

**For discussion
on 8 May 2006**

Information Technology and Broadcasting Panel

Progress Report on Promoting the Development of the Digital Entertainment Industry in Hong Kong – Strategy and Measures

PURPOSE

This paper provides an update on various initiatives for promoting the development of the digital entertainment industry in Hong Kong in 2005-2006.

BACKGROUND

2. Digital entertainment generally refers to animation, electronic games, education-entertainment software, digital effects used in movies, videos, and television programmes, as well as other digital multimedia content produced with digital technologies for consumption as entertainment. The Government adopts a five-prong strategy for promoting the development of the digital entertainment industry in Hong Kong :

- (a) Consolidating services/resources support;
- (b) Nurturing promising enterprises and professional talents;
- (c) Facilitating entry into the Mainland;
- (d) Promoting excellence; and
- (e) Attracting investment.

3. At the meeting on 13 June 2005, Members were briefed on the strategy and the facilitation measures.

PROGRESS

4. During the past year, the Government has worked closely with trade bodies, industry support organizations and non-government organizations to implement the strategy.

(a) Consolidating services/resources support

5. In May 2005, the Digital Entertainment Industry Support Centre (DEISC), operated by the Hong Kong Productivity Council (HKPC) with funding from the Office of the Government Chief Information Officer (OGCIO), was established in the Cyberport to provide one-stop support services and resources for the local digital entertainment industry. This is particularly beneficial to the SMEs that would otherwise have difficulty obtaining assistance in developing their business. Services provided by the DEISC include :

- (i) One-stop business and technical support services. Up to 31 March 2006, over 130 times of one-stop service have been provided to the companies.
- (ii) Industry networking events – four events attracting around 500 participants from the industry and academia provided excellent opportunities for information and experience sharing through panel sessions in addition to networking. Practitioners and entrepreneurs were given valuable exposure to the latest technologies, tools and business opportunities. Through these networking and business matching opportunities, at least two local enterprises have entered into partnership on the publication of electronic game products.
- (iii) Topical discussion among practitioners, as well as Government Bureaux and Departments where necessary, to address issues of interest to the industry to promote understanding of the business environment.

The DEISC has gained general acceptance by local digital entertainment companies for the services that it renders.

(b) Nurturing promising enterprises and professional talents

6. With support from the Innovation and Technology Fund (ITF), the Digital Entertainment Incubation cum Training Centre was opened in the Cyberport in November 2005 with the aim to incubate up to 45 local digital entertainment start-up firms or innovative projects, and to provide focused business development training to local firms and practitioners in the sector. The first batch of twelve incubatees have been recruited in early 2006.

7. The Hong Kong Cyberport Management Company Limited (HKCMCL), in collaboration with Microsoft and with funding support from the OGCI, operates the Xbox Games Incubation Programme with the aim to nurture local talents in games development. Two of the six incubatees have completed the development of their own Xbox titles under the guidance of a professional game producer; and have successfully secured investments from game publishers for publishing.

8. With funding support from the OGCI, the HKCMCL launched a pilot internship programme in July 2005 to provide placement for twenty local graduates in thirteen local digital entertainment companies for a twelve-month period. An internship programme was also launched to provide placement for thirty-nine students in digital entertainment companies in India, Shenzhen and Hangzhou, starting in April 2005.

9. To facilitate games development, the HKCMCL has made available around 80 square meters in exhibition space at no charge for local electronic game developers to test their products and to collect feedback from potential users before market launch.

10. The HKCMCL organized the Digital Entertainment Leadership Forums (DELFF) in March 2006 at which world-renowned experts in the digital entertainment industry shared their experience and insights with over 300 local and overseas participants.

(c) Facilitating entry into the Mainland

11. The Chinese Culture Online Games Publishing Scheme (中國民族網絡遊戲出版工程) is organized by the General Administration of Press and Publication to select 100 online games for publication on the Mainland. The DEISC, in collaboration with the China Game Publisher Association (Hong Kong Chapter), secured the authorisation from the Mainland authority to accept applications from games developers in Hong Kong. This arrangement has greatly facilitated access by local developers to the Mainland market and one locally produced online game was selected under the Scheme in end 2005.

12. Through an online portal and various other means, the DEISC provides information of interest to the digital entertainment industry, including Mainland government rules and regulations and other useful market information.

(d) Promoting excellence

13. The Hong Kong Trade Development Council (HKTDC), with funding support from the OGCIO, organizes industry delegations and Hong Kong Pavilions at international trade fairs/exhibitions such as Electronic Entertainment Expo (E3) and International Film and Programme Market for TV, Video, Cable and Satellite (MIPCOM) to showcase the products and services of Hong Kong's digital entertainment industry. Response from overseas buyers was very encouraging.

14. Hong Kong Pavilions and delegations were also organized at major digital entertainment trade fairs/exhibitions on the Mainland, for example, the China Digital Entertainment Exposition and Conference (ChinaJoy) and the China International Cartoon and Animation Festival, to create more opportunities for digital entertainment companies to meet with government officials and potential business partners.

15. The HKCMCL launched the first Cyberport Games Marathon (CGM) in July 2005. Sixteen local companies showcased over 40 new and pre-release quality games and healthy edutainment products and attracted over 44,000 participants. The event provided local games developers with an excellent opportunity to give public exposure to their products and obtain user feedback.

16. With support from CITB/OGCIO, the HKPC organized the Hong Kong Digital Entertainment Excellence Awards (HKDEEA), an annual event since 2003. HKDEEA aims to promote excellence by way of giving recognition to the best work in the local digital entertainment community, and has been generally accepted as the leading award for the digital entertainment industry in Hong Kong. The awards presentation ceremony is one of the core activities of the Entertainment Expo Hong Kong.

(e) Attracting investment

17. The HKCMCL works closely with InvestHK to promote Hong Kong's digital entertainment industry to potential partners, buyers, investors worldwide.

18. The Cyberport Venture Capital Forum (CVCF) was held in December 2005 and attracted over 300 participants in digital entertainment and creative industries from around the world. The Forum provided a unique

platform for local companies to meet venture capitalists and to explore investment opportunities.

19. The Hong Kong International Film and Television Market (FILMART) 2006 organized by HKTDC was held in March 2006. The event attracted over 400 companies and over 3,700 trade visitors from 28 countries/regions. A Digital Entertainment Pavilion was set up at the FILMART to provide a focal point for local companies to meet international buyers and investors in the entertainment industry.

CONCLUSION

20. The Government and all organizations concerned will continue to work closely together to facilitate the development of the digital entertainment industry in Hong Kong.

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