

立法會
Legislative Council

LC Paper No. CB(4)926/15-16(04)

Ref. : CB4/PL/ITB

Panel on Information Technology and Broadcasting

Meeting on 9 May 2016

Updated background brief on Cyberport

Purpose

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

Background

2. Cyberport is a creative digital cluster with more than 700 community members. It has been in operation since 2004 and is managed by Hong Kong Cyberport Management Company Limited ("the Cyberport management") which is wholly owned by the Government. Cyberport's public mission is to support and promote the development of information and communications technology ("ICT") in Hong Kong through the creation of a cluster of ICT companies and professionals as well as implementation of programmes to foster industry development and nurture ICT start-ups. The three tenets of Cyberport's public mission are: inspiring the next generation, nurturing the entrepreneurial spirit and leaping on global ambition.

3. In order to groom local ICT talents and to inspire the next generation to pursue a future career in the ICT industry, Cyberport organizes and supports a number of internship programmes and events for young people. As a major breeding ground for local ICT talents, Cyberport also 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.

4. Cyberport also works with start-ups and established businesses to fulfill their goals of stepping up onto the global stage. Cyberport builds partnerships with industry leaders and offers a broad range of services to connect the industry and help small and medium enterprises explore emerging business opportunities in the Mainland and overseas markets.

5. In the past 10 years, Cyberport has endeavoured to groom ICT talent and successfully nurtured more than 160 start-ups. Making reference to the concept of shared working space, Cyberport has also sought to encourage start-up businesses by providing working space at concessionary rents with flexible tenancy terms. In addition, the Cyberport Creative Micro Fund provides financial assistance for aspiring entrepreneurs to put their ideas into action and develop prototype products. The Administration has told the Panel on Information Technology and Broadcasting ("the Panel") that according to an international study in 2015, the growth of Hong Kong's start-up ecosystem ranked among the top five in the world.

6. In the Policy Address 2016, the Chief Executive has mentioned that the Cyberport will increase the incubation scheme quotas and establish new clusters for areas such as financial technology and e-commerce to meet the latest development of the industry and the market. It will increase the provision of facilities such as Smart-Space small offices and workstations by 50% within next year and explore ways to better utilize its facilities and spaces, so as to cater for the development needs of the ICT industry.

7. In the Budget Speech of 2016-2017, the Financial Secretary has mentioned Cyberport's role in provide training to the financial industry through its incubation programme to promote relevant technologies for developing more services and products. In improving the ecosystem for local start-ups to enable local industries to further diversify, the Financial Secretary announced, among other matters, that the Cyberport will earmark \$200 million to launch a Cyberport Macro Fund ("CMF") for invest in its start-ups.

Previous discussions

Panel on Information Technology and Broadcasting

8. The Panel has followed up closely the progress of the Cyberport development. The Panel has been very keen to ensure that Cyberport 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 its work, provide quantifiable information such as the extent of achievement for each of the public missions for members' evaluation. The Administration updated the Panel on the progress of the Cyberport Project at the meeting on 11 May 2015, members' views expressed at the meeting are summarized below.

Financial performance

9. Panel members noted that as at March 2015, the Government had received a total of about \$19.2 billion in surplus proceeds. This exceeded the Government's capital contribution of \$7.9 billion to the development of Cyberport in the form of land grant for the residential development and the associated essential infrastructure development. Although the sale of the Cyberport residential portion has already been completed, there was still project income of \$252 million for 2013-2014 arising from sale of residual carpark spaces and reserves for unused maintenance works. Upon exhaustion of project income from the residential portion, no further dividends would be payable to the Government.

Nurturing ICT start-ups and entrepreneurs

10. Panel members had called for the Administration to fully utilize the plot ratio of the lettable office space of Cyberport to further support new ICT start-ups. The Administration advised that the occupancy rate of Cyberport's lettable office space was around 90% and there was still some room for accommodating new ICT companies. The Administration would keep in view changes in the mode of operation of ICT start-ups and review the provision of necessary supporting facilities in due course.

11. Some Panel members expressed concern on whether under CIP, start-up companies were advised on solutions in resolving financial difficulties, including the option of terminating the business, and whether platforms were available for ICT start-ups to raise capital for their operation. The Cyberport management advised that under the CCMF

programme, Cyberport provided \$100,000 as seed funding for each selected project to turn innovative ideas into prototypes. Apart from the support provided by CCMF, CIP provided comprehensive financial, technical and business advisory supports to ICT start-ups. Due to the differences in the nature of their businesses and stages of development, there was no "one-size fits all" solution for resolving financial difficulties of these start-ups.

12. Panel members were also informed that the Cyberport management had also launched the Cyberport Accelerator Support Programme to support its incubatees and alumni to participate in local and overseas accelerator programmes which offered valuable opportunities for overseas expansion and fundraising. In addition, promotional activities had been organized to introduce ICT start-ups to local and overseas investors to raise capital for their further development.

Council meeting

13. At the Council meeting held on 3 February 2016, Hon Charles Peter MOK raised a question on, inter alia, various initiatives for promoting the development of innovation and technology industry. The Administration advised that the 2016 Policy Address proposed to set up a \$2 billion Innovation and Technology Venture Fund for co-investing with private venture capital funds on a matching basis on technology start-ups. In addition, Cyberport would allocate \$200 million to launch CMF for investing in its information and communications technology start-ups. Through the Science Park and Cyberport, the Administration would continue to give full support to start-ups at different stages of development.

Finance Committee

14. A Public Sector Trial Scheme ("PSTS") has been launched under the Innovation and Technology Fund ("ITF") managed by the Innovation and Technology Commission. PSTS provides funding support for production of prototypes/samples and conducting of trial schemes in the public sector to facilitate and promote the realization and commercialization of research and development ("R&D") results under ITF-funded projects. At the special meeting of the Finance Committee to examine the Estimates of Expenditure 2016-2017 held on 7 April 2016, a few Members had raised questions on, inter alia, Cyberport's enhanced support to ICT start-ups, and the Government's plan to extend PSTS to cover incubatees of the Cyberport and the Science Park to conduct trials of their R&D results in the public sector.

15. The Administration advised that Cyberport would allocate \$200 million from its internal reserves to set up CMF for investment in its information and communications technology start-ups and help them attract more investment from other funds. CMF was expected to be rolled out in the second half of 2016. Besides, Cyberport would provide through a designated incubation programme financial, technical and business advisory support to financial technology ("Fintech") start-ups, e.g. rent-free accommodation in Cyberport. The incubation programme would provide start-ups with financial assistance of up to \$330,000 to cover expenses for marketing and promotion, professional services, training, and use of technology services provided by Cyberport. Cyberport's Incubation Programme would provide support to 150 Fintech start-ups over the next five years. On the extension of PSTS, the Administration planned to cover the incubatees of the Science Park and the Cyberport with a funding ceiling of \$1 million per project. Details as well as the manpower and resources required for extending PSTS would be finalized later.

Latest position

16. The Administration and the Cyberport management will report to the Panel at its meeting on 9 May 2016 the progress of the Cyberport Project.

Relevant papers

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

http://www.legco.gov.hk/database/english/data_itb/itb-cyberport.htm
<http://www.legco.gov.hk/yr15-16/english/counmtg/hansard/cm20160203-translate-e.pdf#nameddest=wrq22>
http://www.legco.gov.hk/yr15-16/english/fc/fc/w_q/itb-e.pdf