

立法會
Legislative Council

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Panel on Information Technology and Broadcasting

Minutes of meeting
on Monday, 14 May 2018, at 2:30 pm
in Conference Room 2 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 WONG Ting-kwong, GBS, JP
Hon Starry LEE Wai-king, SBS, JP
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 MA Fung-kwok, SBS, JP
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 CHU Hoi-dick
Hon YUNG Hoi-yan
Hon CHAN Chun-ying
Hon HUI Chi-fung
- Members absent** : Hon Michael TIEN Puk-sun, BBS, JP
Hon Martin LIAO Cheung-kong, SBS, JP
Hon Alvin YEUNG
Dr Hon Junius HO Kwan-yiu, JP

Member attending : Hon KWOK Wai-keung, JP
Hon Holden CHOW Ho-ding

Public officers attending : Agenda item III

Innovation and Technology Bureau

Mr Nicholas YANG Wei-hsiung, GBS, JP
Secretary for Innovation and Technology

Mr Davey CHUNG Pui-hong, JP
Deputy Secretary for Innovation & Technology (2)

Ms Eva YAM Ya-ling
Principal Assistant Secretary for Innovation and
Technology (3)

Office of the Government Chief Information Officer

Ir Allen YEUNG, JP
Government Chief Information Officer

Hong Kong Cyberport Management Company
Limited

Mr Peter YAN King-shun, JP
Chief Executive Officer

Ms Maria LAM Shook-fun
Chief Corporate Development Officer

Ms Pagan WONG Mei-wan
Chief Financial Officer and Company Secretary

Agenda item IV

Innovation and Technology Bureau

Dr David CHUNG Wai-keung, JP
Under Secretary for Innovation and Technology

Ms Eva YAM Ya-ling
Principal Assistant Secretary for Innovation and
Technology (3)

Office of the Government Chief Information Officer

Ir Allen YEUNG, JP
Government Chief Information Officer

Mr Victor LAM Wai-kiu, JP
Deputy Government Chief Information Officer

Mr Tony WONG Chi-kwong
Assistant Government Chief Information Officer
(Industry Development)

Agenda item V

Commerce and Economic Development Bureau

Miss Eliza LEE, JP
Permanent Secretary for Commerce and Economic
Development (Communications and Creative
Industries)

Mr Keith GIANG
Principal Assistant Secretary for Commerce and
Economic Development (Communications and
Creative Industries)A

Office of the Communications Authority

Miss Agnes WONG, JP
Director-General of Communications

Mr Chaucer LEUNG
Deputy Director-General (Telecommunications)

Miss Elaine HUI
Assistant Director (Market & Competition)

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)910/17-18(01) -- Administration's written response dated 10 April 2018 to the submission from a member of the public regarding indirect advertising and product/service sponsorship (i.e. product placement) (Chinese version only)

LC Paper No. CB(4)976/17-18(01) -- Administration's written response dated 19 April 2018 regarding the comments raised by the Deputy Chairman, Dr Hon Elizabeth QUAT, at the meeting on 9 April 2018 on formulating standards for green data centres

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)1036/17-18(01) -- List of outstanding items for discussion

LC Paper No. CB(4)1036/17-18(02) -- List of follow-up actions)

Regular meeting on 11 June 2018

2. Members noted that the next regular Panel meeting would be held on Monday, 11 June 2018 at 2:30 pm to discuss the following items:

- (a) Progress report on Innovation and Technology Fund for Better Living and Digital Inclusion; and
- (b) Spectrum trading.

III. Funding to Cyberport: Supporting the development of the start-up ecosystem and promotion of e-sports development

(LC Paper No. CB(4)1036/17-18(03) -- Administration's paper on funding to Cyberport: supporting the development of the start-up ecosystem and promotion of e-sports development

LC Paper No. CB(4)1036/17-18(04) -- Paper on Cyberport prepared by the Legislative Council Secretariat (updated background brief))

Presentation by the Administration

3. At the invitation of the Chairman, Secretary for Innovation and Technology ("S for IT") briefed members on funding to Cyberport: supporting the development of the start-up ecosystem and promotion of e-sports development. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)1036/17-18(03)).

Discussion

Promoting e-sports

4. While not opposing the proposed funding of \$300 million to support the work of Cyberport, Ms Claudia MO expressed reservation on the proposed \$100 million on promoting the local e-sports sector. She said that the initiative might send a wrong message to the community that the Administration

encouraged young people to indulge in playing computer games. Mr CHAN Kin-por supported the proposed funding for Cyberport in promoting e-sports. He commented that the Administration's role should focus on providing a platform for games and e-sports development and should convey the correct message that the Administration was not encouraging young people to indulge in computer games.

5. S for IT said that e-sports were not just about playing computer games. E-sports involved competitions among people rather than interaction between players and machines. He said that the positive benefits of e-sports would outweigh any possible disadvantages.

6. The Deputy Chairman supported the proposed measures to provide a venue in Cyberport for e-sports competition. She asked what strategy the Administration would implement to support e-sports and to nurture e-sports talents. S for IT explained that the Administration proposed to provide funding support for Cyberport to provide a dedicated venue for e-sports competition as Cyberport had the infrastructure and high-speed network required for organizing proper e-sports events.

7. Mr CHAN Chun-ying supported the proposed funding injection into Cyberport to promote e-sports. He queried whether the Administration would treat e-sports as a sports policy or a technology subject and how the Administration would nurture talents to meet the needs of the sector. Mr MA Fung-kwok raised a similar query. S for IT said that Cyberport had conducted a consultancy study on the development of e-sports in Hong Kong and consulted relevant parties. It was considered that the Administration should support the e-sports industry in the early stage of development in Hong Kong. It was hence appropriate for the Innovation and Technology Bureau ("I&TB") to take the lead in promoting e-sports as a matter of industry development. S for IT said that I&TB had maintained close contact with the Home Affairs Bureau and the Commerce and Economic Development Bureau ("CEDB") on this.

8. S for IT supplemented that it was the Administration's intention for world-class e-sports events to be organized in Hong Kong so as to build up an e-sports culture in the community. He said that many overseas companies have expressed interest in investing in the e-sports industry in Hong Kong.

9. Referring to the proposed provision of \$50 million to Cyberport for the promotion of e-sports, Mr YIU Si-wing asked how Cyberport would share with the Administration the profit or loss arising from the promotion of e-sports. He said that the Hong Kong Tourism Board ("HKTB") had also organized e-sports events in the past and he asked if preference would be given to providing

funding for HKTB in staging e-sports event for promoting Hong Kong's tourism trade, or whether e-sports events must be held in Cyberport's premises.

10. S for IT said that there would be other venues in Hong Kong than Cyberport for staging e-sports events. The proposed funding to Cyberport was to set up a dedicated venue for e-sports events in order to give the sector an initial boost. S for IT added that it would be up to HKTB to decide where its e-sports events should be held in Cyberport or other venues.

11. Mr MA Fung-kwok supported in principle the funding proposal for promoting e-sports in Cyberport. Mr MA queried whether the Administration's funding support to Cyberport would give it unfair competitive advantage over other private-sector initiatives and investment on e-sports. Drawing reference from e-sports development in Korea, Mr MA asked if the Administration would develop a comprehensive policy on e-sports and provide the necessary resource support in addition to the provision of venues. S for IT said that the Administration's current plan was to provide an e-sports competition venue and help nurture relevant talents through Cyberport. These initiatives would not result in unfair competition with the private sector.

12. S for IT reiterated that Cyberport would not be the only venue for staging e-sports events. The proposed dedicated e-sports competition venue in Cyberport would help set a standard for similar facilities to be constructed in Hong Kong. As regards the policy on e-sports, S for IT said that the Administration would first focus on building a solid foundation for further development of the e-sports industry.

Nurturing talents

13. Ms Claudia MO commented that the Administration's talent nurturing policy was self-contradicting as, on the one hand, it encouraged local talents to seek opportunities in the Mainland, while, on the other hand, the Administration introduced the Technology Talent Admission Scheme ("TechTAS") to attract overseas (mainly Mainland) talents to Hong Kong.

14. S for IT responded that the proposed TechTAS was an enhancement of the existing schemes. The seven types of talents required were much sought after in Hong Kong and were in short supply. The Administration would require an applicant to employ one local full-time employee and two local interns for every three non-local talents admitted under the scheme. S for IT said that the scheme would be launched as a pilot scheme and run for six to nine months. The Administration could then review the effectiveness of TechTAS before determining the next step.

Supporting local technology companies

15. The Deputy Chairman commented that many of the Administration's support schemes only benefited tenants and incubates of Science Park and Cyberport. She asked if resources and support would be made available to other companies as well. Mr CHAN Han-pan made a similar comment. S for IT said that Cyberport and Science Park had the experience and had made tangible contributions to promoting innovation and technology in Hong Kong. The Administration hoped to replicate the Cyberport and Science Park's successful model in the community.

16. S for IT supplemented that funds were available to support incubatee companies graduated from Cyberport. Separately the Administration would shortly seek funding approval to set up research clusters on healthcare technologies and artificial intelligence/robotics. These projects would benefit companies which were not tenants of Cyberport or the Science Park. Furthermore, the Hong Kong/Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop, the Innovation and Technology Venture Fund and the Technology Voucher Programme were examples of how the Administration supported the development of the technology ecosystem in Hong Kong as a whole.

Easy Landing Scheme

17. Mr CHAN Chun-ying commented that the terms of providing rent concession of up to \$1 million or 50% of the rental for a period of up to five years to eligible companies were not attractive enough to encourage leading Internet enterprises and financial technology companies to enter Cyberport and set up offices and research and development ("R&D") units there. Mr Christopher CHEUNG made a similar comment, and he queried whether other incentives such as staff accommodation and education services for staff family members could be offered.

18. S for IT said that the proposed terms were to be offered as a gesture to invite multi-national companies to set up offices and R&D units in Cyberport. He added that the terms to be offered under the Easy Landing Scheme needed to be fair to other existing tenants of Cyberport. S for IT further explained that multi-national companies setting up a base in Cyberport had other benefits, such as the opportunities to cooperate with start-up companies at Cyberport.

19. Chief Executive Officer of Cyberport ("CEO/Cyberport") said that some Cyberport tenants (such as Furrion and Zhongan) were among the leaders in their respective fields. Whilst starting in a modest scale in Hong Kong, these companies had grown in size over the years and could help stimulate the development of other start-up companies through collaboration and experience exchange. The Chairman said that Cyberport could provide other examples of target companies under the Easy Landing Scheme in writing after the meeting for members' reference.

(Post-meeting note: The Administration's written response was circulated to members vide LC Paper No. CB(4)1346/17-18(01) on 4 July 2018.)

20. Mr CHAN Kin-por queried whether Cyberport had sufficient space left to implement the Scheme. He also queried whether the proposed allocation of \$50 million to implement the Easy Landing Scheme was sufficient to accommodate about 10 eligible companies each year. CEO/Cyberport said that although about 97% of the office space in Cyberport had been rented out, office space would be available upon expiry of the tenancy of some companies to accommodate target companies under the Easy Landing Scheme. CEO/Cyberport supplemented that Cyberport would also provide co-working space outside Cyberport campus to attract start-ups and leading technology companies to set up offices on R&D operations in Hong Kong.

21. The Chairman said that the Administration should provide more information on how it would attract leading overseas and mainland enterprises to set up operations in Cyberport as the proposed terms in the Easy Landing Scheme seemed unattractive and Cyberport did not have sufficient office space to meet the requirements.

22. The Deputy Chairman commented that the Administration should develop a mechanism to identify and support technology companies which were not tenants or connected with the Cyberport or Science Park. S for IT said that the Administration's focus was the development of the overall innovation and technology ecosystem in Hong Kong. The successful model of Science Park would be extended to the Hong Kong/Shenzhen Technology Park in the Lok Ma Chau Loop whereas the Cyberport experience could apply to the provision and management of the new co-working space in Tsuen Wan.

23. The Chairman concluded that the Panel supported in principle that the funding proposal should be submitted to the Finance Committee for consideration.

IV. Progress update on the implementation of the Wi-Fi Connected City Programme

(LC Paper No. CB(4)1036/17-18(05) -- Administration's paper on progress update on the implementation of the Wi-Fi Connected City Programme

LC Paper No. CB(4)1036/17-18(06) -- Paper on development of Wi-Fi connected city prepared by the Legislative Council Secretariat (updated background brief)

Presentation by the Administration

24. At the invitation of the Chairman, Under Secretary for Innovation and Technology ("US for IT") briefed members on the progress update on the implementation of the Wi-Fi Connected City Programme. Details of the briefing were set out in the paper provided by the Administration (LC Paper No. CB(4)1036/17-18(05)).

Discussion

25. Mr HUI Chi-fung noted that the Office of Communications Authority ("OFCA") was removing under-used telephone booths which were providing free Wi-Fi hotspots. He commented that OFCA's measures were contrary to the objectives of the Wi-Fi Connected City Programme which sought to expand the coverage of "Wi-Fi.HK" hotspots over the territory progressively. Mr HUI suggested that I&TB should explore with CEDB the option of converting some of the under-used public telephone booths into smart city facilities with free Wi-Fi connections (such as smart lampposts). The Deputy Chairman expressed a similar view.

26. Government Chief Information Officer ("GCIO") responded that usually more than one public telephone booth would be installed at one location, and not all of the booths would be removed. The remaining booths could still provide free public Wi-Fi hotspot facilities. GCIO added that areas with high pedestrian flow or tourist hotspots would be identified for installation of smart lampposts with free public Wi-Fi hotspots. In addition, Deputy Government Chief Information Officer ("DGCIO") supplemented that public parks and other

suitable government premises might also be locations for installing free public Wi-Fi hotspots.

27. The Chairman commented that the Administration should ensure that there would be no time gap between the removal of telephone booths and the installation of smart lampposts with free public Wi-Fi hotspots, especially in high pedestrian flow areas or tourist hotspots. The Deputy Chairman also commented that the Administration should take due consideration of the public views and feedback when evaluating the free public Wi-Fi services.

28. US for IT said that the Administration would conduct surveys to evaluate the provision of free public Wi-Fi services. The survey would also include an evaluation of users' experience. Consideration was being given to providing high speed hotspots in areas with high pedestrian concentration. For less busy areas such as smaller parks, where there was a demand for Internet connection services, the Administration would consider providing free public Wi-Fi services using mobile network technology which was more cost-effective.

29. Mr YIU Si-wing said that many feedback received indicated that the connection speed of Wi-Fi hotspots in many areas was slow. He understood that the slow connection speed was due to the fact that many people were using the service at the same time. Mr YIU agreed that high speed Wi-Fi hotspots should only be installed in a few selected areas. He asked where those hotspots would be installed and the connection speed that might be achieved. Mr YIU also suggested that other services such as battery charging and tourist information should be provided in areas where free Wi-Fi hotspots were located.

30. GCIO said that the Administration would follow up with the Tourism Commission to identify locations for provision of high speed free public Wi-Fi services and the provision of other tourism-related services. DGCIO supplemented that the high-speed Wi-Fi hotspots were able to deliver a connection speed of 100 Mbps at the minimum. However, restrictions might have to be imposed so that only a certain number of users could be allowed access at any one time and each user might only be permitted access to the service for a limited amount of time.

31. Mr YIU Si-wing suggested that the Administration should provide clear signage to inform users the availability of free Wi-Fi hotspots nearby and should step up publicity on free public Wi-Fi services. The Chairman asked if the Administration would upgrade the existing equipment and technology of the free public Wi-Fi services. GCIO responded that, for equipment and facilities installed in Government premises, the Administration would upgrade the equipment to support the latest 802.11ac standard and would replace copper

wire with optical fibre to increase connection speed of the network and to reduce the frequency of disconnection and other interruption to Internet connection.

V. Subsidy scheme to extend fibre-based networks to villages in remote areas

(LC Paper No. CB(4)1036/17-18(07) -- Administration's paper on subsidy scheme to extend fibre-based networks to villages in remote areas)

Presentation by the Administration

32. At the invitation of the Chairman, Permanent Secretary for Commerce and Economic Development (Communications and Creative Industries) ("PS(CCI)") briefed members on the proposed subsidy scheme to extend fibre-based networks to villages in remote areas. Details were set out in the paper provided by the Administration (LC Paper No. CB(4)1036/17-18(07)). Assistant Director (Market & Competition) of Office of the Communications Authority ("OFCA") then gave a power-point presentation on the subject.

(Post-meeting note: The power-point presentation materials provided by the Administration was issued to members vide LC Paper No. CB(4)1037/17-18(01) (Chinese version only) on 14 May 2018.)

Discussion

33. The Deputy Chairman expressed disappointment that the subsidized fibre-based lead-in connections could only reach village entrances and village residents would have to negotiate with service providers for the roll out of fibre-based networks inside the villages. She queried if the Administration could take the initiative to facilitate extension of fibre-based networks to individual households inside the villages. Mr YIU Si-wing and Mr KWOK Wai-keung expressed similar views.

34. PS(CCI) said that under the proposed subsidy scheme, selected fixed network operators ("FNOs") would receive subsidies to roll out fibre-based lead-in connections to the vicinity of the entrances of the villages concerned. Thereafter, FNOs could provide broadband services to villagers by connecting the fibre-based networks to the existing copper-based networks inside the villages. Broadband speed could then increase from the current 10 Mbps or

below to at least 25 Mbps. She explained that it was necessary for FNOs and villagers to come to a commercial agreement regarding the fibre extension works inside the villages as such works involved private property rights.

35. PS(CCI) commented that the proposed subsidy scheme would provide incentives for FNOs to reach agreement with villagers to extend fibre-based networks inside the villages. Director-General of Communications ("DG Com") supplemented that FNOs who received subsidies would be required to open up at least half of the capacity of the subsidized networks for use by other FNOs for free. This requirement would induce competition among FNOs to provide higher speed services to individual households within the villages.

36. PS(CCI) said that one of the objectives of the proposed subsidy scheme was to promote competition in the broadband service market. From OFCA's discussions with individual FNOs, FNOs showed interest in the proposed scheme.

37. Mr YIU Si-wing commented that the current plan of extending the subsidized lead-in connections to the remote villages in phases from 2021 onwards was too slow. He asked if the Administration could undertake the roll out work itself. PS(CCI) explained that the Administration did not have the requisite knowledge or expertise to roll out telecommunications networks. It therefore proposed to select operators through a tendering process and provide the selected FNOs with subsidy to roll out fibre-based networks to the remote villages.

38. Mr KWOK Wai-keung supported the proposed subsidy scheme. Mr KWOK said that certain households in urban areas experienced similar difficulties of not able to enjoy high speed broadband services. He queried whether the Administration had a policy of ensuring full coverage of broadband services over the territory. Mr MA Fung-kwok asked what measure the Administration would take to enable those who currently had no access to broadband services to enjoy those services. PS(CCI) responded that the penetration rate of Hong Kong's residential broadband services was about 91%. In urban areas, fibre-based networks were generally located at proximity to the buildings. However, in certain old tenement buildings, the residents might not be able to enjoy high-speed fibre-based broadband services because FNOs were not able to obtain permission from the property owners to extend their fibre-based networks within the buildings.

39. Mr Holden CHOW asked if a successful bidder under the subsidy scheme could impose additional terms for other FNOs when the latter sought access to the fibre-based networks and submarine cables. He also asked how the

Administration would safeguard against the successful bidder imposing unreasonable terms to deter other FNOs from gaining access to the networks.

40. DG Com said that sanction clauses might be introduced in the tender documents against any non-compliance of tender requirements. For example, part of the subsidy might be withheld if a successful bidder failed to meet a certain milestone for roll out. DG Com added that a successful bidder would be required to open up at least half of the capacity of the subsidized networks to other FNOs for free, but it might be allowed to ask the other FNOs gaining such access to share out reasonable maintenance costs.

41. Mr CHU Hoi-dick asked if the incumbent FNO owning the copper-based network within a village could refuse sharing of its network with other FNOs. He also asked whether the Administration could resume private land within the village for extending the fibre-based network to individual households. PS(CCI) responded that the incumbent FNO's copper-based network might be accessed through interconnection requirement. She added that the Telecommunications Ordinance (Cap. 106) did not empower the Administration to resume land for the purpose of laying telecommunications network.

42. The Chairman concluded that the Panel had no objection to the proposed Subsidy Scheme and agreed that it should be submitted to Finance Committee for further deliberation.

VI. Any other business

43. There being no other business, the meeting ended at 4:31 pm.