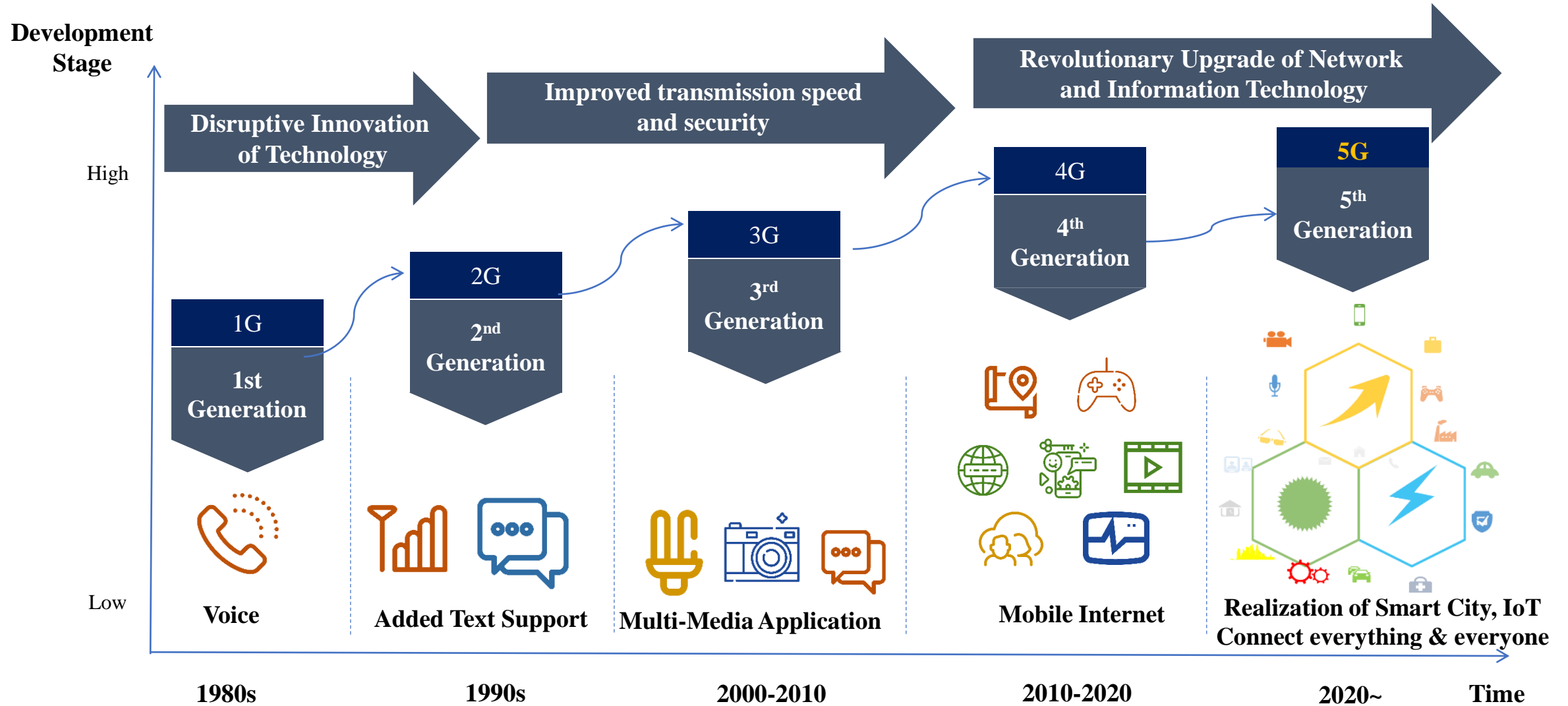
Strategy

Focus on delivering superior risk-adjusted returns through a portfolio of value-added strategies – proven through past investments

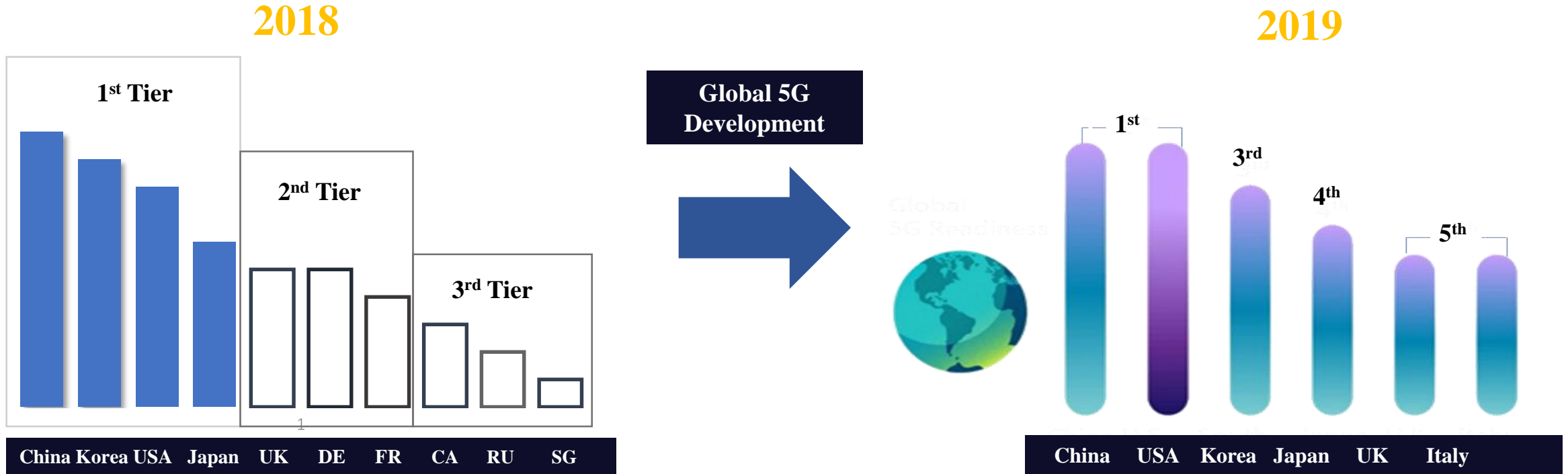
- Primary focus – Invest in core innovative portfolio companies and build industry leaders
- Span all sub-asset classes – buyout, growth, venture



Development of Telecommunication Technology: New Era of Opportunities Every 10 years



Development of 5G Technology Globally: China and USA Lead the World



- Commercial 5G was launched in US, China and South Korea earlier this year, with China now running the world's largest 5G network across over 50 cities
- China has invested over 700 billion RMB on 4G infrastructure and technology development and it was anticipated 5G will generate approximately 1.2 trillion's investment (~US\$170 billion) from 2019 to 2024*

Development of 5G Technology in China: The Beginning of Smart Cities and IoT



SMEs in the 5G Era: Potential Benefits and Opportunity

SMEs

- Agile & flexible
- Less reluctant to adopt change
- First-mover advantage: Digital Transition
- Develop disruptive business model

5G

- Enable new and innovative solutions
- Help to strengthen existing barrier
- Ability to reach new markets
- Increase operation efficiency and competitiveness

5G Focused Sectors: Opportunity for SMEs

Smart City

- Energy Management



- Public Security



- Smart Transportation



- Smart Healthcare



Internet of Things

- Smart Wearables
- Vehicles-to-Everything
- Business Intelligence
- Commercial Drones
- Supply Chain and Logistics management
- Industrial and Manufacturing Systems





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From Investors' Perspective: 5G themed funds are being established to provide support for SMEs

5G Themed Funds Established (Non-exhaustive)	Target Size (RMB Billions)	Investors Behind
China National IC Industrial Fund II	200	Central Finance, Insurance, China Mobile, CDB Capital, Sino-IC
5G United Innovation Industrial Fund	30	China Mobile
Hunan 5G IoT Industrial Fund	15	Hunan Xiangjiang Group
China Telecom Smart Connection Industrial Fund	10	China Telecom, CII Fund, Qianhai Arc
Beijing 5G Industrial Fund	5	Etown Capital, JIC
China CICT 5G Industrial Fund	5	CICT Group, Changjiang Fund
Zhejiang 5G Industrial Fund	2	Xiaoshan Government

- As 5G has become the “national focus” in China, hundreds of billion-RMB funds have been established across China, which will open a golden era of investment period for 5G technologies
- These funds will provide meaningful dry-powder to SMEs in the industry of IoT, Smart City, Fintech, Transportation, etc.

From Investors' Perspective: Incubation Support for Start-up and SMEs



- A considerable number of incubators have been established to provide in-depth support for innovative SMEs
- The United Innovation Laboratory and Hengqin-Macau Young Entrepreneur Valley have incubated over 200 innovative SMEs in Macau and Hong Kong to date



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Takeaway: Impact and Opportunity for SMEs

- 5G has become the strategic focus globally and will have significant impact on the economy, technology and reshape how we live and work in the next decade
- The deployment of 5G technology will open a new window of opportunity for SMEs from various sectors
- SMEs should evaluate the opportunity and consider adopting the change (digital transition) and building up the first-mover advantage, or strengthen existing barriers
- Utilize the available support and resources when you can – funding support, incubation assistance, etc.
- Establish cooperation globally and work with the best talents