

**For discussion
on 9 December 2019**

**LEGISLATIVE COUNCIL PANEL ON
INFORMATION TECHNOLOGY AND BROADCASTING**

Annual Work Progress of Cyberport

Purpose

This paper sets out the progress of Cyberport's work.

Background

2. Over the years, Cyberport has been implementing its public mission programmes through provision of financial and professional support to nurture start-ups, inspire and motivate young people to pursue a career in the innovation and technology (I&T) industry and create business opportunities, thereby fostering the development of information and communications technology (ICT) in Hong Kong.

3. The Government injected a sum of \$300 million into Cyberport in 2018 for enhancing existing measures and introducing new initiatives to support its start-ups and tenants as well as promoting the development of the local e-sports industry.

Supporting Start-ups

4. Over the years, Cyberport has launched a number of funding schemes to offer appropriate support to start-ups at different stages of development –



Cyberport Creative Micro Fund (CCMF)

5. Cyberport provided a seed funding of \$100,000 for each selected project through the CCMF to help participants turn their innovative ideas into prototypes. Since its launch in 2009, the CCMF has approved a total of \$53.9 million for 539 projects.

Cyberport Incubation Programme (CIP)

6. Since its implementation in 2005, the CIP has admitted a total of 725 technology start-ups. Among them, 74% have survived for three years or more. The number of applications and intake for the CIP in recent years are set out as below –

	Number of Applications	Number of Intake
2015-16	302	51
2016-17	515	103
2017-18	754	105
2018-19	677	108
2019-20 (As at October 2019)	420	88

7. Cyberport has increased the amount of financial subsidy under the CIP to a maximum of \$500,000 since the fourth quarter of 2018.

Cyberport Accelerator Support Programme

8. Since the launch of its Accelerator Support Programme in 2014, Cyberport has funded 78 start-ups, which are either incubatees or alumni, to participate in local, Mainland and overseas accelerator programmes, thereby assisting them in their overseas expansion and fundraising.

Overseas/Mainland Market Development Support Scheme

9. The Overseas/Mainland Market Development Support Scheme was introduced in the fourth quarter of 2018 under which a \$200,000 financial subsidy is provided to start-ups to assist them in conducting market research and promotion, participating in trade fairs outside Hong Kong, expanding into overseas markets and attracting investors. So far, Cyberport has approved 40 applications.

Cyberport Macro Fund (CMF)

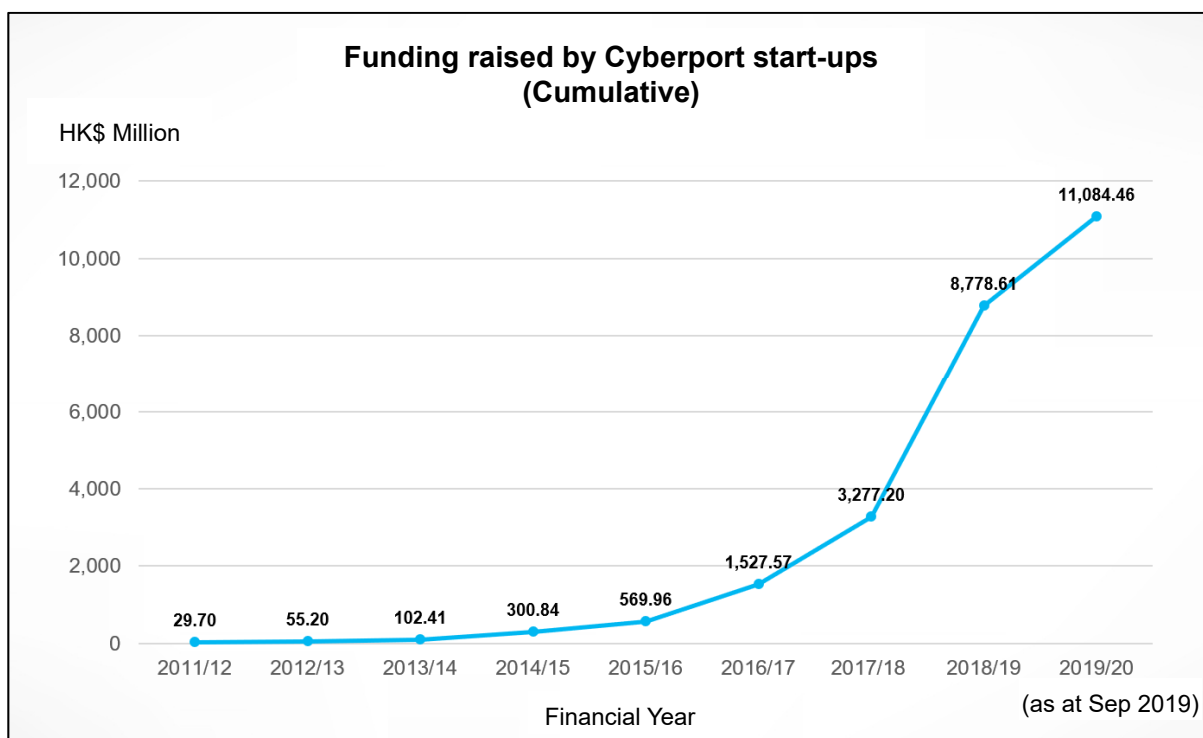
10. Established in August 2016, the \$200 million CMF aims to provide Cyberport's start-ups with early financing. CMF has invested in 10 projects with a total investment of over \$69 million.

Space Sharing Scheme for Youth

11. Under the Space Sharing Scheme for Youth, Cyberport has set up 20 000 square feet of Smart-Space 8 co-working space in an industrial building in Tsuen Wan. Opened officially in July 2018, the co-working space can accommodate a maximum of 140 start-ups. The design and operation of this co-working space are similar to those in Cyberport campus, providing flexi-space, workstations and rooms. The current occupancy rate is 99%, with tenants working in areas covering AI, big data, application design, e-commerce, financial technology (FinTech) and educational technology.

Latest update of Cyberport's Start-ups

12. Since 2010, Cyberport's incubatees, alumni and CCMF grantees have attracted over \$11 billion of investment, of which 19 start-ups involved mergers and acquisitions. Between April and September 2019, Cyberport's start-ups raised over \$2.3 billion of funding. In addition, three out of the five projects invested by the CMF for at least one year have successfully completed the next round of financing in the capital market.



13. A number of companies within the Cyberport community have attained excellent accomplishments. For instance, Bowtie Life Insurance Company Limited was granted the first local licence of virtual insurer by the Insurance Authority in December 2018; ZA Bank Limited under ZA International, and WeLab Digital Limited, under the same umbrella as WeLend, were granted licences as the first batch of virtual banks in Hong Kong by the Hong Kong Monetary Authority (HKMA) in March and April 2019 respectively. Some successful examples of Cyberport start-ups are at [Annex A](#).

Easy Landing Scheme

14. Cyberport has launched the Easy Landing Scheme to attract multi-national corporations to set up offices and R&D units there through the provision of rental concessions in order to enhance the digital technology ecosystem. Under the scheme, ZhongAn rented a floor space of over 17 000 square feet in Cyberport as a base for the company to expand its businesses in Hong Kong. Amazon Web Services (AWS) Hong Kong Limited also set up its office in Cyberport for use by AWS Solution Hub. The rental concessions are provided to these companies by phases depending on their participation and collaboration in Cyberport. Cyberport is actively looking for other suitable multi-national corporations to set foot in its community.

Nurturing Digital Technology Talent

15. One of Cyberport's public missions is to nurture talent in the local ICT industry and to inspire young people in pursuing a career in the industry.

16. The Cyberport University Partnership Programme (CUPP), which aims at nurturing FinTech talent, was organised for the fifth consecutive year. Over the past five years, a total of 303 university students in 96 teams joined the CUPP. This year, 49 university students in 18 teams were funded to participate in a one-week entrepreneurship boot camp organised by the University of Chicago Booth's School of Business, which included visits to top FinTech companies and start-ups in the United States. In the end, 13 teams were each granted a seed funding of \$100,000 under the CCMF to turn their ideas into FinTech prototypes.

17. In July this year, Cyberport organised the first "Tech Start-up 101: How to Build Minimum Viable Product" jointly with the University of Hong Kong, the Hong Kong University of Science and Technology, the Chinese University of Hong Kong and the Hong Kong School of Design. In this two-day programme, representatives from Cyberport's award-winning start-ups and experts in design thinking shared with university students and graduates aspiring to become entrepreneurs the secret of building a minimum viable product. The programme attracted a total of 54 participants, with one of the teams subsequently admitted into the CIP.

18. In terms of nurturing young people to start an ICT career, Cyberport continued to play an active role in providing young people with various local internship opportunities. Over the past year, in partnership with such organisations as the HKMA, the Hong Kong Applied Science and Technology Research Institute, the Vocational Training Council and the Hong Kong Federation of Youth Groups, Cyberport arranged more than 100 young people to serve as interns or receive training at banks, the HKMA or companies in the Cyberport community under the themes of FinTech, smart city and e-sports.

19. About 120 international, regional and local digital technology events, seminars and training programmes were conducted in Cyberport this year, attracting over 11 200 industry practitioners to participate. As for activities targeting the youth, in collaboration with various organisations and education institutes, Cyberport has hosted hackathons and STEM-related I&T competitions. The events helped arouse the interests of young people in learning and applying

digital technology, as well as inspiring and grooming young talent to pursue a career in digital technology.

Fostering Technology Development

20. Cyberport has been promoting three major clusters, namely FinTech, digital entertainment and e-sports as well as smart living. Cyberport also actively promotes the advancement of various technologies including AI and big data, blockchain and cybersecurity which lay the foundations for future technology applications.

Financial Technology (FinTech)

21. FinTech is currently a key cluster being developed at Cyberport and Cyberport hosts the biggest FinTech community and ecosystem in Hong Kong with over 380 FinTech companies specialising in the applied R&D of blockchain, mobile payment, cybersecurity, AI, big data, programme trading, etc.

22. The Financial Secretary led a delegation to London/the United Kingdom (UK) in October this year for exchanging ideas with local organisations, understanding trends of local FinTech development and promoting closer ties between Hong Kong and the UK. Cyberport led a delegation of 15 FinTech start-ups to join part of the visit to provide the Cyberport companies with more opportunities for development. In the past five years, Cyberport has partnered with the Department for International Trade of the UK to provide FinTech companies in both Hong Kong and the UK with soft-landing opportunities.

23. Moreover, Cyberport will enhance FinTech-specific training for in-service financial practitioners to enrich the FinTech talent pool and promote FinTech applications in the traditional financial industries. The training courses will commence in January 2020. Cyberport will also establish a new FinTech event space in Wanchai for stakeholders including FinTech companies, traditional financial industries, innovation laboratories and accelerators, venture capital firms and FinTech training institutions, to hold events and exchange ideas, with a view to driving demand for FinTech and creating business opportunities. The event space is expected to open in 2020.

24. Cyberport has actively organised and participated in various local and overseas FinTech events. As the partner of the Accenture FinTech Innovation

Lab (the Lab) in the Asia-Pacific region over the past six years, Cyberport has assisted the Lab in organising a 12-week accelerator programme at Cyberport each year. Moreover, Cyberport participated in such events as the Asian Financial Forum held in January 2019, as well as the Hong Kong FinTech Week, Singapore FinTech Festival and FinTech Taipei staged in November 2019, and assisted a number of FinTech companies attending the events as exhibitors.

Digital entertainment and E-sports

25. To promote the development of the e-sports industry in Hong Kong, we injected \$100 million into Cyberport in 2018-19, of which \$50 million is used for establishing the Cyberport Arcade as an e-sports and digital entertainment node, while the remaining \$50 million is used for promoting the development of the local e-sports industry. The dedicated e-sports venue located at the Ocean View Court of the Arcade in Cyberport was opened in July 2019. With an area of about 4 000 square feet and the capability of accommodating 500 spectators, the venue is equipped with comprehensive e-sports facilities, including large LED screens, a combat arena, lighting and audio systems, filming equipment and a simulcast system. The CyberLab, established beside the competition venue and to be opened by the end of this year, is a platform for technology companies and start-ups in the Cyberport community to showcase their I&T products and solutions.

26. Cyberport organised the three-day Digital Entertainment Leadership Forum 2019 and Blockchain Gamer Connects Conference on 18-20 July to mark the opening of the dedicated e-sports venue, attracting more than 1 200 overseas and local participants including e-sports and digital entertainment industry leaders, teachers, students and members of the public. As of end October 2019, a total of nine e-sports-related events were held at the dedicated e-sports venue. The total number of participants exceeded 2 600. Cyberport introduced two schemes in April 2019, namely the “E-sports Industry Facilitation Scheme” and the “E-sports Internship Scheme”, to support the development of the industry. The “E-sports Industry Facilitation Scheme” has so far approved 26 applications which focus on organising competitions, activities and e-sports education programmes. The “E-sports Internship Scheme” has to date approved 22 internship places which cover positions including E-sports Competition Co-ordinator, E-sports Course Instructor, E-sports Stadium Manager, Animation Effects Designer and 3D Designer.

27. Cyberport is active in promoting education on e-sports. Following the first part-time Diploma Programme in E-sports Science in 2018, Cyberport assisted the School of Professional and Continuing Education of the University of Hong

Kong in organising a two-year Higher Diploma in eSports in September 2019.

28. On creating a conducive business environment, the Home Affairs Department published in April 2019 the Guidance Note on Application for Exemption of E-Sports Venues from the Licence Requirement under the Amusement Game Centres (AGC) Ordinance (Cap. 435) (Guidance Note) and started accepting applications to exempt eligible e-sports venues from the requirements of AGC Licence through relevant mechanism. The Guidance Note sets out in detail the standard of e-sports venues, eligibility criteria and exemption arrangements, including various specific conditions for software and hardware configurations and business model of the venues.

Smart Living

29. To support smart city development, Cyberport has integrated relevant applications and technology areas in the past year, and established a new cluster of smart living, covering applications such as educational technology, e-commerce and Internet of Things. The facilities in the Cyberport community provide a platform for start-ups to showcase their smart living solutions. Cyberport has launched the 24-hour unmanned store “Smart Living Concept Store” which offers a wide range of products, many of which provided by Cyberport start-ups. Besides, Cyberport unveiled a new smart toilet at the Arcade, robots at office and electric vehicle charging stations at the car park. On the one hand, the concept store and all these smart facilities make the Cyberport complex more convenient and efficient. On the other hand, it offers a platform for start-ups to test market response and attract potential investors to experience their technology solutions in Cyberport.

30. The smart living solutions from Cyberport start-ups have earned enviable industry recognition. Cyberport start-ups won a total of 15 awards across the smart living, smart citizen, smart mobility and business solution categories at the Hong Kong ICT Awards 2018.

Cyberport Expansion Plan

31. At present, the office space and Smart-Space co-working space at Cyberport have almost been fully rented out, with an occupancy rate of 93% and 98% respectively. It is difficult for existing tenants and Smart-Space users to expand their current office space. Lack of space and facilities poses challenges to

Cyberport in attracting more digital technology start-ups on campus, especially those which strive to pursue emerging technology areas, such as insurance technology, regulatory technology and legal technology.

32. To this end, the Government announced in the 2019-20 Budget that \$5.5 billion would be earmarked for the expansion of Cyberport with an aim to attract more quality technology companies and start-ups to set up their offices in Cyberport and provide a pathway for young people to pursue a career in I&T. Cyberport plans to build Cyberport 5 at an existing waterfront site of approximately 1.6 hectares with a gross floor area of around 66 000 square metres (see **Annex B**). It is expected that the development will house around 100 technology companies and 750 start-ups and incubatees. Apart from office space, the new building will provide a multi-function hall accommodating around 800 to 1 000 people. In addition, the new building will include a data services platform to provide convenient and flexible cloud data services and related ancillary facilities for Cyberport's I&T enterprises to facilitate development and testing of new products. This will serve as a platform for providing crisis management training and simulation to enhance the capability of the industry on cybersecurity.

33. To enable members of the public to better enjoy a comfortable green space and to allow entrepreneurs on campus to brainstorm innovative ideas in a nice environment, Cyberport proposes to enhance the waterfront park by introducing recreational and smart facilities. Cyberport will continue to manage the public space and its facilities upon completion of the enhancement works.

34. We briefed members of the District Development and Housing Committee of the Southern District Council on the project details in May and July 2019. The Committee supported the expansion project. To tie in with the project, the proposed amendments to the approved Pok Fu Lam Outline Zoning Plan (OZP) No. S/H10/17 was submitted to the Metro Planning Committee (MPC) of the Town Planning Board in September 2019. MPC agreed to exhibit the relevant amendments to the OZP for public inspection under section 5 of the Town Planning Ordinance. The draft Pok Fu Lam OZP No. S/H10/18, incorporating the relevant amendments, was gazetted on 27 September 2019. Upon completion of the relevant statutory procedures, the Government will submit the funding proposal to the Finance Committee of the Legislative Council in the first half of 2021. Construction is expected to commence in the fourth quarter of 2021 for completion in 2024 at the earliest.

Relief Measures

35. In light of the uncertainties in the economic environment, the Financial Secretary announced in August and September 2019 a series of relief measures to support enterprises and safeguard jobs. Cyberport also announced a 50 % rental concession for its tenants and start-ups for the period from October 2019 to March 2020, covering office tenants, incubatees, Smart-Space users, retail as well as food and beverage operators. The rental concession would be capped at 10 000 square feet of rental space per lease. It is expected that 660 tenants/retail tenants would benefit from the concession and the estimated total rental income foregone is \$44 million.

Cyberport's Annual Report 2018-19 and Latest Financial Position

36. The audited accounts of the Cyberport Companies¹ for the financial year 2018-19 are at **Annex C**. For 2018-19, the operating profit before depreciation and tax and excluding other incomes was \$55.8 million, compared with \$68 million in 2017-18. As at end-March 2019, the Cyberport Companies' disposable reserve was about \$383 million.

37. To tie in with the Government's effort in promoting I&T development, the Cyberport Companies' contribution to public mission activities in 2018-19 was \$133.4 million, representing a 14% increase as compared with \$116.5 million in 2017-18. In 2019-20, Cyberport's expenditure on public mission activities is expected to exceed \$181 million. On the capital works front, Cyberport needs to undertake large-scale maintenance and upgrading works in the next few years to ensure that its campus conditions and facilities are up to modern standards. As rental income from offices and the Arcade is only sufficient for maintaining Cyberport's daily operation and meeting the expenditure on public mission programmes, the financial position of Cyberport will be rather tight in the next few years. In view of this, the Government provided an injection of \$300 million into Cyberport in 2018 for the first time since its establishment. The Government also plans to inject \$5.5 billion for the development of Cyberport 5.

¹ Private and wholly-owned companies, namely Hong Kong Cyberport Development Holdings Limited, Hong Kong Cyberport Management Company Limited and its subsidiaries, and Hong Kong Cyberport (Ancillary Development) Limited (collectively referred to as the Cyberport Companies in this paper) set up by the Government under the Financial Secretary Incorporated to oversee the implementation of the Cyberport Project.

38. As at October 2019, there were 761 tenants, which included 679 commercial organisations, seven non-profit-making organisations and government department, and 75 incubatees, employing a total of around 6 200 people². Over the years, Cyberport has attracted various overseas corporations to establish their presence in Hong Kong and 122 of the commercial organisations have non-local origin.

39. Cyberport's 2018-19 Annual Report was circulated to all members of the Legislative Council in October 2019. The Report has been uploaded to https://www.cyberport.hk/en/about_cyberport/annual_report for public's perusal.

Advice Sought

40. Members are invited to note the contents of this paper.

Innovation and Technology Bureau
December 2019

² Excluding those employed by the government department.

Successful Examples of Cyberport Start-ups

Part A: 2019 Intake

	Start-up Company	Nature of Business	Achievement
1	Magnum Research Limited	A Robo-Advisory firm based in Hong Kong, utilising an algorithmic, data and machine learning approach to provide clients with access to diversified global asset allocation, taking into account their risk appetite and investment return.	<ul style="list-style-type: none"> • Obtained investment from Alibaba Entrepreneurs Fund and Bank of China International • Obtained SFC Licenses Type 1, 4 and 9
2	iFinGate Limited	Focusing on RegTech, it leverages data science and machine learning to provide one-stop shop service to help clients mitigate compliance risks automatically.	<ul style="list-style-type: none"> • The product is trial used by over 20 professional firms in Hong Kong
3	Transin Holding Limited	Provides users with a receipt scanning service that can help users keep consumption record and get cashback. The anonymised data will be analysed by the system.	<ul style="list-style-type: none"> • Obtained ET Net FinTech Awards 2018 in Wealth Investment and Management (Outstanding Wealth-saving Application)

	Start-up Company	Nature of Business	Achievement
4	Godzpeed Autosport Holdings Limited	An e-sports software developer founded by a group of software experts and motorsport insiders. The simulation software serves the purposes of e-sports gaming, professional training and data acquisitions for further technologies development.	<ul style="list-style-type: none"> • Won Hong Kong ICT Award 2019: ICT Startup (Software & Apps) Award - Gold Award • Partnered with China Touring Car Championship (CTCC) and Fast4ward
5	P-Sense Limited	Helps corporates track customer movements with Wi-Fi-enabled phones installed in indoor environment without having to connect to a network. It could be used for intelligent analytics, collection of consumer behavior data, marketing etc.	<ul style="list-style-type: none"> • Product was adopted by corporate customers including New World Development, China Resources Group, Global Sources, etc. • One of the start-ups joining the accelerator programme of China Resources University and was selected as Best Innovative Project
6	ubiZense Ltd.	Offers solutions to strategically design IoT networks for organisations, integrate data and leverage AI to deliver business insights to organisations.	<ul style="list-style-type: none"> • Won Hong Kong ICT Award 2019: Smart Mobility Grand Award and Smart Mobility (Smart Logistics) Award - Gold Award

	Start-up Company	Nature of Business	Achievement
7	VAR LIVE International Limited	Mainly develops Virtual Reality (VR) games and in-house hardware to provide tailor-made professional VR trainings for corporates, offering a unique VR experience to the world.	<ul style="list-style-type: none"> • Won Hong Kong ICT Award 2019: ICT Startup (Software & Apps) Award - Silver Award • Set up retail store in Hong Kong and launched VAR BOX, a VR e-sports gaming device, in Taiwan, Japan, Hong Kong and Malaysia
8	Buyandship (E-Buy Global Limited)	Provide global shipping services for customers who wish to shop across the world with quick, safe and efficient delivery services.	<ul style="list-style-type: none"> • More than 150,000 registered users in Hong Kong • Received US\$2.2 million (approximately HK\$17.16 million) in Pre-B round financing in June 2019
9	HK Decoman Technology Limited	Introduces changes to the traditional decoration and home fields through the O2O model, constantly creating value for users and leading the industry.	<ul style="list-style-type: none"> • Won the Hong Kong ICT Award 2019 - Business Solutions Award (SME) in 2019 • Won the Platinum Award in the Hong Kong Online Business Excellence Brand Award
10	iSTEM Limited	Features EduTech which leverages AI, VR and gamification to enhance student engagement and predict learning performance. Sentiment analysis and hand gesture detection facilitates big data analysis.	<ul style="list-style-type: none"> • Won the Silver Award in the 47th Invention of Geneva Awards in April 2019 • Won the Merit Award in the HKIoT-China Competition 2019 (Hong Kong Division)

Part B: Previous Intakes

	Start-up Company	Nature of Business	Achievement
1	GoGoVan	Provides logistics service by matching customers and drivers	<ul style="list-style-type: none"> • Merged with the logistics business 58 Suyun in Tencent, and transformed into a “unicorn” (a start-up company with a valuation of US\$1 billion but not yet listed) • Raised multiple rounds of funds from investors, including US\$250 million (about HK\$1.95 billion) in the latest round • Won a myriad of industry awards • Co-Founder and Chief Executive Officer won the first-ever “The InnoStars Award” organised by Our Hong Kong Foundation in 2018 and selected by Forbes as one of the 30 Asian leaders under 30 • Expansion to the Mainland, Singapore, South Korea, Malaysia, etc.
2	TNG (Asia) Limited	A fast-growing FinTech company in Hong Kong providing consumers with a cashless payment tool	<ul style="list-style-type: none"> • Received Series B financing, involving about US\$128 million (about HK\$0.9 billion), led by New Margin Capital • Acquired Global Cross-border Payment Gateway Company “Tranglo” from Malaysian National Private Equity Fund Ekuinas • Founder and Chief Executive Officer won the first-ever “The InnoStars Award” organised by Our Hong Kong Foundation in 2018

	Start-up Company	Nature of Business	Achievement
3	Klook Travel Technology Limited	A one-stop destination travel booking platform to provide users with a range of event information for them to explore and book attractions and special events.	<ul style="list-style-type: none"> • A unicorn • Raised multiple rounds of funds from investors. Accumulated financing amounted to US\$300 million, setting the highest financing record in the destination tourism sector • The co-founder was selected by Forbes as one of the 30 Asian leaders under 30 • The business has expanded to the Mainland, Singapore, Japan, South Korea, Thailand, India, etc.
4	Apprendre Education (Snapask)	Provides a comprehensive e-learning platform for students around the world	<ul style="list-style-type: none"> • Raised multiple rounds of funds from investors, including US\$15 million in financing in 2018 (about HK\$120 million) • Co-founder was selected by Forbes as one of the 30 Asian leaders under 30
5	Dragon Law Limited	Provides online legal tools for start-ups and SMEs	<ul style="list-style-type: none"> • Won Hong Kong ICT Awards 2015 - Special Mention of Best SME ICT (Product) Award • Hong Kong Top 20 Startups 2016 by Hong Kong Business Magazine
6	Origami Group Limited	Creates innovative IoT/wearables solutions that meet innate human needs	<ul style="list-style-type: none"> • Participant of Wearable IoT World Accelerator Programme • Champion of Elevator World Tour Hong Kong 2016 and received US\$120,000 funding (about HK\$940,000) • Raised a total funding of US\$3.25 million (about HK\$25.35 million) since establishment. Investors include Alibaba Entrepreneur Fund

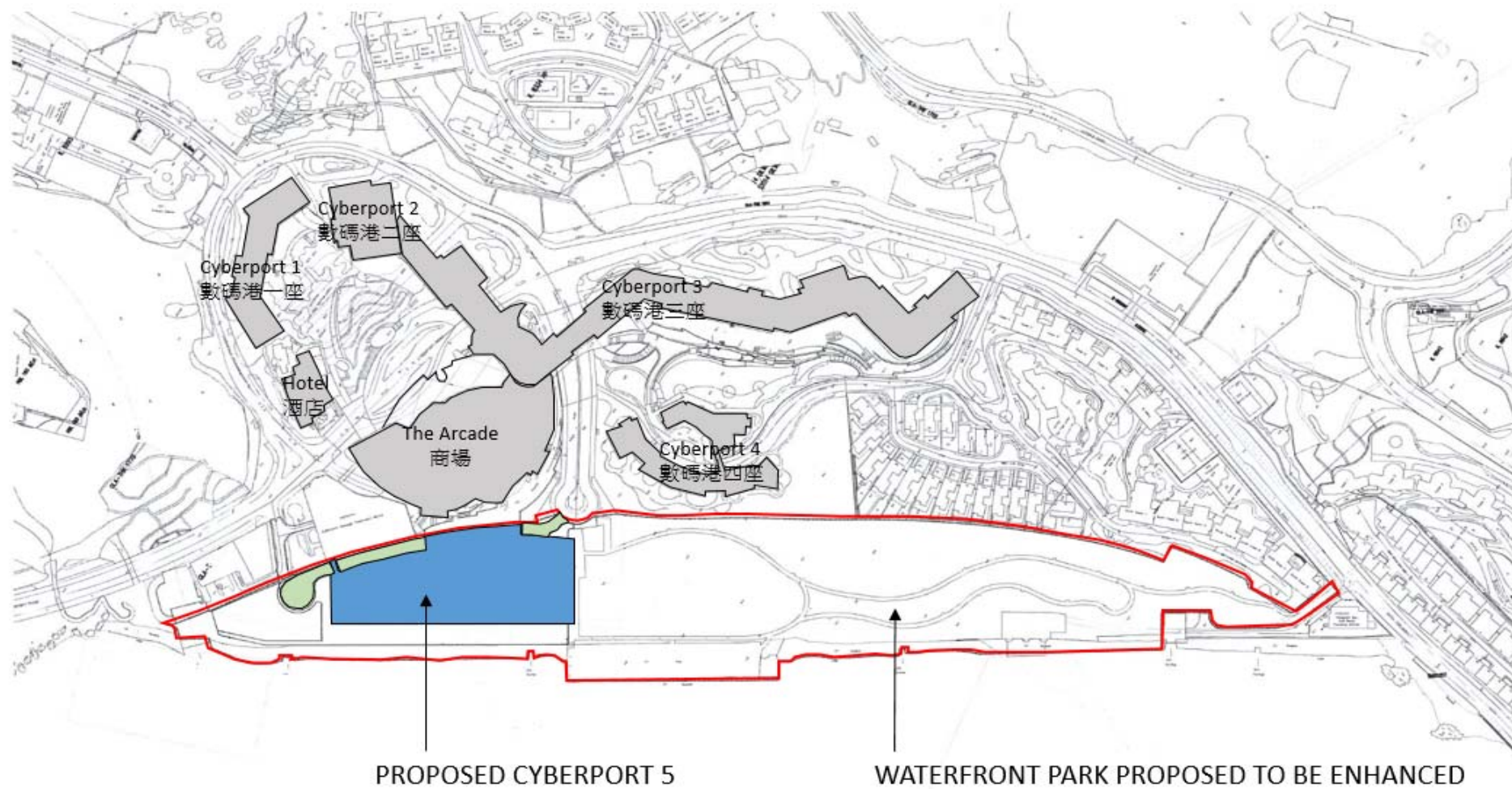
	Start-up Company	Nature of Business	Achievement
7	Shopline	Provides website building and mobile solutions for small and medium-sized enterprises	<ul style="list-style-type: none"> • Won Hong Kong ICT Awards 2015 - Certificate of Merit of Best SME ICT (Product) Award • Shopline has received a total of US\$4.9 million (about HK\$39 million) in funding, including those from Alibaba Entrepreneurs Fund.
8	BondIT Asia (H.K.) Limited	Through mechanical financial consultants and unique machine learning algorithms, it provides simple and easy financial management tools. It assists fixed-income investment managers and consultants in raising bond sales and impetus customer interaction.	<ul style="list-style-type: none"> • Raised multiple rounds of funds from investors including Fosun Group's investment of more than US\$14 million (about HK\$100 million) • UKTI Hong Kong FinTech Award – fourth
9	Pakpobox Hong Kong Limited	A leading Smart Locker supplier in Southeast Asia which operates its own Smart Locker network namely Alfred in Hong Kong	<ul style="list-style-type: none"> • Provides Smart Locker services to postal and logistics agencies, including Hongkong Post and Singapore Post
10	Quantifeed	An online platform providing B2B wealth management solutions	<ul style="list-style-type: none"> • Raised multiple rounds of funding from various investors including US\$10 million in Series B financing in 2018 (about HK\$78 million) • 2017 Asia Private Banker Technology Award - Best Smart Investment Solution
11	Kristal Advisors (HK) Limited	Uses smart financial consultants to build investment strategies, leading the era of technology finance with low cost combination to create stable long-term returns.	<ul style="list-style-type: none"> • Financial Technology Awards 2017 - Wealth Investment and Management Awards

	Start-up Company	Nature of Business	Achievement
12	Find Solution Artificial Intelligence Limited	Through video cam detection and the use of AI to analyse facial, eye tracking and emotion data of students when studying different subjects, with a view to providing students with a personalised and interactive learning mode.	<ul style="list-style-type: none"> • Hong Kong Smart City Awards 2018 in Smart People - Outstanding Artificial Intelligence Learning App • Won Hong Kong ICT Award 2018: Smart Living (Smart Lifestyle) Award - Gold Award
13	AI Financial Technology Limited	Fully digitises insurance process end-to-end. They are collaborating with global leaders in insurance and health sectors to deliver new technology and the best user experience.	<ul style="list-style-type: none"> • Obtained HK\$200M Series A investment from investors for technology and product development, sales and marketing and insurance reserve
14	Dragon Creative Enterprise Solution Limited	A Hong Kong-based technology company founded in May 2013, MAD Gaze Smart Glasses provides augmented reality solutions for both mass and commercial customers.	<ul style="list-style-type: none"> • Products sold to more than 40 countries around the world • Won Hong Kong Smart City Awards 2018 - Outstanding AR Smart Eyewear Technology • Won Smart Life 2018 Maker China's first AIOT division • Won Hong Kong ICT Awards 2016: Silver Award for Best Information Technology Startups (Hardware and Equipment)
15	Farm66 Investment Limited	It is the first indoor upright fish and vegetable symbiotic plantation in Hong Kong, using innovative technology to produce safe and healthy agricultural products.	<ul style="list-style-type: none"> • Winner of the JUMPSTARTER 2017 and invested by Alibaba Entrepreneur Fund in 2019 • Established a 20 000 square foot flagship plantation in Hong Kong with an annual production capacity of 200 tonnes

	Start-up Company	Nature of Business	Achievement
16	Wesurance Limited	Wesurance provides advanced InsurTech solutions to users through mobile app. User can easily purchase, view and manage their policy and file claims in one App.	<ul style="list-style-type: none"> • Collaborates with Allied World and Transunion Hong Kong to establish innovative travel insurance products • Finalist of Startup Insurtech Awards in Digital Insurer Livefest 2018
17	WildFaces Technology Limited	Its patented technology focuses on on-the-move face recognition technology. Its algorithm can be applied in extremely crowded and complex environment, with simple real-time tracking setting.	<ul style="list-style-type: none"> • Its core AI technology has been internationally certified • Won Hong Kong Smart City Awards 2018 in Smart Mobility
18	Bowtie Limited	Bowtie offers medical insurance plans under the Voluntary Health Insurance Scheme (VHIS) and other insurance products to customers instantly and directly. Customers can submit application and manage their insurance policy via the all-in-one mobile app.	<ul style="list-style-type: none"> • Hong Kong's first virtual insurer through HKIA's Fast Track arrangement • Obtained over HK\$230M investment from investors, including Sun Life Financial and HKX Technology Fund • Obtained IFTA Fintech Achievement Award 2018 (InsurTech - Diamond Award)

	Start-up Company	Nature of Business	Achievement
19	CoverGo Limited	CoverGo's B2B modular platform enables institutional clients to digitise and distribute insurance products via any digital channel. Its mobile app enables end users a portfolio overview and instant access to policies from different insurance companies. It can also analyse the financial needs and coverage gaps of the user automatically.	<ul style="list-style-type: none"> • Obtained Hong Kong ICT Awards 2019 - FinTech Grand Award
20	GJS (Hong Kong) Co., Limited	A company focusing on design and development of e-sports battle robots and related products. The products launched in the market include GANKER, a short-distance battle robot, as well as GEIO, a high-speed robot with long shooting range capability.	<ul style="list-style-type: none"> • Obtained product patents and certifications • Organised competitions with its products in a number of cities, including Shanghai, Guangzhou, Taipei, Macao etc., and accumulated users

Location Plan for Cyberport Expansion



**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2019

	Notes	2018 HK\$	2019 HK\$
Revenue	1	481,941,449	513,426,857
Other net income	1	35,485,629	45,451,980
Expenses before public mission activities expenses and depreciation		<u>517,427,078</u>	<u>558,878,837</u>
Building management expenses		(141,013,494)	(151,254,179)
Staff costs		(91,822,886)	(101,615,660)
Government rent and rates		(14,142,293)	(14,509,109)
Other operating expenses		(85,877,441)	(102,297,934)
Finance costs		(11,725)	(2,834)
		<u>(332,867,839)</u>	<u>(369,679,716)</u>
Operating profit before public mission activities expenses and depreciation		<u>184,559,239</u>	<u>189,199,121</u>
Public mission activities expenses		(116,541,158)	(133,357,811)
Operating profit before depreciation		<u>68,018,081</u>	<u>55,841,310</u>
Depreciation	3	(133,420,807)	(132,648,616)
Loss before tax		<u>(65,402,726)</u>	<u>(76,807,306)</u>
Income tax	2	-	-
Loss for the year		<u>(65,402,726)</u>	<u>(76,807,306)</u>
Other comprehensive income			
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:			
- Changes in fair value of equity investments designated at fair value through other comprehensive income		-	14,569,725
Other comprehensive income for the year, net of tax		<u>-</u>	<u>14,569,725</u>
Total comprehensive loss for the year		<u>(65,402,726)</u>	<u>(62,237,581)</u>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2019

	Notes	2018 HK\$	2019 HK\$
<u>Non-current assets</u>			
Property, plant and equipment	3	2,909,737,035	2,869,506,312
Deferred rental receivables		12,389,679	8,503,155
Cyberport Macro Fund investments	4	17,960,621	54,866,109
Investments in securities		223,214,837	70,830,649
Prepayment and deposits		4,814,268	27,755,272
		<hr/>	<hr/>
		3,168,116,440	3,031,461,497
		<hr/>	<hr/>
<u>Current assets</u>			
Inventories		539,809	337,411
Trade and other receivables		28,032,120	36,116,885
Investments in securities		775,619,293	680,463,448
Cash and bank balances		342,169,919	866,198,149
		<hr/>	<hr/>
		1,146,361,141	1,583,115,893
		<hr/>	<hr/>
<u>Current liabilities</u>			
Trade and other payables		112,771,669	179,801,144
Rental and other deposits		85,199,995	82,132,286
Obligations under a finance lease		1,577,476	-
		<hr/>	<hr/>
		199,549,140	261,933,430
		<hr/>	<hr/>
Net current assets		946,812,001	1,321,182,463
		<hr/>	<hr/>
Total assets less current liabilities		4,114,928,441	4,352,643,960
		<hr/>	<hr/>
<u>Equity</u>			
Share capital	5	2	300,000,002
Reserves	6	3,715,570,160	3,654,808,601
		<hr/>	<hr/>
Total equity		3,715,570,162	3,954,808,603
		<hr/>	<hr/>
<u>Non-current liabilities</u>			
Development maintenance fund	7	399,088,604	397,612,582
Deferred rental payable		269,675	222,775
		<hr/>	<hr/>
		399,358,279	397,835,357
		<hr/>	<hr/>
		4,114,928,441	4,352,643,960
		<hr/>	<hr/>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue and other net income

	2018 HK\$	2019 HK\$
<u>Revenue</u>		
Rental income	237,536,500	261,971,587
Building management income		
- Management fee income	88,893,309	89,294,234
- Car park fee income	14,879,229	13,998,390
- Other facilities income	19,610,565	19,159,438
Income from hotel operation	117,012,199	124,922,563
Broadband service and installation fees	3,779,361	3,879,357
Other incidental income	230,286	201,288
	<u>481,941,449</u>	<u>513,426,857</u>
<u>Other net income</u>		
Interest income from financial assets at amortised cost/held-to-maturity investments, net of amortisation of premium of HK\$1,688,840 (2018: HK\$3,297,849)	13,523,837	9,574,292
Interest income from investments at fair value through profit or loss	13,093,713	16,411,555
Interest income on bank deposits	776,846	8,919,543
Rental deposits forfeited	-	3,437,237
Net realised/unrealised gains on investments at fair value through profit or loss	191,970	3,978,725
Fair value gain on debt investment at fair value through profit or loss	-	340,024
Foreign exchange differences, net	7,776,270	(1,336,452)
Gain on disposal of items of property, plant and equipment	1,500	2,000
Bad debts expenses written back	-	3,321,797
Reversal of provision for impairment of trade receivables	121,493	803,259
	<u>35,485,629</u>	<u>45,451,980</u>

2. Income tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2018: Nil).

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	Over the period of the lease
Building services and support facilities	10%
Information technology facilities	20%
Centres equipment	20% - 33 1/3%
Leasehold improvements	10%
Furniture and equipment	10% - 20%
Motor vehicles	20%

	Buildings held for rental and Hotel Building	Building services and support facilities	Information technology facilities	Centres equipment	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cost								
At 1 April 2017	3,832,061,688	1,197,781,244	281,273,402	60,886,254	116,880,436	171,780,908	1,338,151	5,662,002,083
Additions	-	26,905,214	3,021,590	-	29,613,030	7,455,311	-	66,995,145
Disposals	-	-	(8,768,215)	-	(318,000)	(1,224,466)	-	(10,310,681)
At 31 March 2018	3,832,061,688	1,224,686,458	275,526,777	60,886,254	146,175,466	178,011,753	1,338,151	5,718,686,547
Additions	-	39,663,713	1,476,022	-	28,682,433	23,342,082	-	93,164,250
Disposals	-	-	(14,848,965)	-	(3,372,411)	(7,869,346)	(408,014)	(26,498,736)
At 31 March 2019	3,832,061,688	1,264,350,171	262,153,834	60,886,254	171,485,488	193,484,489	930,137	5,785,352,061
Accumulated depreciation								
At 1 April 2017	1,078,270,733	1,148,426,937	257,222,906	60,886,254	35,218,599	104,554,280	746,484	2,685,326,193
Charge for the year	83,098,299	7,120,021	8,079,907	-	13,190,157	21,790,423	142,000	133,420,807
Disposals	-	-	(8,768,215)	-	-	(1,029,273)	-	(9,797,488)
At 31 March 2018	1,161,369,032	1,155,546,958	256,534,598	60,886,254	48,408,756	125,315,430	888,484	2,808,949,512
Charge for the year	83,098,299	9,357,262	5,310,798	-	14,277,110	20,463,147	142,000	132,648,616
Disposals	-	-	(14,848,965)	-	(3,161,758)	(7,333,642)	(408,014)	(25,752,379)
At 31 March 2019	1,244,467,331	1,164,904,220	246,996,431	60,886,254	59,524,108	138,444,935	622,470	2,915,845,749
Net book value								
At 31 March 2018	2,670,692,656	69,139,500	18,992,179	-	97,766,710	52,696,323	449,667	2,909,737,035
At 31 March 2019	2,587,594,357	99,445,951	15,157,403	-	111,961,380	55,039,554	307,667	2,869,506,312

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. Cyberport Macro Fund investments

To further extend the Group's entrepreneurial support to scalable start-ups, the Group launched the Cyberport Marco Fund (CMF) for Hong Kong-based digital entrepreneurs in 2017. With an initial size of HK\$200 million, the CMF aims to accelerate the growth of digital technology start-ups.

As an investment fund that targets to co-invest in Cyberport digital entrepreneurs with other private and public investors as seed to Series A stage funding, the CMF also aims to encourage the development of a venture capital ecosystem for start-ups in Hong Kong.

5. Share capital

	2018 HK\$	2019 HK\$
Issued and fully paid: 300,000,002 (2018: 2) ordinary shares	2	300,000,002

On 28 February 2018, the HKSAR Government announced a funding injection of HK\$300 million to Cyberport for the new initiatives in respect of strengthening the support to its tenants/incubatees, and promoting the development of e-Sports in Hong Kong, as covered in the Financial Secretary's 2018/19 Budget Speech.

The Company raised its share capital by HK\$300 million (the "Funds") by way of allotment of its shares to Financial Secretary Incorporated in August 2018. On 12 September 2018, the Company injected the Funds into HKCMCL by way of subscription of 300,000,000 shares in HKCMCL at the subscription price of HK\$1 per share.

6. Reserves

In accordance with the terms of the Project Agreement and the Sub-lease Agreement, property, plant and equipment were handed over to the Group, resulting in a capital reserve.

	2018 HK\$	2019 HK\$
Capital reserve	5,391,076,919	5,392,552,941
Fair value reserve	-	14,569,725
Accumulated losses	(1,675,506,759)	(1,752,314,065)
	<u>3,715,570,160</u>	<u>3,654,808,601</u>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. Development Maintenance Fund

It represents a fund received by the Group in accordance with the terms of the Project Agreement for the purpose of upkeeping and maintenance of the common telecommunications, media and information technology facilities available to the tenants and visitors.

Upon acquisition of relevant assets for replacements, the costs of the acquired assets will be transferred from the Development Maintenance Fund account to the Capital Reserve account in accordance with the Group's accounting policy.

During the year, the Shared Cyberport facilities of HK\$1,476,022 (2018: HK\$3,021,590) were acquired and funded by the Development Maintenance Fund. Accordingly, this amount has been transferred from the Development Maintenance Fund to Capital Reserve account.