

立法會
Legislative Council

LC Paper No. CB(4)582/17-18
(These minutes have been seen
by the Administration)

Ref : CB4/PL/ITB/1

Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 11 December 2017, at 2:30 pm
in Conference Room 3 of the Legislative Council Complex

- Members present** : Hon Charles Peter MOK, JP (Chairman)
Dr Hon Elizabeth QUAT, BBS, JP (Deputy Chairman)
Hon James TO Kun-sun
Hon CHAN Kin-por, GBS, JP
Hon Mrs Regina IP LAU Suk-ye, GBS, JP
Hon Paul TSE Wai-chun, JP
Hon Claudia MO
Hon YIU Si-wing, BBS
Hon CHAN Chi-chuen
Hon CHAN Han-pan, JP
Hon Christopher CHEUNG Wah-fung, SBS, JP
Ir Dr Hon LO Wai-kwok, SBS, MH, JP
Hon CHUNG Kwok-pan
Hon Alvin YEUNG
Hon CHU Hoi-dick
Dr Hon Junius HO Kwan-yiu, JP
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
- Members absent** : Hon WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
Hon Michael TIEN Puk-sun, BBS, JP
Hon MA Fung-kwok, SBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon HUI Chi-fung

**Public officers
attending**

: Agenda item III

Innovation and Technology Bureau

Dr David CHUNG, JP
Under Secretary for Innovation and Technology

Ir Allen YEUNG, JP
Government Chief Information Officer

Ms Eva YAM
Assistant Government Chief Information Officer
(Policy and Support)

Mr Ricky CHONG
Principal Assistant Secretary for Innovation and
Technology

Hong Kong Cyberport Management Company
Limited

Mr Herman LAM
Chief Executive Officer

Ms Pagan WONG
Chief Financial Officer

Dr Toa CHARM
Chief Public Mission Officer

Agenda item IV

Commerce and Economic Development Bureau

Dr Bernard CHAN, JP
Under Secretary for Commerce and Economic
Development

Ms Julina CHAN, JP
Deputy Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Office of the Communications Authority

Mr CHEW Tze-shing
Chief Telecommunications Engineer (Development)

Clerk in attendance : Mr Daniel SIN
Chief Council Secretary (4)3

Staff in attendance : Mr Ambrose LEUNG
Senior Council Secretary (4)3

Ms Peggy CHUNG
Council Secretary (4)3

Ms Cynthia TAM
Legislative Assistant (4)3

Action

I. Information paper(s) issued since the last meeting

- (LC Paper No. CB(4)186/17-18(01) -- Submission from a member of the public received on 31 October 2017 relating to the refusal of the Communications Authority to release documents relating to its decision on a complaint against Television Broadcasts Limited (Chinese version only) (Restricted to members only)

- LC Paper No. CB(4)186/17-18(02) -- Submission from a member of the public received on 1 November 2017 relating to the Communications Authority's handling of a breach of the conditions of non-local TV programme service licence by Hong Kong Satellite TV International Media Group (Chinese version only)
- LC Paper No. CB(4)263/17-18(01) -- Administration's written response dated 20 November 2017 to the two submissions from members of the public regarding complaints against the Communications Authority (Chinese version only)
- LC Paper No. CB(4)286/17-18(01) -- Submission from a member of the public received on 23 November 2017 regarding the programmes produced by the Radio Television Hong Kong (Chinese version only)

Members noted that the above paper(s) had been issued for the Panel's information.

II. Date of next meeting and items for discussion

- (LC Paper No. CB(4)330/17-18(01) -- List of outstanding items for discussion)

Regular meeting on 8 January 2018

2. Members noted that the next regular Panel meeting would be held on Monday, 8 January 2018 at 2:30 pm to discuss the following items:

- (a) Development of Smart City; and
- (b) CreateSmart Initiative.

III. Role of Cyberport in Nurturing the Information and Communications Technology Ecosystem in Hong Kong

(LC Paper No. CB(4)330/17-18(02) -- Administration's paper on role of Cyberport in nurturing the information and communications technology ecosystem in Hong Kong

LC Paper No. CB(4)330/17-18(03) -- Paper on Cyberport prepared by the Legislative Council Secretariat (Updated background brief)

LC Paper No. CB(4)338/17-18(01) -- Administration's paper on role of Cyberport in nurturing the information and communications technology ecosystem in Hong Kong (Power-point presentation materials) (Chinese version only)
(tabled at the meeting and subsequently issued via e-mail on 11 December 2017)

Presentation by the Administration

3. At the invitation of the Chairman, Under Secretary for Innovation and Technology ("US for IT") and the Chief Executive Officer of the Hong Kong Cyberport Management Company Limited ("CEO/HKCMCL") briefed members on the role of Cyberport in nurturing the information and communications technology ("ICT") ecosystem in Hong Kong and its latest work progress. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)330/17-18(02)). The Cyberport Management also

arranged a video and Power-point presentation on the update on the work of Cyberport (LC Paper No. CB(4)338/17-18(01)).

Discussion

Grooming talents

4. Mr CHAN Chun-ying noted that Cyberport would join the Space Sharing Scheme for Youth ("the Scheme") to provide some 20 000 square feet of Smart-Space co-working space accommodating around 140 start-ups in Tsuen Wan in the first quarter of 2018 the earliest. The Administration announced in October 2017 that 10 sites had been identified under the Scheme, and operating agencies were being identified for two of these locations in Kwun Tong. Mr CHAN enquired whether Cyberport could also run Smart-Space co-working space at these two sites. Ms Claudia MO also commented that the Scheme could support young entrepreneurs in the innovation and technology ("I&T") sector.

5. Government Chief Information Officer ("GCIO") said that many operating agencies were interested to join the Scheme and to participate in running the co-working space. As for Cyberport, it was its first attempt to launch off-site co-working space outside its campus. With this experience, Cyberport should be better prepared to run more co-working space under the Scheme when the second batch of shared space for youth was rolled out in future.

6. As regards manpower development in I&T sector in Hong Kong, Mr CHAN Chun-ying suggested that more internship opportunities should be offered to attract overseas students to study technology-related subjects in Hong Kong. Noting that Cyberport offered 55 intern placements among start-ups in the Cyberport community, Mr CHAN commented that Cyberport should expand significantly the scale of this internship programme to benefit more young talents in the I&T sector.

7. CEO/HKCMCL said that one of the public missions of Cyberport was to groom local I&T talents. To this end, Cyberport had all along collaborated with local universities to enrich their I&T-related programmes, including financial technology ("FinTech") subjects. Cyberport would step up efforts to increase the number of intern placements as appropriate to inspire more young people to pursue a career in the I&T industry.

8. The Deputy Chairman pointed out that although the Administration had provided start-ups with subsidies to recruit ICT talents, the lengthy application processes hindered start-ups from filling up their vacancies arising from staff turnover in a timely manner. US for IT noted the Deputy Chairman's view and said that the Administration would look into ways to facilitate companies in recruiting overseas ICT talents to work in Hong Kong.

Funding support

9. The Chairman noticed that since the inception of the HK\$200 million Cyberport Macro Fund ("CMF"), Cyberport had only successfully invested in two start-ups. The Chairman queried the low approval rate and asked if CMF's positioning was still appropriate bearing in mind the availability of other funding schemes offered by the Government or venture capital available in the market.

10. CEO/HKCMCL said that CMF aimed to provide start-ups with investment at the early stage of their operation, i.e. seed to Series A funding, thereby fostering the development of venture capital and angel investments in Hong Kong. As CMF had just been launched for one and a half years, and given that lead time was needed for discussion with applicants, it was expected that more proposals would be approved in the near future. The number of applications was on the rise. Furthermore, the Cyberport Investors Network, set up in 2017, had converged worldwide investors as well as their investment expertise, which would serve to achieve synergy in leading I&T development in Hong Kong together with Cyberport's competitive edges.

11. Ir Dr LO Wai-kwok sought clarification on the difference in Cyberport's support measures for its on-site and off-site community members. Having regard that the total funding raised by Cyberport start-ups exceeded HK\$1.46 billion within the first seven months in 2017-2018, Ir Dr LO asked if Cyberport had monitored the operation and turnover volume of these start-ups. He also enquired whether Cyberport had made a ballpark estimate on the economic contribution these start-ups made to Hong Kong.

12. CEO/HKCMCL said that while off-site community members were not physically located in the campus of Cyberport, they could take part in all the training, programmes and activities offered by Cyberport. They could also apply for various funding schemes, for instance, seed funding of HK\$100,000 from the Cyberport Creative Micro Fund; financial assistance of HK\$330,000 from the Cyberport Incubation Programme; and financial assistance of HK\$300,000 from the Cyberport Accelerator Support Programme. Among some 400 Cyberport incubatees, over 60% had survived for three or more years

after graduation. Currently, more than 350 incubatees were still in business. Cyberport had annually estimated the number of new jobs generated by its community members. In 2016, more than 2 700 new positions were created. Regarding turnover volume of its community members, Cyberport would try to compile relevant statistics in future.

Financial technology

13. The Deputy Chairman commented that Cyberport should formulate a holistic plan to drive the development of FinTech. She said that different financial companies might use different systems, and it would be useful for FinTech companies in Hong Kong to test the compatibility of their products in different systems. The Deputy Chairman asked if Cyberport would provide test laboratories or develop sandboxes in collaboration with local regulators such as the Hong Kong Monetary Authority ("HKMA"), and establish a big data platform for sharing of data among financial companies. The Deputy Chairman also asked if the test laboratories or sandboxes, if provided, would be made available to non-Cyberport companies as well.

14. CEO/HKCMCL advised that Cyberport had discussed with the banking sector to open up data and explored possible technical solutions to facilitate testing of FinTech products. To create a regulatory environment conducive to FinTech development, HKMA had set up a FinTech Supervisory Chatroom ("the Chatroom") to enhance communication. Cyberport would follow up with HKMA.

15. As regards the FinTech Supervisory Sandbox ("the Sandbox") launched by HKMA, the Chairman, Deputy Chairman and Mr CHEUNG Wah-fung enquired whether access could be granted to organizations other than supervised institutions of the three financial regulators, namely HKMA, Securities and Futures Commission and the Insurance Authority. The Deputy Chairman said that Cyberport should work with HKMA to pave the way for FinTech start-ups to access the Sandbox. Mr CHEUNG asked if there was any communication channel between FinTech start-ups and financial regulators.

16. CEO/HKCMCL said that apart from making use of the Chatroom of HKMA, FinTech start-ups could contact the joint liaison office of the three financial regulators for professional advice. Meanwhile, representatives of financial regulators from time to time visited FinTech companies in Cyberport to exchange views on matters of mutual concern.

E-sports

17. Ms YUNG Hoi-yan expressed concern about the development of e-sports as many young people who had received training in science, technology, engineering and mathematics subjects were unwilling to join the industry. Apart from providing designated venues for e-sports events and participating in the relevant trade associations or chambers of commerce, Ms YUNG sought further details on how Cyberport intended to promote the development of e-sports and, in particular, to nurture e-sports talents. Ms YUNG also asked how Cyberport would support e-sports athletes to participate in overseas competitions and promote emerging e-sports start-ups. She suggested that the Administration should work closely with Cyberport so as to draw up a blueprint and formulate a comprehensive policy to support the long-term development of e-sports.

18. CEO/HKCMCL said that there were ample development opportunities for young people to pursue a career in the development of e-sports software, as electronic games could now be played on many different platforms such as mobile devices rather than the traditional desktop computers or consoles. As regards grooming of e-sports talents, CEO/HKCMCL said that Cyberport would collaborate with well-established technology companies in places such as Shanghai and Silicon Valley, etc., to provide internship opportunities for young people to work and to acquire practical experience. Cyberport would host more e-sports competitions and invite experts in the industry to share their insights with participants on the latest e-sports technology. CEO/HKCMCL said that Cyberport would explore with the e-sports sector the assistance and support that could be provided for participation in overseas e-sports competitions. Cyberport had put forward its recommendations on e-sports development to the Administration and would collaborate with local e-sports practitioners to map out the development direction of the industry.

19. Noting that Cyberport had conducted a study on the development trend of e-sports with inputs from the City University of Hong Kong, Ms YUNG Hoi-yan requested the Administration to release the report to Members, as well as the public. CEO/HKCMCL said that Cyberport had submitted the report to the Administration, and GCIO responded that the Administration would release the report in due course.

Admin

Management and financial position of Cyberport

20. Ms Claudia MO observed that some of Cyberport's supporting facilities, such as conference rooms, were under-utilized. CEO/HKCMCL replied that the current occupancy rate of Cyberports' lettable office space was about 95%. Moreover, renovation was in progress to provide extra office space to meet the

need arising from the expansion of the Cyberport Incubation Programme. Cyberport would revisit its tenant mix to make more efficient use of its facilities.

21. Ms Claudia MO suggested that escalators in Cyberport should be shifted to standby mode when they were idle in order to save energy. The Chairman concurred and added that escalators could be shut down at night. US for IT said that it might consume more energy if escalators were frequently switched off and on. Instead, escalators in Cyberport were maintained at a steady low speed. CEO/HKCMCL added that he would discuss with the property management office on energy saving measures in the campus of Cyberport.

22. In response to Ms Claudia MO's enquiry about the determination of rental levels in Cyberport, CEO/HKCMCL said that rental levels were benchmarked against market rental in its neighbourhood. Cyberport might adjust the rental of individual tenants when their tenancies were renewed upon expiry.

23. Referring to the financial statements of Cyberport, Mr CHAN Chun-ying noted that despite a loss of HK\$77 million in 2016, Cyberport recorded a profit of HK\$112 million in 2017 due to a project income of HK\$190 million. Mr CHAN enquired whether such income was sustainable and whether Cyberport had engaged professionals to manage its financial assets.

24. CEO/HKCMCL said that the consolidated financial statements reflected the financial performance of the operation of Cyberport itself, as well as various initiatives implemented by Cyberport. In the past few years, the operating profit before public mission activities expenses and depreciation was around HK\$150 million. The financial position of Cyberport was stable and could sustain the projects in pursuit of its public missions.

IV. An update on the Implementation of Digital Terrestrial Television Broadcasting

(LC Paper No. CB(4)330/17-18(04) -- Administration's paper on an update on the implementation of digital terrestrial television broadcasting

- LC Paper No. CB(4)330/17-18(05) -- Paper on the progress of the implementation of digital terrestrial television broadcasting in Hong Kong prepared by the Legislative Council Secretariat (Updated background brief))

Presentation by the Administration

25. At the invitation of the Chairman, Under Secretary for Commerce and Economic Development ("USCED") updated the Panel on the latest progress of the implementation of the digital terrestrial television ("DTT") service.

Discussion

Handling application for domestic free television programme service licences

26. Ms Claudia MO enquired about the progress of the Administration's processing of three applications for domestic free television programme service licences. USCED advised that currently there was only one outstanding application for domestic free television programme service licence under processing. The Communications Authority ("CA") would continue to process the application according to the established procedures. Deputy Secretary for Commerce and Economic Development (Communications and Creative Industries) ("DS(CCI)") supplemented that the other two applicants, namely, Forever Top (Asia) Limited and Phoenix Hong Kong Television Limited had withdrawn their applications.

Construction of the New Broadcasting House

27. In response of Ms Claudia MO's enquiry on whether the proposed construction of the new Broadcasting House ("BH") for Radio Television Hong Kong ("RTHK") had been terminated, USCED confirmed the Chairman's understanding that the Administration was still pursuing the option of developing BH as a joint user building.

Analogue switch-off

28. Noting that DTT coverage had reached almost 99% and penetration close to 90% of the population, the Deputy Chairman enquired if the target analogue switch-off ("ASO") date, currently at the end of 2020, could be

advanced so that the spectrum currently used for analogue television services could be freed up for other applications, such as the next generation mobile telecommunications services, as early as possible. The Chairman raised a similar concern and asked if the Administration had discussed with the Mainland authorities on the possibility of advancing the ASO date.

29. USCED advised that the frequency spectrum currently used for television broadcasting services was shared with Hong Kong's neighbouring areas in the Mainland. Insofar as Hong Kong was concerned, spectrum (including the 700 MHz band) that could be freed up following ASO might not be used for other telecommunications services unless Hong Kong and Mainland had worked out a coordination plan following ASO at the same time. The Administration had to co-ordinate with the Mainland authorities regarding the date for ASO and the post-ASO spectrum assignment arrangements. DS(CCI) added that the Administration was reviewing the working target date of ASO, and would take into factors such as the DTT take-up rate, the progress of discussion on frequency co-ordination with the Mainland authorities, etc. The Administration planned to complete the review in 2017–2018 and would report the outcome to the Panel.

30. USCED said that the progress of ASO would not affect Hong Kong's preparation for the commercial launch of the fifth generation ("5G") mobile telecommunications services. He supplemented that the International Telecommunication Union ("ITU") had identified new candidate bands for 5G services for international harmonization at the ITU World Radiocommunication Conference to be held in late 2019. The spectrum in different frequency bands between 24.25 GHz and 86 GHz could potentially be used for the 5G mobile telecommunications services. Meanwhile, CA planned to make available spectrum in the 26 GHz and 28 GHz bands as the first batch of new spectrum for the provision of 5G services in Hong Kong. On 7 December 2017, CA had invited the industry to express interests in deploying spectrum in these two bands for 5G services. In addition, the newly introduced licensing regime for the provision of Wireless Internet of Things platforms and services would pave the way for other smart city applications in the 5G era.

31. The Chairman enquired about the usage of the 700 MHz band to be released after ASO.

32. The Chief Telecommunications Engineer (Development) explained that Hong Kong was sharing the spectrum in 470 MHz to 806 MHz band ("TV broadcasting band") with the Mainland for television broadcasting services. Even if Hong Kong were to unilaterally implement ASO, the spectrum so released in the TV broadcasting band could not be used for other services due to

interference caused by strong television broadcasting signals from the Mainland. Subject to coordination with the Mainland authorities on use of the spectrum after ASO, the spectrum released after ASO within the 700 MHz band might be considered for mobile telecommunications services. OFCA would continue its frequency coordination work with the Mainland authorities.

Market outlook of the digital terrestrial television

33. The Deputy Chairman noted that, according to the Administration's public survey on DTT take-up rate in Hong Kong, there were still 5% of households that did not have television sets installed at home. She enquired about the Administration's view on the market outlook of DTT service as more audience had switched from television to mobile and other devices for entertainment and information programmes.

34. USCED noted that the increase of advertisement revenue and viewership in Internet infotainment had posed a challenge to the conventional TV broadcasting services. He added that the Administration had embarked on a review of the Broadcasting Ordinance and Telecommunications Ordinance, and was planning to conduct a public consultation in early 2018 to gather the community's views on proposals to relax obsolete statutory requirements and rationalize the broadcasting regulatory regimes, with a view to removing obstacles for our industries. In response to the Deputy Chairman's enquiry, DS(CCI) noted that after the public consultation, and subject to the views received, the Administration would introduce legislative amendments to the relevant Ordinance(s) as appropriate.

35. The Chairman reminded the Administration that the review on the current regulatory regime should not result in imposing new restrictions on new media such as the Internet.

Sports programmes

36. Noting public comments that there were insufficient local sports programmes broadcast by free television programme service providers, the Deputy Chairman asked how the Administration would encourage service providers to offer more such programmes to meet public demand. She also enquired if RTHK would broadcast more local sports programmes through its DTT channels.

37. USCED advised that the numbers of hours of sports programmes produced by RTHK had increased to about 50 hours in 2017-2018, compared to 32 hours a year ago. Apart from producing sports television programmes, RTHK had broadcast a number of inter-school sports competitions in 2017.

38. The Deputy Chairman commented that broadcasting mega sports events could boost RTHK's rating, as well as promoting sports in the community. USCED said some of the international mega sports events had been broadcast in commercial television channels with private sector sponsorship. Under RTHK's Charter, RTHK should provide television services in areas not adequately provided by commercial television broadcasters and should meet the needs of minority audience. RTHK had explored with the Hong Kong Football Association the feasibility of broadcasting the local football league games but no agreement had yet been reached. RTHK would continue to explore with local sports associations on game-relay.

39. The Chairman shared the view that RTHK might utilize its limited resources to broadcast inter-school sports competitions to attract audience. He also suggested that the Administration should allocate more resources to RTHK for promotion.

Viewership of the RTHK television channels

40. The Deputy Chairman commented that viewership of RTHK's three DTT channels was still low. She asked what measures the Administration would introduce to utilize the channels and improve the viewership. Mr CHAN Kin-por expressed similar concerns.

41. DS(CCI) noted that RTHK's DTT signals had yet to cover the whole of Hong Kong as some transmitting stations were yet to be constructed. She added that RTHK, as a public service broadcaster had to broadcast programmes to serve the general community as well as to cater for minority needs. It would be difficult for it to compare with the rating of viewership adopted by commercial broadcasters. RTHK had made reference to "appreciation index" and "audience reach" as performance indicators. DS(CCI) said that the Administration noted that in recent years, some of the audience preferred to watch RTHK TV programmes through online platforms, and RTHK had also used TV vans to promote its programmes in different districts.

42. Mr CHAN Kin-por said that the Administration should review the viewership of similar public service broadcasters around the world and assess the performance of RTHK. Mr CHAN said RTHK should focus on the production with an edge as it was spending public funds.

43. USCED reiterated that the methodology of assessing the viewership of RTHK was different from commercial broadcasters. He cited a public opinion programme conducted by the University of Hong Kong in October 2017 as an example to demonstrate that RTHK television services had a reasonably high take-up rate. DS(CCI) said that the Administration would relay Members' views on RTHK's programmes to RTHK for consideration.

44. The Chairman said that given the current development, the Administration considered that there was no need to continue to bring the matter relating to the development of DTT to the Panel for discussion. While Panel members had no objection to this arrangement, the Chairman suggested that the Administration should ride on similar discussion items in future to keep the Panel posted on the latest progress of DTT penetration. The Administration agreed.

V. Any other business

45. There being no other business, the meeting ended at 4:07 pm.