

**For discussion
on 14 January 2019**

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

Annual Work Progress of Cyberport

Purpose

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

Background

2. Cyberport has all along been playing an important role in promoting the overall innovation and technology (I&T) ecosystem in Hong Kong. Over the years, through the provision of financial and professional support, Cyberport has organised various public mission programmes to nurture start-ups, inspire and motivate young people to pursue a career in the information and technology industry and create business opportunities for the industry.

3. It was announced in the 2018-19 Budget that the Government would inject a total of \$300 million into Cyberport 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.

New Initiatives

Supporting Cyberport's Start-ups and Tenants

4. We have injected \$200 million into Cyberport in 2018-19 for enhancing existing measures and introducing new initiatives to support its start-ups and tenants. The financial subsidy under the Cyberport Incubation Programme (CIP) has been increased from \$330,000 to a maximum of \$500,000, and its form of disbursement has been changed from reimbursement- to grant-based by phase to streamline administrative procedures for the start-ups. These new initiatives are well received by the start-ups. Currently, 39 start-ups which have newly joined

the CIP are benefitting from the initiatives, and 191 start-ups which have not graduated from the Programme would also benefit.

5. The Overseas/Mainland Market Development Support Scheme was introduced in the fourth quarter of 2018 under which a \$200,000 financial subsidy would be 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 received seven applications.

6. To further enhance the development of the digital technology ecosystem, Cyberport has launched an Easy Landing Scheme to attract multi-national corporations to set up offices and research and development (R&D) units there through the provision of rental concessions. Under this scheme, Cyberport has signed an agreement with ZhongAn Technologies International Group Limited on leasing of over 17 000 square feet of floor space as a base for the company to expand its businesses in Hong Kong and explore opportunities for exchange and cooperation overseas. The rental concessions will be provided to the company by phase depending on its participation and collaboration in Cyberport. Cyberport is actively looking for other multi-national corporations to set foot in their community.

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. The design and operation of this co-working space are similar to those of the Smart-Space co-working space within Cyberport, with flexi-space, workstations and offices. The occupancy rate has exceeded 77% since its official opening in July 2018. These tenants come from various business disciplines such as artificial intelligence (AI), big data, application design, e-commerce, financial technology (FinTech) and educational technology.

Supporting Cyberport in Promoting the Development of E-sports

8. To promote the development of e-sports in Hong Kong, we injected \$100 million into Cyberport in 2018-19, of which \$50 million would be used for converting the Cyberport Arcade into an e-sports and digital entertainment node, while the remaining \$50 million would be used for promoting the development of

the local e-sports industry. The renovation works to set up the dedicated e-sports venue are expected to be completed in the second quarter of 2019. The venue will then be available to the industry for organising e-sports competitions, events and training.

9. On promoting the development of the local e-sports industry, Cyberport organised, supported and participated in over 20 activities relating to e-sports and game industry last year, including e-sports competitions, talks and seminars, exhibitions, overseas exchange tours for the industry (E-sports demonstration game at the Asian Games in Jakarta and G-Star Game Exhibition in Busan, Korea), as well as meetings and exchanges with industry organisations.

10. On nurturing of talents, Cyberport collaborated with the School of Professional and Continuing Education of the University of Hong Kong (HKU SPACE) in organising the first part-time Diploma Programme in E-sports Science in Hong Kong, which is pitched at Level 3 of the Qualifications Framework. Commencing in July 2018, the programme was well received with an enrolment of around 50 students. In addition, over 40 Junior Police Call (JPC) members participated in a Foundation Certificate in E-sports Science for the JPC E-sports Scheme organised by the E-sports Association Hong Kong in August 2018. The programme was designed and taught by HKU SPACE, and four of the students were arranged to serve as helpers for the E-sports demonstration game for the 2018 Asian Games in Jakarta to gain valuable experience at the event.

11. Cyberport will introduce two schemes at a later stage to support the industry. The first one is an E-sports Internship Scheme which subsidises part of the salary expenditure incurred by employers in the industry on providing internship places and helps match and groom talent. The second one is the E-sports Industry Facilitation Support Scheme which supports the industry and relevant organisations in organising and participating in e-sports competitions and activities conducive to the development of the industry locally and overseas. Cyberport will promote innovative technologies relating to e-sports, such as streaming, Virtual Reality/Augmented Reality/Mixed Reality (VR/AR/MR), motion sensing and tracking, data analysis and digital audio-visual technology. Moreover, quotas will be set aside in the areas of e-sports/games/digital entertainment under the CIP and CCMF, with a view to nurturing relevant start-ups.

12. In response to the concerns raised by the industry and various parties, the relevant Government bureaux/departments have reviewed the issue of safety

of users and the public at e-sports venues, and relevant licensing matters. As e-sports venues may be operated in various modes, they may be subject to regulation by different legislation depending on their actual operation and the activities involved. Hence, operators could be required to obtain the relevant licences under different circumstances, for instance, the Place of Public Entertainment (PPE) licence issued by the Food and Environmental Hygiene Department and the Amusement Game Centres licence issued by the Office of the Licensing Authority of the Home Affairs Department, so as to comply with the relevant statutory requirements on fire safety, building safety, electrical and mechanical equipment, ventilation, hygiene, crowd management, etc., to ensure public safety and order at e-sports venues, as well as to make sure that the operation in the premise will not create significant nuisance to the neighbourhood. If e-sports venues include catering or retail elements, operators are required to obtain other corresponding food business licences.

13. In addition, to facilitate the promotion of the e-sports industry, consideration is being given to recommending exempting operators of e-sports venues from the requirement of obtaining Amusement Game Centres licence under Section 3 of the Amusement Game Centres Ordinance, provided that they meet certain conditions. The Innovation and Technology Bureau is working with the Home Affairs Bureau and relevant departments to formulate guidelines on the licensing issues relating to e-sports venues, which includes relevant application procedures, regulations and conditions. The guidelines are expected to be published in the first quarter of this year.

Report on the Work of Cyberport

14. At present, the number of companies in the Cyberport community has exceeded 1 200. Launched in the fourth quarter of 2017, the Cyberport Investors Network (CIN) has more than 100 members, including private equity, venture capital, corporate venture funds, angel funds, family offices, institutional funds, accelerators and personal investors, to help start-ups raise capital and facilitate cooperation among industry practitioners. So far, the CIN has helped Cyberport start-ups raise more than \$200 million.

Nurturing Digital Technology Talent

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

Competitions and Events for Students

16. The Cyberport University Partnership Programme (CUPP), which aims at nurturing FinTech talent, was organised for the fourth consecutive year. Under the CUPP, 51 university students in 19 teams have been funded to participate in a one-week entrepreneurship boot camp organised at the University of Chicago Booth School of Business, including visits to top FinTech companies and start-ups in the United States. In the end, 40 university students in 13 teams were granted a funding of \$100,000 under the CCMF to turn their ideas into prototypes.

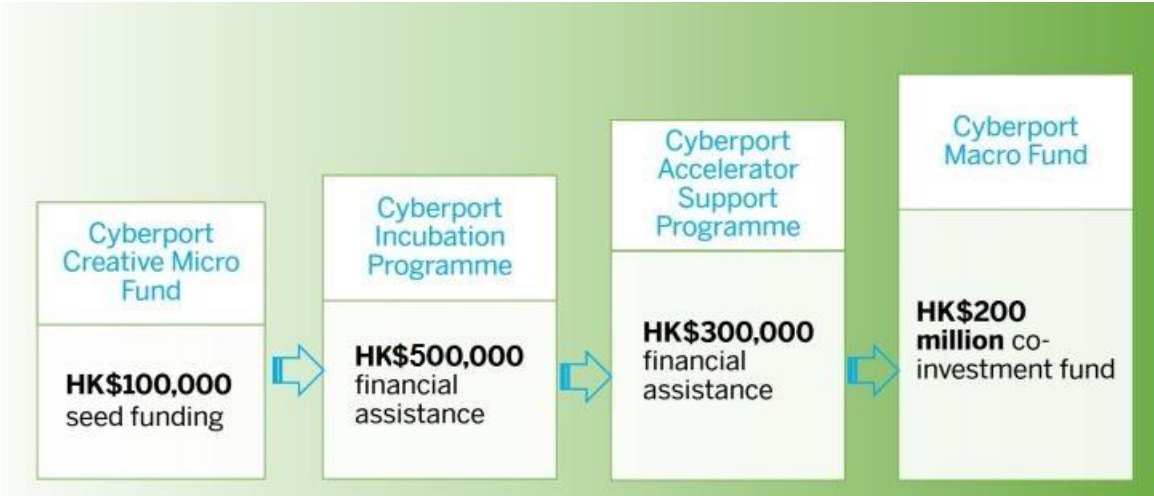
17. To instil an entrepreneurial spirit in the younger generation and help realise their dreams, Cyberport continued to work with DreamStarter, a non-profit-making organisation, in co-organising the "Third DreamStarter Kids Pitching Day". On the pitching day, kids put forward their solutions to problems in our daily life and social issues and bid for resources or funds from potential supporters to complete the projects. During the two-day event held in Cyberport, a world record of "the largest-scale pitching day for kids aged below 18", as recognised by the World Record Association, was made by the 195 projects initiated by 2 147 primary and secondary school students.

Hosting ICT events

18. To enhance the I&T knowledge of industry practitioners, Cyberport organised or supported over 170 international, regional and local digital technology events, seminars and training programmes last year, attracting over 14 800 industry practitioners to participate. As for activities targeting the youth, Cyberport has, in collaboration with various organisations and education institutes, hosted more than ten hackathons and STEM-related I&T competitions, attracting over 1 500 young people and students. The events helped spur 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.

19. As an important partner of the Government, Cyberport co-organised the third edition of Internet Economy Summit in April 2018 to explore the directions and strategies for capturing opportunities offered by the Internet in propelling economic development. The Summit attracted over 2 800 participants, including industry practitioners, academics and young people from around the world.

Supporting Start-ups



Cyberport Creative Micro Fund (CCMF)

20. In 2018, Cyberport provided a seed funding of \$100,000 for each of the 79 selected projects through the CCMF to help participants turn their innovative ideas into prototypes. Since its launch in 2009, the CCMF has approved a total of \$43.2 million for 432 projects.

Cyberport Incubation Programme (CIP)

21. The CIP provides comprehensive financial, technical and business advisory support for technology start-ups to help them turn their creative ideas into business undertakings or commercial products. Since its implementation in 2005, the CIP has admitted a total of 604 start-ups. Among them, 85% of the incubatees have survived for at least 1.5 years after graduation, while 72% have survived for three years or more. As mentioned in paragraph 4 above, the financial subsidy under the CIP has been increased to a maximum of \$500,000. The numbers of applications and intake for the CIP in recent years are set out as below –

	CIP Quota	Number of Applications	Actual Intake
2015-16	50	302	51
2016-17	100	515	103
2017-18	100	754	105
2018-19 (As at November 2018)	100	486	75

Cyberport Accelerator Support Programme

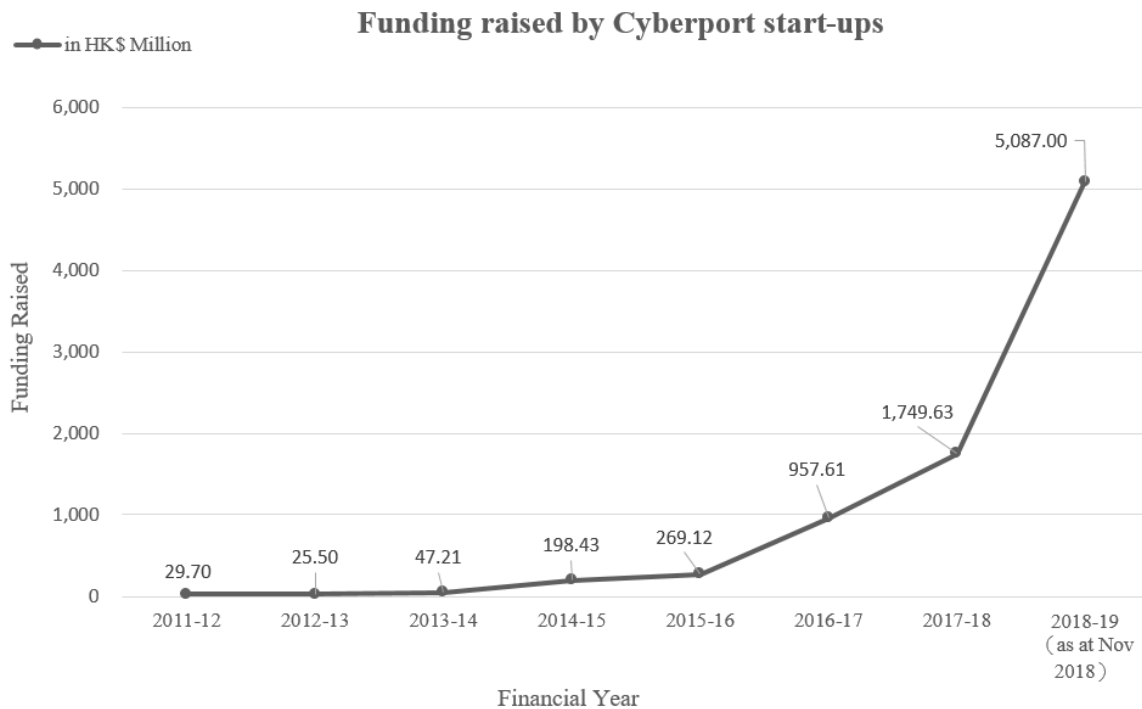
22. Cyberport started supporting its incubatees and alumni in 2014 to participate in local, Mainland and overseas accelerator programmes, offering guidance and assistance in their overseas expansion and fundraising. Since the launch of the Programme, Cyberport has funded 61 start-ups to take part in the renowned accelerators.

Cyberport Macro Fund

23. The \$200 million Cyberport Macro Fund (CMF) aims to provide Cyberport’s start-ups with early financing. Since its establishment in August 2016, the CMF has successfully invested in seven Cyberport companies with a total investment of \$48 million.

Achievements of Cyberport’s Start-ups

24. Since 2010, Cyberport incubatees, alumni and CCMF grantees have attracted over \$8.36 billion of investment, in which 15 start-ups have involved in mergers and acquisitions. Between April and November 2018, Cyberport’s start-ups have raised over \$5.08 billion of funding, representing an increase of over 220% as compared with a sum of \$1.57 billion raised during the same period in 2017. GoGoVan, which became the first unicorn of Cyberport start-up in 2017, and Klook, which became a unicorn in 2018, have completed several rounds of funding, raising around US\$250 million and US\$300 million respectively. As regards FinTech, TNG (Asia) Limited has completed Series B funding round involving around US\$128 million.



25. Last year, Cyberport incubatees PolyDigi (a cybersecurity company) and Gekko Lab (an AI company) won the Gold Award and Silver Award of the UK’s Department for International Trade (DIT) Fintech Awards respectively, which provide opportunities for companies to explore the world-leading UK FinTech ecosystem and connect with potential clients, companies in the industry and investors. Examples of successful start-ups are set out at **Annex A**.

FinTech

26. FinTech is currently a key cluster being developed at Cyberport. Cyberport has been actively collaborating with relevant government and industry organisations and has successfully built a FinTech ecosystem. Attracting over 300 FinTech companies specialising in the applied R&D of blockchain, mobile payment, cybersecurity, AI, big data, programme trading, etc., the cluster has made Cyberport the largest FinTech community in Hong Kong. These companies, which include not only start-ups of a smaller scale, but also multi-national corporations such as ZhongAn Insurance, Finastra, Alipay, Welab, QF Pay and Loopnest.

27. Cyberport has also organised and participated in various local and overseas FinTech events, including Accenture FinTech Innovation Lab, Hong Kong FinTech Week and Singapore FinTech Festival. During the Singapore FinTech Festival, Cyberport had facilitated some new investment projects,

including three new projects to be undertaken by GTR Ventures, a venture capital company, with three FinTech companies, one of which is Belt & Road, a Cyberport incubatee.

28. In addition, Cyberport will extend the development model of the FinTech ecosystem to other digital technology clusters, such as e-commerce, AI and big data, to meet industry and market demands as well as to actively promote application of digital transformation and smart living. Following the active opening of Application Programming Interfaces and the revision of the Guideline on Authorisation of Virtual Banks by the Hong Kong Monetary Authority in 2018, Cyberport facilitated the matching of banking services with a number of banks and virtual bank applicants. Popular FinTech services include eKYC, anti-money laundering, personal and biometric identification, identity verification, financial planning, provision of loans, AI and big data. Among them, the AI proposal by Gekko Lab was adopted by the Securities and Futures Commission and the Hong Kong Exchanges and Clearing Limited.

Cyberport's Annual Report 2017-18 and Latest Financial Position

29. The audited accounts of the Cyberport Companies¹ for the financial year ending 31 March 2018 (the 2017-18 Accounts) are at **Annex B**. For 2017-18, the operating profit before depreciation and tax and excluding project income from the residential development was \$68 million, compared with \$46.3 million in 2016-17. As at end-March 2018, the Cyberport Companies' disposable reserve was about \$386 million.

30. To tie in with the Government's effort in promoting I&T development, Cyberport Companies' contribution to public mission activities in 2017-18 was \$116.5 million, a 12% increase compared with \$104.2 million in 2016-17. In 2018-19, Cyberport's expenditure on public mission activities is expected to exceed \$145 million. On 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

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.

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 last year for the first time since its establishment. If Cyberport exhausts the injected funding within five years, it will need to deploy internal resources to continue the implementation of various initiatives, such as the enhanced initiatives of the CIP. This will lead to further tightening of Cyberport's financial position and will restrict the room for expansion of its public mission programmes.

31 As at November 2018, the occupancy rate of Cyberport's offices was 97%. There were 674 tenants, which included 603 commercial organisations, nine non-profit-making organisations and government department, and 62 incubatees, employing a total of around 5 700 people². Over the years, Cyberport has attracted various overseas corporations to establish their presence in Hong Kong. As at the end of last year, 123 of the commercial organisations there had non-local origin.

32. Cyberport's Annual Report 2017-18 was circulated to all members of the Legislative Council in December 2018, and the Report has been uploaded to https://www.cyberport.hk/en/about_cyberport/annual_report for public's perusal.

Advice Sought

33. Members are invited to note this paper.

Innovation and Technology Bureau
January 2019

² Excluding those employed by the government department.

Examples of Successful Cyberport Start-ups**Part A: 2018 Intake**

	Start-up Company	Nature of Business	Achievement
1	AI Financial Technology Limited	An insurance technology company currently developing a full digital insurance platform. The system enables real-time online claims, policy management, data collection and analysis as well as automated customer service. The company has built partnership with a number of insurance, reinsurance and medical service organisations.	<ul style="list-style-type: none">• Raised HK\$200 million by completing Series A financing together with investment guarantees in 2018. The fund will be used for technology development, diversification of product portfolio, marketing and insurance reserves

	Start-up Company	Nature of Business	Achievement
2	Dragon Creative Enterprise Solution Limited	A technology company founded in May 2013 and headquartered in Hong Kong. It is the manufacturer of MAD Gaze smart glasses, specialising in AR solutions for consumers and business clients.	<ul style="list-style-type: none"> • Products have been sold to more than 40 countries worldwide • Hong Kong Smart City Awards 2018 in Smart Living - Outstanding Smart Glasses with AR Technology • Champion of 2018 Innovation China Intelligent Workshop (SZ) AIoT Innovation Competition • Champion of the 2018 HKUST Shenzhen Region One Million Dollar International Entrepreneurship Competition • Hong Kong ICT Awards 2016 – Silver Award of Best ICT Startup (Hardware & Devices) Award
3	Farm66 Investment Limited	Hong Kong's first indoor plantation with Aquaponics Farming Eco-system, using innovative technologies to produce safe and healthy agricultural products.	<ul style="list-style-type: none"> • Winner of Jumpstarter 2017 and investee of Alibaba Entrepreneurs Fund • A 20,000 square feet of flagship plantation has been established in Hong Kong with an annual production capacity of 200 tons
4	Wesurance Limited	Creates truly transparent, simple and fast digital insurance products by introducing cutting-edge technology and transparency that traditional insurance lacks.	<ul style="list-style-type: none"> • Launched innovative products in partnership with Allied World and TransUnion, including the first to authorise under-aged users in purchasing insurance products, to initiate and terminate policies through the global positioning system • Finalist of Startup Insurtech Awards by the Digital Insurer Livefest 2018

	Start-up Company	Nature of Business	Achievement
5	WildFaces Technology Limited	Its patented technology focuses on tracking and recognising faces on-the-move. Its algorithm can be applied in extremely crowded and complex real-world environment, with simple settings for instant tracking.	<ul style="list-style-type: none"> • Its core AI technology has been certified internationally • Hong Kong Smart City Awards 2018 in Smart Mobility - Outstanding Smart Recognition and Tracking System
6	GJS (Hong Kong) Co., Limited	An R&D company that focuses on studying and designing fighting robots and associated products. It has launched two products in the market: GANKER, a multi-function close fighting robot; and GEIO, a high-speed long-distance shooting robot.	<ul style="list-style-type: none"> • Obtained product patents and certificates • Organised competitions for its products and accumulated users in multiple cities including Shanghai, Guangzhou, Taipei, Macau, etc. • Accumulated more than 100,000 fans on Facebook page, including a large number of robot lovers
7	Olasso Limited	A logistics technology platform that enables retailers access to innovative delivery and return solutions across Asia with a single integration. Its platform integrates traditional carriers, redefining post-purchase experiences in e-commerce.	<ul style="list-style-type: none"> • Joined Lane Crawford The Cage Accelerator Programme • Invested by MindWorks Ventures

	Start-up Company	Nature of Business	Achievement
8	OpenAirlines H.K. Limited	Aims to help airlines optimise their operations and reduce their environmental impact. It has developed SkyBreathe®, an innovative eco-flying solution based on cloud, AI and big data to save fuel and reduce airlines' carbon footprint.	<ul style="list-style-type: none"> • Joined BPI France Accelerator Programme • Provided services to a number of international clients and built partnership with different organisations including the renowned airline Airbus
9	Pakpobox Hong Kong Limited	A leading provider of smart lockers in Southeast Asia which not only manufactures smart lockers, but operates its own network in Hong Kong: Alfred.	<ul style="list-style-type: none"> • Provided services of smart lockers to various postal and logistics organisations, including Hongkong Post, Singapore Post etc.

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 the latest round of US\$250 million (about \$1.95 billion Hong Kong dollars) of investment led by InnoVision Capital and other investors including Alibaba's logistics arm Cainiao • Hong Kong ICT Awards 2014 - Certificate of Merit of Best ICT Startup (Consumer Market) Award; Gold Award of Best Mobile Apps Award - Best Innovation (Mobile Marketing) Award; Special Mention (LBS Application) of Best Mobile Apps Award; Best Innovation (Mobile Marketing) Award; Special Mention (Start-up Company) of Best Mobile Apps Award; Best Innovation (Mobile Marketing) Award; and Silver Award of Best .hk Website Awards 2015 Commercial Corporate Stream • Co-Founder and Chief Executive Officer won the first-ever "The InnoStars Award" organised by Our Hong Kong Foundation in 2018 • Co-founders listed as Top 10 young entrepreneurs in "Outstanding Young International Entrepreneurs

	Start-up Company	Nature of Business	Achievement
			<p>Award Ceremony 2015” and selected by Forbes as one of the 30 Asian leaders under 30</p> <ul style="list-style-type: none"> • Expansion to the Mainland, Singapore, 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\$1 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 • Top prize of Finnovasia 2016 Startup Battle • Hong Kong Internet Finance Awards 2016 (Emerging Internet Finance Company Category) – Gold Award
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"> • Transformed into "unicorn" • Raised multiple rounds of funds from investors, including Series D financing of US\$200 million in 2018, led by Sequoia Capital, Boyu Capital, TCV, Matrix Partners, Goldman Sachs, an Asia-based sovereign wealth fund and some family offices. 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

	Start-up Company	Nature of Business	Achievement
			<p>30</p> <ul style="list-style-type: none"> • 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, and Hong Kong ICT Awards 2016 - Certificate of Merit of Best ICT Startup (Software & Apps) 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"> • Raised funds from Alibaba Entrepreneur Fund • 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)
7	Shopline	Provides website building and mobile solutions for small and medium-sized enterprises	<ul style="list-style-type: none"> • Raised funds from Alibaba Entrepreneurs Fund • Won Hong Kong ICT Awards 2015 - Certificate of Merit of Best SME ICT (Product) Award
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	<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) • Participant of OCBC FinTech Accelerator Programme • UKTI Hong Kong FinTech

	Start-up Company	Nature of Business	Achievement
		sales and impetus customer interaction.	Award – fourth
9	Clare.ai Limited	Provides financial institutions with AI chat robot solutions. It has a self-built Cantonese natural language processing engine and cross-platform configuration, which can match with the strict security requirements of financial institutions.	<ul style="list-style-type: none"> • Citi HK FinTech Challenge 2017 Silver Award • 2017 Hong Kong ICT Awards Best Financial Technology (Emerging Solutions / Innovative Payments) Award Bronze Award
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) • The FinTech20 Hong Kong by The FinTech City • 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
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 learning about / 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
13	HEDGESPA Limited	Uses AI, big data and cloud computing technologies to provide hedge funds and	<ul style="list-style-type: none"> • Singapore Monetary Authority Financial Technology Award (2017) Winner • Participant of the “Ping An

	Start-up Company	Nature of Business	Achievement
		institutional investors with a platform for investment analysis.	Financial + Technology Accelerator”
14	Heycoins Limited	HEYCOINS provides the public with a service to convert coins into electronic money through a coin exchange machine, allowing the public to spend on different uses, including value-added e-wallets, redemption of gift vouchers and donations to charities.	<ul style="list-style-type: none"> • 2016 DBS Innovation Plan Winner • 2017 The Sixth China Innovation and Entrepreneurship Competition - Third Prize of Intelligent Hardware Group of the Makers Competition • 2017 Hong Kong Awards for Industries: Certificate of Merit in Equipment and Machine Design
15	GoAnimate Hong Kong Limited	DIY animated short film production platform	<ul style="list-style-type: none"> • 2017 Hong Kong ICT Awards - Award of the Year • 2017 Hong Kong ICT Awards - Best Business Solution Award - Grand Award Winner • 2017 Hong Kong ICT Awards - Best Business Solutions Award - Gold Award

Annex B**HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED****CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER
COMPREHENSIVE INCOME**

For the year ended 31 March 2018

	Notes	2017 HK\$	2018 HK\$
Revenue	1	452,755,575	481,941,449
Other net income	1	21,293,892	35,485,629
		<hr/>	<hr/>
		474,049,467	517,427,078
Expenses before public mission activities expenses and depreciation		<hr/>	<hr/>
Building management expenses		(142,966,235)	(141,013,494)
Staff costs		(87,487,756)	(91,822,886)
Government rent and rates		(14,090,906)	(14,142,293)
Other operating expenses		(78,983,139)	(85,877,441)
Finance costs		(20,757)	(11,725)
		<hr/>	<hr/>
		(323,548,793)	(332,867,839)
Operating profit before public mission activities expenses and depreciation		<hr/>	<hr/>
		150,500,674	184,559,239
Public mission activities expenses		(104,170,514)	(116,541,158)
		<hr/>	<hr/>
Operating profit before depreciation		46,330,160	68,018,081
Depreciation	3	(123,067,357)	(133,420,807)
		<hr/>	<hr/>
Loss before tax		(76,737,197)	(65,402,726)
Income tax	2	20,000	-
		<hr/>	<hr/>
Loss and total comprehensive loss for the year		<hr/>	<hr/>
		(76,717,197)	(65,402,726)

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2018

	Notes	2017 HK\$	2018 HK\$
<u>Non-current assets</u>			
Property, plant and equipment	3	2,976,675,890	2,909,737,035
Deferred rental receivables		15,738,361	12,389,679
Cyberport Macro Fund investments	4	6,221,450	17,960,621
Investments in securities		430,053,583	223,214,837
Prepayment and deposits		-	4,814,268
		<hr/>	<hr/>
		3,428,689,284	3,168,116,440
		<hr/>	<hr/>
<u>Current assets</u>			
Inventories		595,761	539,809
Trade and other receivables		29,332,840	28,032,120
Income tax recoverable		23,571,550	-
Investments in securities		570,713,140	775,619,293
Cash and bank balances		306,839,607	342,169,919
		<hr/>	<hr/>
		931,052,898	1,146,361,141
		<hr/>	<hr/>
<u>Current liabilities</u>			
Trade and other payables		96,581,484	112,771,669
Rental and other deposits		79,426,375	85,199,995
Obligations under a finance lease		2,095,355	1,577,476
		<hr/>	<hr/>
		178,103,214	199,549,140
		<hr/>	<hr/>
Net current assets		752,949,684	946,812,001
		<hr/>	<hr/>
Total assets less current liabilities		4,181,638,968	4,114,928,441
		<hr/>	<hr/>
<u>Equity</u>			
Share capital	5	2	2
Capital reserve	6	5,388,055,329	5,391,076,919
Accumulated losses	7	(1,610,104,033)	(1,675,506,759)
		<hr/>	<hr/>
Total equity		3,777,951,298	3,715,570,162
		<hr/>	<hr/>
<u>Non-current liabilities</u>			
Development maintenance fund	8	402,110,194	399,088,604
Obligations under a finance lease		1,577,476	-
Deferred rental payable		-	269,675
		<hr/>	<hr/>
		403,687,670	399,358,279
		<hr/>	<hr/>
		4,181,638,968	4,114,928,441
		<hr/>	<hr/>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Revenue and other income

	2017 HK\$	2018 HK\$
<u>Revenue</u>		
Rental income	216,704,284	237,536,500
Building management income		
- Management fee income	85,195,492	88,893,309
- Car park fee income	13,506,822	14,879,229
- Other facilities income	19,432,099	19,610,565
Income from hotel operation	113,926,173	117,012,199
Information technology facilities income	98,963	-
Broadband service and installation fees	3,782,386	3,779,361
Other incidental income	109,356	230,286
	<u>452,755,575</u>	<u>481,941,449</u>
<u>Other income</u>		
Interest income from held-to-maturity investments, net of amortisation of premium of HK\$3,297,849 (2017: HK\$4,023,765)	15,465,384	13,523,837
Interest income from investments at fair value through profit or loss	11,705,473	13,093,713
Interest income on bank deposits	910,700	776,846
Net realised/unrealised (losses)/gains on investments at fair value through profit or loss	(3,764,570)	191,970
Foreign exchange differences, net	(3,103,780)	7,776,270
Gain on disposal of items of property, plant and equipment	70,000	1,500
Reversal of provision for impairment of trade receivables	10,685	121,493
	<u>21,293,892</u>	<u>35,485,629</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 (2017: 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 2016	3,832,061,688	1,173,977,271	261,168,610	60,886,254	80,518,905	156,834,546	1,018,019	5,566,465,293
Additions	-	30,306,850	20,104,792	-	36,361,531	16,761,612	710,000	104,244,785
Disposals	-	(6,502,877)	-	-	-	(1,815,250)	(389,868)	(8,707,995)
At 31 March 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
Accumulated depreciation								
At 1 April 2016	995,172,434	1,151,441,535	251,560,922	60,886,254	27,067,964	83,826,319	996,005	2,570,951,433
Charge for the year	83,098,299	3,488,279	5,661,984	-	8,150,635	22,527,813	140,347	123,067,357
Disposals	-	(6,502,877)	-	-	-	(1,799,852)	(389,868)	(8,692,597)
At 31 March 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
Net book value								
At 31 March 2017	2,753,790,955	49,354,307	24,050,496	-	81,661,837	67,226,628	591,667	2,976,675,890
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

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 has 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

	2017 HK\$	2018 HK\$
Issued and fully paid: 2 ordinary shares	2	2

On 28 February 2018, the HKSAR Government has 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 promote development of e-Sports in Hong Kong, as covered in the Financial Secretary's 2018/19 Budget Speech.

Subsequent to the end of the reporting period, the funding was first injected as equity from the Capital Investment Fund of the Government to the Company. On 12 September 2018, the Company injected HK\$300 million into Hong Kong Cyberport Management Company Limited.

6. Capital reserve

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.

	2017 HK\$	2018 HK\$
At the beginning of the year	5,337,975,463	5,388,055,329
Transfer from Development Maintenance Fund (Note 8)	20,104,792	3,021,590
Transfer from Facilities Maintenance Fund	29,975,074	-
At the end of the year	<u>5,388,055,329</u>	<u>5,391,076,919</u>

7. Accumulated losses

	2017 HK\$	2018 HK\$
At the beginning of the year	(1,372,386,836)	(1,610,104,033)
Profit/(loss) for the year	(76,717,197)	(65,402,726)
Interim dividend	(161,000,000)	-
At the end of the year	<u>(1,610,104,033)</u>	<u>(1,675,506,759)</u>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Development Maintenance Fund

It represents a fund received by the Group in accordance with the terms of the Project Agreement for the purpose of upkeep 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\$3,021,590 (2017: HK\$20,104,792) were acquired and funded by the Development Maintenance Fund. Accordingly, this amount has been transferred from the Development Maintenance Fund to Capital Reserve account.