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Panel on Information Technology and Broadcasting

Meeting on 11 December 2017

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 the Government-owned Hong Kong Cyberport Management Company Limited ("the Cyberport management").

3. Cyberport's public mission is to support and promote the development of information and communications technology ("ICT") in Hong Kong. It plays an important role in promoting the development of the overall innovation and technology ("I&T") ecosystem. The three tenets of Cyberport's public mission are: inspiring the next generation, nurturing the entrepreneurial spirit and leaping on global ambition.

Inspiring the next generation

4. To spur young people's creativity and arouse their interest in ICT, Cyberport has organized a wide range of activities and competitions for students, such as "Cyberport Youth Mobile App Code Jam Competition", "Inter-School IT Elite Challenge" and "Student Formula Coding Competition".

5. Apart from organizing and supporting tech-related events, knowledge transfer and training sessions, Cyberport has been assisting local enterprises and start-ups in adopting the latest technologies (including cloud computing, e-commerce and financial technology ("FinTech")) and exploring new opportunities under the Internet Economy (such as smart city and big data analytics).

6. Under the Cyberport Digital Tech Internship Programme, Cyberport has organized a series of Mainland/overseas and local internships where ICT students are sent to work in technology companies with Cyberport subsidizing transportation and accommodation. The objective is to provide young people with practical working experience in the ICT industry.

7. Cyberport has also launched the "e+Startup Internship Programme" which provides students with the opportunity to work with start-ups in the Cyberport community. Through this programme, participating students can acquire experience of working in fledgling start-ups. This programme instils in students interest and enthusiasm for entrepreneurship on the one hand, and provides much-needed manpower to start-up companies.

8. To enhance I&T knowledge of the industry, Cyberport has organized or supported digital technology events, knowledge transfer and training sessions at local, regional and international levels. For example, Cyberport supported and co-organized the inaugural Internet Economy Summit which attracted industry professionals, entrepreneurs, business executives, academia and officials, from around the world.

Nurturing the entrepreneurial spirit

9. On nurturing and strengthening local ICT start-ups, Cyberport provides a range of financial and professional support to start-ups so that they might progressively turn innovative ideas into prototype products and physical commodities, draw up marketing plans, raise funds and explore local and overseas markets. It carries out these objectives through various programmes, including:

- (a) Cyberport Incubation Programme – This programme provides comprehensive financial, technical and business advisory supports to technology start-ups to help them turn their creative ideas into business undertakings or commercial products. These include rent-free accommodation, and free use of shared meeting rooms and demonstration areas. Financial assistance of up to \$330,000 is given to cover expenses for marketing and promotion, professional services, training, hiring of interns and

use of technology services provided by Cyberport during the incubation period. In addition, Cyberport organizes a series of thematic workshops and training to equip start-ups with necessary business techniques, hone their pitching skills and help them catch up with fast-changing technologies;

- (b) Cyberport Creative Micro Fund – Under this programme, Cyberport provides \$100,000 as seed funding for each selected project to turn innovative ideas into prototypes. The Cyberport University Partnership Programme was launched in 2015–2016 to cultivate talents and allows selected university students to head to Silicon Valley to join the Entrepreneurship Boot Camp arranged by the Stanford Graduate School of Business;
- (c) Cyberport Accelerator Support Programme – Cyberport launched this programme in 2014 to support its incubatees and alumni to participate in local, Mainland and overseas accelerator programmes by offering valuable guidance on overseas expansion and fundraising. Upon successful application for an endorsed accelerator programme, Cyberport will provide financial assistance of up to \$300,000 to each recipient to cover programme fees, travel, accommodation and other relevant expenses; and
- (d) Cyberport Macro Fund – Launched on 1 August 2016 with an initial outlay of \$200 million, Cyberport Macro Fund aims to help start-ups in Cyberport bridge the funding gap and foster angel and venture capital investments in Hong Kong.

10. Having regard to the demand for working space of technology start-ups, Cyberport also introduces Smart-Space which offers flexible ready-built offices spaces for local start-ups and overseas companies who are looking to scale their business in China and other parts of Asia. This service is especially convenient and useful for start-ups seeking to launch their business with a workstation or small office space initially, then scale up as they grow. Cyberport has increased the provision of Smart-Space small offices and workstations by 60% within 2016, reaching a total floor area of 122 900 square feet.

Leaping on global ambition

11. Cyberport 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. World-class conferences, seminars, briefing sessions, training and workshops are organized to assist industry players in keeping abreast with the latest ICT developments.

12. Cyberport will create clusters in the areas of FinTech, e-commerce, big data and artificial intelligence, as well as smart city. Targeted start-ups, anchor tenants and quality investors in these specific areas would be brought to Cyberport, with a view to empowering Hong Kong start-ups in these clusters in entering foreign and Mainland markets.

Previous discussions

Panel on Information Technology and Broadcasting

13. The Administration updated the Panel on the progress of the Cyberport Project at the meeting on 9 January 2017, members' views expressed at the meeting are summarized below.

Inspiring the next generation

14. Panel members have expressed concerns that local universities often overlooked the importance of science subjects and they suggested that Cyberport should advise local tertiary institutions to consider covering, in their curricula, the range of knowledge and skills that local students require in pursuing a career in technology. Cyberport advised Panel members that it had engaged local education institutions on assessing training needs for students. Many local institutions were offering programmes in FinTech and coding which were in demand in the industry.

15. Members expressed concern about the drain of local ICT talents and that the number of interns who had participated in Cyberport's internship programmes had been rather small. They queried whether Cyberport would expand the internship programmes so that more young people could gain working experience in the ICT industry. Cyberport responded that the number of internship places had increased in response to market demand, and Cyberport had introduced the Cyberport University Partnership Programme which would sponsor 300 university students to join FinTech training camps in overseas universities in the coming five years.

16. The Panel suggested that Cyberport might sponsor regular family and school visits to Cyberport and arranging for the necessary supporting facilities, such as holding exhibitions and seminars at Cyberport on ICT development in Hong Kong.

Nurturing start-ups and the entrepreneurial spirit

17. Some members observed that only a few companies in Cyberport had been able to attract investment from major corporations, and suggested that Cyberport should organize sharing sessions regularly so that these companies could share the skills and experience in attracting investment with other start-ups. Cyberport advised the Panel that it had organized training and experience sharing sessions, and assisted the start-ups to build up investment networks.

18. Members asked whether the Government would take the lead to adopt the products developed by incubates of Cyberport. The Administration explained that it had enhanced the Public Sector Trial Scheme to provide funding support for the production of prototypes and conducting of trial in the public sector. The scope of the scheme had been widened to cover the incubatees of Cyberport and the Hong Kong Science and Technology Parks Corporation ("HKSTPC").

Leaping on global ambition

19. Drawing reference from the development of I&T industries in other countries, some Panel members asked whether the Administration had fostered collaboration between Cyberport and HKSTPC so as to create synergy and to ensure the best use of resources in providing support to I&T sector. The Administration responded that Cyberport mainly focused on ICT development whereas HKSTPC had a greater emphasis on research and development covering a wide range of technologies such as biotechnology. Cyberport and HKSTPC cooperated with each other especially in the areas of FinTech and e-commerce, with Cyberport playing a more strategic role in driving ICT development.

20. Some Panel members observed that legislation might not be able to keep pace with changes in technologies, and they asked if Cyberport would proactively review relevant legislation and recommend changes to the legislation to improve the operating environment for new technology start-ups. Cyberport advised Panel members that it had been in communication with regulators (namely, the Hong Kong Monetary Authority, the Securities and Futures Commission and the Office of the Commissioner of Insurance) and the

relevant stakeholders, so that the authorities concerned would understand the needs and concerns of the financial sector. The opportunity might also be taken to revise existing legislation to support the implementation of Smart City.

Finance Committee

21. At the special meeting of the Financial Committee ("FC") on 3 April 2017, FC members raised enquiries about the promotion of the development of e-sports in Hong Kong. The Administration advised members that, with a track record in digital entertainment development and hosting e-sports competitions and venues, Cyberport could play an active role in e-sports development. Cyberport had been invited to study the development and prospect of the e-sports industry in Hong Kong.

22. Members also enquired about the development of Smart Space for start-up entrepreneurs, Cyberport's financial support for I&T start-ups, the Public Sector Trial Scheme, Internship Programme under the Innovation and Technology Fund, promotion of e-sports in Hong Kong, District Cyber Centres Scheme, programmes for FinTech start-ups and training on Blockchain technology at the special FC meeting on 3 April 2017.

Latest position

23. The Administration and the Cyberport management will report to the Panel at its meeting on 11 December 2017 the progress of the Cyberport Project.

Relevant papers

24. A list of the relevant papers is set out in the **Appendix**.

List of relevant papers

Issued by	Meeting date/ Issue date	Paper
Panel on Information Technology and Broadcasting	9 January 2017	<p>Administration's paper on Role of Cyberport in Nurturing the Information and Communications Technology Ecosystem in Hong Kong LC Paper No. CB(4)372/16-17(05)</p> <p>Updated background brief on Cyberport LC Paper No. CB(4)372/16-17(06)</p> <p>Minutes of meeting LC Paper No. CB(4)517/16-17</p>
Special Finance Committee	3 April 2017	<p>Administration's replies to Members initial written questions (Reply Serial Nos. ITB003, ITB044, ITB069, ITB102, ITB133, ITB156, ITB159, ITB165, ITB182, ITB211, ITB213, ITB215 and ITB222) http://www.legco.gov.hk/yr16-17/english/fc/fc/w_q/itb-e.pdf</p> <p>Report on the examination of the Estimates of Expenditure 2017-2018 Chapter X: Innovation and Technology</p>