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Panel on Information Technology and Broadcasting

Meeting on 11 May 2015

Updated background brief on Cyberport Project

Purpose

This paper provides background information on the Cyberport Project and a summary of views and concerns expressed by Members in previous discussions on the subject.

Background

2.   The Government announced its decision to proceed with the Cyberport Project in the 1999-2000 Budget as a move to provide the essential infrastructure for the formation of a strategic cluster of information services companies.   On 17 May 2000, the Government, through three private and wholly-owned companies[1] set up under the Financial Secretary Incorporated ("FSI"), signed a Project Agreement with the Cyber-Port Limited which is a company set up by the Pacific Century Group as the Cyberport Developer.   The development right of the Cyberport was granted to the Developer on 8 June 2000.

3.   The Cyberport Project, which occupies 24 hectares of land at Telegraph Bay, Pokfulam, comprises a Cyberport Portion and an ancillary Residential Portion.   The Cyberport Portion was practically completed in June 2004 (though Cyberport 4 was opened in December 2004).   It has four office buildings, a hotel and an arcade.   The Residential Portion, the

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[1]   The three companies are Hong Kong Cyberport Development Holdings Ltd, Hong Kong Cyberport Management Company Ltd, and Hong Kong Cyberport (Ancillary Development) Ltd.

revenue from which is used to drive the Cyberport Project, had been developed in phases since September 2004 and completed in November 2008. The public missions of the Cyberport Project are:

(a) to create a strategic cluster of quality information and communications technology ("ICT") and ICT-related companies critical to the development of Hong Kong into a leading digital city in the region;

(b) to nurture and support the development of small and medium ICT enterprises as an essential constituent of such a strategic cluster;

(c) to provide a state-of-the-art infrastructure conducive to the creation of such a strategic cluster and its development;

(d) to develop a regional centre of excellence in ICT and digital media training for creating human capital through collaboration and partnership with the industry, academia, and research institutes and professional bodies;

(e) to spearhead the development of the digital media industry through the provision of hardware, software and technical support in the Digital Media Centre; and

(f) to promote the development of services and applications for wireless and mobile communications leveraging on Cyberport's excellent infrastructure and synergy.

4.   As a major breeding ground for local ICT talents, Cyberport aims to nurture and strengthen local ICT start-ups. Cyberport carries out this objective mainly through the Cyberport Incubation Programme ("CIP") and the Cyberport Creative Micro Fund ("CCMF") Scheme. CIP provides financial, technical and business advisory supports to ICT start-ups to help them turn creative ideas into business undertakings or commercial products. CCMF provides seed funding of $100,000 each for companies to develop innovative ICT-related prototypes in a six-month project period.

5.   According to the Administration, Cyberport has set aside $200 million for public mission programmes from 2014-2015 to 2016-2017, representing a 100% increase over the previous three years.

Previous discussions

Panel on Information Technology and Broadcasting

6.   The Panel on Information Technology and Broadcasting ("the Panel") has followed closely the implementation of the Cyberport Project since September 1999.   Panel members also visited Cyberport in 2001, 2003, 2004, 2006, 2011 and 2013.   The Panel has been very keen to ensure that the Project can meet its public missions so as to create a strategic cluster and critical mass of leading IT companies.   In this respect, members have requested that the Cyberport management should, in reporting on the Cyberport Project, provide quantifiable information such as the extent of achievement for each of the public missions for members' evaluation.

Providing support for information and communications technology industry

7.   At the Panel meeting on 10 March 2014, members noted that as part of Cyberport's mission to facilitate collaboration between local ICT small and medium enterprises ("SMEs") and their counterparts overseas and in Mainland China, Cyberport had continued its co-operation with the Mainland by organizing delegations to Shanghai, Guangzhou and Dalian under different themes to foster technical exchange and explore collaborations at multiple levels.   The Panel also noted that the Cyberport management had been hosting premium ICT events to cultivate advanced technological know-how among industry players and enable them to stay at the forefront of technology evolution, and enhancing overseas promotion and networking.   Cyberport had also organized or supported over 100 ICT-related events, knowledge transfer and training sessions from January 2013 to January 2014, which were well-received and attracted over 19 000 industry practitioners.

8.   Some Panel members expressed concern about the limited support provided by the Cyberport management to foster the development of local ICT industry and nurture ICT startups.   These members were of the view that measures should be taken to ensure that the Cyberport Project could meet its public missions, i.e. to create a strategic cluster and critical mass of leading IT companies.   At the Panel's request, the Administration undertook to provide quantifiable information such as the extent of achievement for each of the public missions for members' evaluation when reporting on the progress of the Cyberport Project in future.   Such

information should include how far Cyberport had helped Hong Kong develop into a leading ICT hub in Asia-Pacific region, including the extent to which ICT industry startups and entrepreneurs had been nurtured and supported, and the commitment to drive collaboration and accelerate ICT adoption.

Cyberport Incubation Programme and Cyberport Creative Micro Fund

9. Some Panel members enquired about the number of ICT startups admitted under the CIP which could continue to sustain their businesses after graduation. The Cyberport management advised that the first batch of Cyberport incubatees graduated in January 2008. Information showed that about 71% of them had survived for 1.5 years after graduation, and 58% had survived for 3 years after graduation. According to a survey conducted by the Cyberport management in January 2014, 22 (55%) of the 40 graduates from 2008 to 2010 survived for more than three years. Half of them were still in business but there was no information about their current business size.

10. Noting that the Cyberport management would set aside $200 million for public mission programmes from 2014-2015 to 2016-2017, some Panel members enquired about the target and implementation plans of the Cyberport management to further support and promote ICT industry in Hong Kong. These members also enquired about measures taken by the Cyberport management to encourage students studying ICT courses to participate in Cyberport activities and plan their future. The Cyberport management advised that in the next three years, the Cyberport management planned to nurture not less than 150 ICT startups under the CIP and to provide seed funding to not less than 150 projects under the CCMF. The Cyberport management would also offer a broad range of services to connect the industry and help ICT startups to explore, establish a presence and capture emerging business opportunities in the Mainland and overseas markets. In addition, competitions and internship programmes were organized for students to engage in so as to strengthen their links with local ICT startups and companies.

Occupancy rate

11. Some Panel members called upon the Cyberport management to improve the occupancy rate of Cyberport's lettable office space and the transport facilities. The Cyberport management advised that it would continue its efforts to improve the occupancy rate, including the provision of shuttle bus services to facilitate the public to participate in the Cyberport

activities and employees of the Cyberport tenants to travel to work. The occupancy rate was expected to increase given its nearby access to the MTR station in the near future.

12.   Noting that seven non-profit organizations and one government department were the Cyberport's office tenants, some other Panel members enquired about the necessity for non-profit organizations and the government department to station in Cyberport, given that the lettable office space of the Cyberport should be reserved for ICT industry-related companies. The Cyberport management advised that there was synergy between IT companies in Cyberport and the Office of the Government Chief Information Officer ("OGCIO"), in particular in software development and training. OGCIO's IT Solution Centre in Cyberport also provided a platform for local IT companies to showcase their products and exchange technical knowledge. In fact, less than 10% of the Cyberport tenants were not in the ICT industry, though their work was complementary or supplementary to ICT business. The Cyberport management would continue to build up the occupancy of the office premises, with an aim to recruit the right mix of tenants to create a strategic ICT cluster so as to strengthen and facilitate collaboration with the ICT industry.

Council meeting

13.   At the Council meeting on 9 April 2014, Hon Christopher CHUNG raised a question on, inter alia, the number of internationally renowned multinational ICT companies attracted to Cyberport, the state-of-the-art technologies brought in for research and development in Cyberport by the Cyberport management in the past five years and whether there was currently any overlap in the scope of work between Cyberport and the Hong Kong Science Park ("the Science Park"). The Administration advised that in the past five years, 52 multi-national ICT companies had established business at Cyberport. These companies had introduced many state-of-the-art technologies to Hong Kong, including new smartphone operating systems and real-time 3D weather graphics system, taking Hong Kong's ICT development to the next level.

14.   The Administration also advised that Cyberport and the Science Park co-operated with each other closely. Cyberport focused on creating a cluster of ICT companies in Hong Kong, particularly those engaging in technology application including mobile applications, digital entertainment and cloud computing applications, etc. The Science Park mainly attracted technology-intensive companies for conducting research and development

so as to promote the development and adoption of technology in the local industrial sector.   Cyberport and the Science Park maintained close communication and liaison with a view to achieving synergy and complementing each other's strengths in various areas, thus generating more development opportunities for the industry.

Latest position

15.   The Administration and the Cyberport management will report to the Panel at its meeting on 11 May 2015 the progress of the Cyberport Project.

Relevant papers

16.   A list of the relevant papers with their hyperlinks is at:

http://www.legco.gov.hk/database/english/data_itb/itb-cyberport.htm

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