

**For information
on 18 July 2006**

**Legislative Council Panel on Commerce and Industry
The Digital entertainment Incubation-cum-Training Centre**

PURPOSE

This paper informs Members of the latest position in the establishment and operation of the Digital Entertainment Incubation-cum-Training at Cyberport.

BACKGROUND

2. The Digital Entertainment Incubation-cum-Training Centre (the Centre) is managed under the Hong Kong Cyberport Management Co Ltd. It aims to incubate companies in the digital entertainment and digital multimedia industries, with initial focus on game development. The Centre provides a cultivating environment and focused professional training to help start-up companies develop commercially viable products and services into sustainable businesses in the digital entertainment industry.

3. The Centre provides office space, access to specialised hardware and software facilities, business development advice, legal services and marketing support to the incubatees at discount rates. Up to 45 digital entertainment or media start-ups will be admitted to the Incubation Programme for up to 2 years. Apart from providing support to the incubatee companies, the Centre also provides technical and business-related training for other digital entertainment professionals in the industry.

4. In June 2005, the Finance Committee (FC) of the Legislative Council approved allocating \$30.77 million from the Innovation and Technology Fund (ITF) for the establishment and the operation of the Centre.

LATEST POSITION

Centre activities

5. The Centre has been set up as a unit under Cyberport, governed by an Advisory Committee consisting of non-executive and executive directors drawn from the academia, commercial sector and Government. The Committee provides advice and mentorship to incubatees, reviews performance and steers the overall direction of the Centre. A Vetting Committee has also been formed to evaluate incubation applications, select incubatees, and set initial checkpoints and milestones for each incubation applicant. The membership lists of the Advisory Committee and the Vetting Committee are at Annex A.

6. Preparation for the establishment of the Centre started soon after FC's funding approval and the Centre was officially inaugurated on 9 December 2005.

7. There have since been two rounds of invitations for admission to the Incubation Programme. The first round took place in October 2005, with 27 applications received, of which 12 companies were admitted. They started to move into the Centre in January 2006, and all 12 companies were settled in the Centre by early March 2006.

8. The second round took place in January to March 2006. A total of 39 applications were received, of which 18 were admitted. By end June 2006, 27 out of the total 30 admitted incubatee companies have settled in the Centre, with more than 130 persons being engaged in products and services development under the Incubation Programme. A list of these companies is at Annex B. The remaining three companies are now in the process of moving into the Centre.

9. On the training side, so far there have been six training seminars/workshops organized, targeting small and medium enterprises in the digital entertainment industry (including non-incubatees), with the aim to share with them business insights and strategies on technology and business development. A total of some 450 participants attended such training, workshops and symposiums.

Other Major Activities since the Inauguration of the Centre

10. Other than the incubation programme and the training activities, Cyberport Management has also promoted the international networking of the Centre with overseas partners. A Memorandum of Understanding was signed in January 2006 with the Banff Centre of Alberta in Canada to strengthen collaboration on creative training and business exchange for the incubatee companies. The Banff Centre is a wholly-owned organization of the Canadian Government, which is well-known for fostering creative industry development. Also, the Cyberport Management has been working with the British Council to help establish connection with the creative industry in the UK, and to further solicit opportunities for international collaboration. A proposal of specific exchange activities is being worked out.

11. As for the activities for local market promotion, the Centre has assisted a number of local incubatee companies in joining the 4th Hong Kong Digital Entertainment Excellence Awards Competition. Two of them have won four awards in March 2006, including the “Best Computer/TV Entertainment Software Award” in the Open Category, and the “Best Computer Animation – Short Film Award” in the Professional Category. Also, two of the incubatee companies, PlayPen Studio and M-Inverse Holding Limited, with the assistance of the Centre, signed an agreement in April 2006 with an international game publisher, InterServ, to publish their Xbox game titles.

12. In addition, a series of promotion activities has been held to help incubatee companies in reaching out local and overseas markets. For example, the Centre has motivated some of the companies to participate in the Hong Kong Filmart 2006, the Electronic Entertainment Expo (E3) 2006 in Los Angeles and the Shenzhen International Culture Industry Fair 2006 to promote their products and services.

Financial Position

13. As of May 2006, a total expenditure of \$5.723 million has been incurred, of which \$5.1 million was directly used in the incubation programme, including fitting out of the 30 incubatee offices in the Centre and providing them

with the necessary office equipment, and purchasing of special digital equipment¹. The remaining \$0.657 million was spent on the manpower required to run the Centre.

WAY FORWARD

14. The Centre has accomplished its first target to complete the recruitment of 30 incubatee companies², with the majority of which having settled in. Most of the incubatees are still at the early stage of forming their full teams, finalizing their work plans, and fine-tuning their proposed products and services. The incubatees are expected to take part in the Incubation Programme for a period of up to two years. The Centre will continue to provide the necessary support in the coming months to help these companies grow, including closely monitoring the development plans of the various incubatee companies; providing necessary assistance in terms of management, marketing and legal services to help them build better product development plans and promotion programmes; and providing more business training and mentorship to the companies so that they may improve their management skills. The Centre will also conduct a mid-term review with these companies in about one-year's time to evaluate their progress and performance.

Innovation and Technology Commission
July 2006

¹ Examples are facial motion capturing equipment and digital high definition video editing and storage equipment.

² 30 incubatee companies is the maximum number that can be accommodated at this juncture given the physical space available.

**Membership List of the Advisory Committee of the
Digital Entertainment Incubation cum Training Centre**

Chairperson of the Advisory Committee

Mr. Anthony AU, BBS
Director, Futuresuccess Consultants Limited

Advisory Committee Members

Representatives from Government of HKSAR

Mr. Dennis PANG
Assistant Government Chief Information Officer, Industry Development,
The Office of the Government Chief Information Officer

Prof. YUE On Ching
Science Advisor, Innovation and Technology Commission

Representatives from Professional Association and Industry Experts

Dr. Rosanna WONG, DBE, JP
Executive Director, Hong Kong Youth Federation

Mr. Eddy WONG
Director, Menfond Electronic Art & Design Co. Ltd.

Mr. Anthony NEOH
Chairman, China Game Publishing Association (HK)

Dr. Gino Yu
Chairman, Hong Kong Digital Entertainment Association

Mr. Sunny LEE
President, Hong Kong Computer Society
Chief Information Officer, Hong Kong and China Gas Co.

Mr. Rigo JESU
Managing Director, Intercontinental Group

Mr. William PFEIFFER
Chief Executive Officer, Celestial Pictures

Representative from Venture Capitalist

Mr. Vincent CHAN
Director and Executive Vice President, JAFCO Investment

Representatives from Higher Education

Dr. CHUA Bee-Leng
Dept. of Business Administration, The Chinese University of Hong Kong

Dr. Lorraine JUSTICE
Head of School of Design, The Polytechnic University of Hong Kong

Dr. James S. MOY
Dean of School of Creative Media, City University of Hong Kong

Representative from Hong Kong Cyberport Management Co. Ltd.

Mr. Nicholas YANG
Chief Executive Officer, Hong Kong Cyberport Management Co. Ltd.

Secretary

Centre Manager, Digital Entertainment Incubation cum Training Centre

**Membership List of the Vetting Committee of
Digital Entertainment Incubation cum Training Centre**

Chairperson of the Vetting Committee

Mr. Anthony AU, BBS
Director, Futuresuccess Consultants Limited.

Vetting Committee Members

Representatives from Venture Capitalists

Mr. Vincent CHAN
Director and Executive Vice President, JAFCO Investment

Mr. Denis TSE
Senior Manager, HSBC Private Equity (Asia) Limited

Mr. Wayne TSOU
Managing Director, The Carlyle Group

Representatives from Professional Association and Industry Experts

Mr. Keith CHAN
General Manager, Ubisoft

Dr. Gino Yu
Chairman, Hong Kong Digital Entertainment Association

Mr. Sunny LEE
President, Hong Kong Computer Society
Chief Information Officer, Hong Kong and China Gas Co.

Mr. Anthony NEOH
Chairman, China Game Publishing Association (HK)

Mr. William PFEIFFER
Chief Executive Officer, Celestial Pictures

Mr. Norman YUEN
Executive Director, CITIC Pacific

Representatives from Higher Education

Dr. CHUA Bee-Leng
Dept. of Business Administration, Chinese University of Hong Kong

Dr. LIU Zhi-Qiang
School of Creative Media, City University of Hong Kong

Dr. Russell WILLIAMS
Communication Design and Management, Hong Kong Baptist University

Secretary

Centre Manager, Digital Entertainment Incubation cum Training Centre

**List of Admitted Incubatees of the
Digital Entertainment Incubation cum Training Centre as at 30 June 2006**

Game & related --

- 3 Dynamics (Asia) Limited
- Aeon Technology Limited
- Chronoteam Limited
- Gamey Studio
- M-Inverse Holding Limited
- Mobile Gamer Limited
- Orbit Media International (OMI) Creative Studio
- PlayPen Studios

Animation-comics --

- Animation Workshop
- Growlong Company Limited
- Hypermedia Centre
- I Character Limited
- Innotion Studio Limited
- Most Wanted Limited
- Sterling

Edu-tainment & Info-tainment --

- Digital Life Institute Limited
- Digital News Network Limited
- Double-Up Workshop Limited
- Frenzoo
- Kanji Creativity U.N. Limited (HK)
- Mobile Adventures Limited
- Movielearn Systems PTE Limited
- X-gate Limited

Music-audio --

- Dimension-S Music Productions
- Kara24h (Hong Kong) Limited

E-Commerce --

- China Digital Entertainment Alliance
- DDA Limited
- Locus Studio Company Limited

Others –

- i-Magic Limited
- Wit's Consultant Ltd

