

**立法會**  
**Legislative Council**

LC Paper No. CB(1)214/19-20(04)

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**Panel on Information Technology and Broadcasting**

**Meeting on 9 December 2019**

**Updated background brief on Cyberport**

**Purpose**

This paper provides background information on Cyberport. It also summarizes the major views and concerns expressed by Members in previous discussions on the subject.

**Background**

2. Cyberport is set up to support and promote the development of information and communications technology ("ICT") in Hong Kong. It has been in operation since 2004 and is managed by the Government-owned Hong Kong Cyberport Management Company Limited ("HKCMCL"). Cyberport 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.

3. In achieving its mission in "inspiring the next generation", Cyberport organizes a wide range of activities to spur young people's creativity and arouse their interest in ICT, and provides them with practical working experience in the ICT industry, particularly in start-ups. To enhance the overall I&T knowledge of the industry, Cyberport organizes or supports digital technology events, knowledge transfer and training sessions at local, regional and international levels.

4. On "nurturing and strengthening local ICT start-ups", Cyberport provides a range of financial and professional support to start-ups 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;
- (b) Cyberport Creative Micro Fund – Cyberport provides \$100,000 as seed funding for each selected project to turn innovative ideas into prototypes;
- (c) Cyberport Accelerator Support Programme – This programme supports incubatees and alumni to participate in local, Mainland and overseas accelerator programmes by offering valuable guidance on overseas expansion and fundraising; and
- (d) Cyberport Macro Fund – The fund helps start-ups in Cyberport bridge the funding gap and foster angel and venture capital investments in Hong Kong.

5. Cyberport has been assisting local enterprises and start-ups in adopting 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. As regards helping 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.

### Cyberport's initiatives

#### *Space Sharing Scheme for Youth*

7. Under the Space Sharing Scheme for Youth, Cyberport has set up 20 000 square feet of Smart-Space co-working space in Tsuen Wan, which came into operation in July 2018. The co-working space can accommodate a maximum of some 140 start-ups. Start-ups in Smart-Space may apply for up to \$100,000 in financial subsidy under the Cyberport Creative Micro Fund.

### *Overseas/Mainland Market Development Support Scheme*

8. Cyberport launched the Overseas/Mainland Market Development Support Scheme to provide a financial subsidy of up to \$200,000 in the fourth quarter of 2018 to assist start-ups in entering the overseas and Mainland markets more quickly and effectively.

### *Easy Landing Scheme*

9. Cyberport has launched an Easy Landing Scheme to attract multi-national companies (including overseas and Mainland leading Internet enterprises and Fintech companies) to set up offices and research and development ("R&D") units in Hong Kong. HKCMCL would offer eligible companies a rental concession of \$1 million or 50% of the rental for a period of up to five years.

### E-sports

#### *E-sports competition venue/e-sports and digital entertainment node*

10. To promote the development of e-sports in Hong Kong, the Administration has injected \$100 million into Cyberport in 2018-2019, of which \$50 million was used for converting the Cyberport Arcade into an e-sports and digital entertainment node.<sup>1</sup> The e-sports venue in the Cyberport Arcade was officially opened in July 2019. The other \$50 million was provided to HKCMCL to support the development of the e-sports industry, including organizing local and regional competitions and major events, training programmes and public promotion activities. HKCMCL will also improve its start-up and talent nurturing system to identify and equip start-ups and talents relating to e-sports technologies and game development.

### Relief measure

11. In the light of uncertainties in the economic environment, Cyberport announced on 11 September 2019 that it would provide its tenants and start-ups with a 50% rental concession from October 2019 to March 2020. This covers existing tenants and start-ups, benefiting office tenants, incubatees, co-working space users, retail as well as food and beverage operators. The rental concession is capped at 10 000 square feet of rental space. It is expected that 660 tenants/retail tenants will benefit and the estimated rental income forgone is \$44 million.

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<sup>1</sup> The funding proposal was approved by the Finance Committee on 13 July 2018.

## **Previous discussions**

### Panel on Information Technology and Broadcasting

12. The Administration consulted the Panel on Information Technology and Broadcasting ("the Panel") on 14 May 2018 on the funding proposal of providing \$300 million to Cyberport as proposed in the 2018-2019 Budget.<sup>2</sup> Panel members supported in principle the funding proposal. Panel members were briefed on the work of Cyberport at the meeting on 14 January 2019. The major views and concerns expressed by members are summarized in the ensuing paragraphs.

#### *Attracting overseas companies and talent to Cyberport*

13. Members commented that eligible overseas companies were offered only up to \$1 million in rent concession under the Easy Landing Scheme. They queried whether the term was attractive enough to encourage leading foreign enterprises to set up offices and R&D units in Cyberport. They suggested that the Administration should offer more favourable terms such as staff accommodation, education services for staff family members, and tax concessions.

14. The Administration assured members that Cyberport offered other opportunities for multi-national corporations ("MNCs"), including leading Internet enterprises and Fintech companies, to cooperate with other local start-ups at Cyberport, and these opportunities were considered more valuable to MNCs. Furthermore, enhanced tax concession for qualifying R&D activities and the Technology Talent Admission Scheme would also help attract overseas talent to Hong Kong.

#### *Management and financial position of Cyberport*

15. Members expressed concerns about Cyberport's financial position in the coming few years, and queried whether further funding support from the Government would be provided to enable Cyberport to take forward the next phase of development. Members were informed that in addition to Government funding injection, Cyberport would examine other avenues (such as organizing local and regional competitions) to generate income to sustain Cyberport's operations and its public mission programmes.

#### *Supporting local technology companies*

16. Some members considered that many of the Administration's support schemes only benefited tenants and incubates of Science Park and Cyberport.

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<sup>2</sup> The funding proposal was approved by the Finance Committee on 13 July 2018.

They asked if resources and support would be made available to other companies as well. The Administration responded that Cyberport and Science Park had the experience and had made tangible contributions to promoting I&T in Hong Kong.

17. The Administration also advised that funds were available to support incubatee companies graduated from Cyberport. Separately the Administration would seek funding approval to set up research clusters on healthcare technologies and artificial intelligence/robotics.<sup>3</sup> 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.

#### *Development of e-sports*

18. Some members questioned whether the Administration's funding support to Cyberport would give it unfair competitive advantage over other private-sector initiatives and investment on e-sports. They also asked if the Administration would develop a comprehensive policy on e-sports. The Administration advised that its current plan was to provide an e-sports competition venue and help nurture relevant talents through Cyberport. These initiatives should not result in unfair competition with the private sector because Cyberport would not be the only venue for staging e-sports events; the proposed e-sports competition venue would help set a standard for similar facilities to be constructed in Hong Kong. As regards e-sports policy, the Government would first focus on building a solid foundation for further development of the e-sports industry.

19. Members asked the Administration to step up publicity on e-sports, particularly to correct certain public perception that, by promoting e-sports, the Administration was encouraging young people to indulge in playing computer games. The Administration advised that organizing e-sports events would be a helpful way of projecting the correct image of e-sports to the community. Cyberport would organize seminars, talks and related activities to introduce and promote the industry and its related technologies as well as the business and

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<sup>3</sup> The Administration proposed to (a) inject \$20 billion into the Innovation and Technology Fund, including \$10 billion for creating a new commitment to provide financial support to establish research clusters in Hong Kong; and (b) inject \$10 billion as equity from the Capital Investment Fund to the Hong Kong Science and Technology Parks Corporation for providing facilities to support healthcare and artificial intelligence and robotics technologies researches, and strengthening support measures for its tenants/incubates. The funding proposals were approved by the Finance Committee on 13 July 2018.

employment opportunities offered.

20. Some members urged the Administration to give a clear definition of an e-sports venue and the relevant licensing and statutory requirements so that operators would not be breaching the law inadvertently. There were views that the current regulatory regime for e-sports venues was not user-friendly as operators had to apply for different licences from different departments individually. Members requested the Administration to adopt a one-stop approach in helping e-sports venue operators obtain necessary licences from various bureaux and departments.

21. The Administration advised that an e-sports venue was considered a place where e-sports competitions could be held. It could also be used for e-sports related activities such as training, demonstration of e-sports equipment and products, and marketing of e-sports events, equipment and products. If an e-sports venue provided catering or retail services, operators would be required to obtain food business and other licences in accordance with the current statutory provisions. To facilitate the promotion of the e-sports industry and taking into account the views from the e-sports sector, the Administration had told Panel members that it would consider exempting e-sports venues operators from the requirement of obtaining Amusement Game Centres licence under Section 3 of the Amusement Game Centres Ordinance (Cap. 435) subject to meeting certain conditions.<sup>4</sup> The Administration informed the Panel that it would issue guidelines in the first quarter of 2019, and would consult relevant stakeholders in this regard.

22. Upon members' request, the Administration provided a copy of the guidelines on the licensing issues related to e-sports venues, including relevant application procedures and conditions. The information was issued to members vide [LC Paper No. CB\(1\)866/18-19\(01\)](#) on 10 April 2019.

23. In response to members' enquiry, the Administration explained that the \$50 million of the funding injection (paragraph 10) would be used to support e-sports events, training programmes in Hong Kong, participation in overseas e-sports events by local e-sports teams, and holding e-sports promotion fair, exhibitions and seminars/conferences. Cyberport would also provide resources to support or join the activities organized by various associations.

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<sup>4</sup> The Administration has adopted a mechanism to exempt e-sports venues from the requirements of the Amusement Game Centre Licence. Home Affairs Department ("HAD") published the Guidance Note on Application for Exemption of E-Sports Venues from the Licence Requirement under Cap. 435 on 8 April 2019. The Office of the Licensing Authority under HAD now accepts applications for exemption.

### Questions raised at Council meetings

24. Members, including Hon Jimmy NG, Hon CHAN Hak-kan, Hon Charles Peter MOK and Hon Jeremy Tam, have raised questions related to development of e-sports and regulation of e-sports venues at Council meetings. Details of the questions and the Administration's replies are given in the hyperlinks in the **Appendix**.

### Finance Committee

25. At the meeting of the Finance Committee ("FC") meeting on 13 July 2018, members expressed concerns about the Administration's strategy on the development of e-sports including grooming of e-sports talents. Some members asked whether assistance would be provided to companies not collaborating with the Cyberport on the promotion of the e-sports industry. Members suggested that the Administration should promote e-sports in various districts, and co-operate with the industry in organizing small-scale activities for local citizens.

26. At the special FC meetings to examine the Estimates of Expenditure 2018-2019 and 2019-2020 held on 19 April 2018 and 11 April 2019 respectively, members raised queries on Cyberport's role in promoting the development of e-sports, financial situation of Cyberport, relevant incubation programmes, land use, and the training of talents.

### **Latest position**

27. The Administration will update the Panel on 9 December 2019 on Cyberport's work in 2019.

### **Relevant papers**

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

List of relevant papers

Meeting	Date of meeting	Papers
Panel on Information Technology and Broadcasting	14 May 2018	Administration's paper on funding to Cyberport: supporting the development of the start-up ecosystem and promotion of e-sports development <a href="#">(LC Paper No. CB(4)1036/17-18(03))</a>  Updated background brief on Cyberport <a href="#">(LC Paper No. CB(4)1036/17-18(04))</a>  Minutes of meeting <a href="#">(LC Paper No. CB(4)1594/17-18)</a>
	14 January 2019	Administration's paper on annual work progress of Cyberport <a href="#">(LC Paper No. CB(1)426/18-19(03))</a>  Updated background brief on Cyberport <a href="#">(LC Paper No. CB(1)426/18-19(04))</a>  Administration's response to issues raised at the meeting on 14 January 2019 <a href="#">(LC Paper No. CB(1)866/18-19(01))</a> <a href="#">(LC Paper No. CB(1)985/18-19(01))</a>  Minutes of meeting <a href="#">(LC Paper No. CB(1)688/18-19)</a>
	29 October 2019	Administration's paper on 2019 Policy Address - Policy initiatives of Innovation and Technology Bureau <a href="#">(LC Paper No. CB(1)42/19-20(01))</a>



Meeting	Date of meeting	Papers
Special Finance Committee	19 April 2018	<p><a href="#">Administration's replies to Members initial written questions</a>                      (Reply Serial Nos. ITB001, ITB010, ITB017, ITB022, ITB032, ITB037, ITB044, ITB046, ITB050, ITB056, ITB060, ITB070, ITB071, ITB094 and ITB166)</p> <p><a href="#">Minutes of meeting</a></p>
Finance Committee	7 July 2018 and 13 July 2018	<p>CAPITAL INVESTMENT FUND                      New Subhead "Equity in the Hong Kong Cyberport Development Holdings Limited for supporting its tenants/incubatees and promoting the development of e-sports"  <a href="#">(FCR(2018-19)38)</a></p> <p>Minutes of meeting held on 7 July 2018  <a href="#">(LC Paper No. FC148/18-19)</a></p> <p>Minutes of meeting held on 13 July 2018  <a href="#">(LC Paper No. FC94/18-19)</a></p>
Special Finance Committee	11 April 2019	<p><a href="#">Administration's replies to Members initial written questions</a>                      (Reply Serial Nos. ITB001, ITB002, ITB027, ITB028, ITB034, ITB039, ITB045 and ITB058)</p> <p><a href="#">Minutes of meeting</a></p>

Meeting	Date of meeting	Papers
Council meeting	28 March 2018	Question No. 18 raised by Hon Jimmy NG <a href="#">Promoting development of e-sports industry</a>
	25 April 2018	Question No. 20 raised by Hon CHAN Hak-kan <a href="#">Preventing youths from being addicted to video game</a>
	28 November 2018	Question No. 16 raised by Hon Charles Peter MOK <a href="#">Regulation of e-sports venue</a>
	20 February 2019	Question No. 5 raised by Hon Jeremy Tam <a href="#">Regulation of e-sports venue</a>