

立法會
Legislative Council

LC Paper No. CB(1)868/20-21(03)

Ref. : CB1/PL/ITB

Panel on Information Technology and Broadcasting

Meeting on 10 May 2021

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 entrepreneurial spirit, Cyberport provides a range of financial and professional support to start-ups through various programmes, including:

- (a) Cyberport Creative Micro Fund – Cyberport provides \$100,000 as seed funding for each selected project to turn innovative ideas into prototypes;
- (b) 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;
- (c) Cyberport Accelerator Support Programme – This programme supports incubatees and alumni to participate in local, Mainland and overseas accelerator programmes by assisting them in 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 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.

Digital entertainment and E-sports

10. To promote the development of the e-sports industry in Hong Kong, Cyberport established the Cyberport Arcade in July 2019 as an e-sports and digital entertainment node.¹ HKCMCL also supports the development of the local e-sports industry by organizing local and regional competitions and major events, training programmes and public promotion activities, as well as by improving its start-up and talent nurturing system to identify and equip start-ups and talents relating to e-sports technologies and game development.

Cyberport expansion plan

11. As advised by the Administration in December 2019, 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 planned 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. The development would house around 100 technology companies and 750 start-ups and incubatees. The Administration would submit the relevant funding proposal to the Finance Committee in the first half of 2021. Construction was expected to commence in the fourth quarter of 2021 for completion in 2024 at the earliest.

Previous discussions

12. The Administration briefed the Panel on Information Technology and Broadcasting ("the Panel") on the work of Cyberport and its expansion plan at the meeting on 9 December 2019. Members in general supported the expansion plan. Issues relating to the provision of a rental waiver for tenants

¹ The funding proposal was approved by the Finance Committee on 13 July 2018.

of Cyberport were raised by Members during examination of the Estimates of Expenditure in April 2020. The major views and concerns expressed by Members are summarized in the ensuing paragraphs.

Cyberport expansion plan

13. Some Members queried the justification for a large investment amid an economic downturn. Some Members held the view that the Administration should devise short, medium and long-term plans in a bid to drive the continuous and sustainable development of I&T in Hong Kong, instead of relying merely on the Cyberport expansion plan.

14. The Administration advised that it had been actively promoting the development of digital technology, including e-sports and financial technology, with a view to providing Hong Kong with a broader arena for I&T development.

15. Some Members enquired about Cyberport's target of providing the newly created space to start-ups upon completion of the expansion project and waterfront park enhancement works. Cyberport advised that Cyberport 5 was proposed to be built on an existing waterfront site with a gross floor area of around 66 000 square metres (about 750 000 square feet). Cyberport 5 would provide technology companies and start-ups with office space and Smart-Space, conference and information technology facilities in a more comprehensive manner. For example, the new building would provide a multi-function hall accommodating around 800 to 1 000 people. It would also have the flexibility of being sub-divided into smaller function rooms with a capacity of 300 to 400 people each to meet the needs of different events. Overall, it was expected that Cyberport 5 would increase Cyberport's total floor area of office space by about 50%.

Space Sharing Scheme for Youth

16. Members commented that the Administration should continue to explore suitable sites such as industrial buildings for providing working space for I&T start-ups under the Space Sharing Scheme for Youth. The Administration responded that the provision of office space in Cyberport should help create a diverse and vibrant I&T ecosystem in Hong Kong. The "Smart-Space 8" operated by Cyberport, offering 20 000 square feet of co-working space in Tsuen Wan, would meet the needs of start-ups and young entrepreneurs. Cyberport would consider operating other working space if there were suitable sites available.

Cyberport Incubation Programme

17. Members noted that since the implementation of the Cyberport

Incubation Programme in 2005, Cyberport had admitted a total of 725 technology start-ups, and among them, 74% had survived for three years or more. Members asked about the survival rate and how many of the incubatees were able to sustain for five or 10 years, and why some start-ups were unable to sustain up to three years after having graduated from the programme. Cyberport responded that about 60% of the start-ups had survived for five years after graduation. In general, start-ups were not able to sustain due to various factors such as poor operation of the companies concerned.

Development of e-sports

18. Members expressed concerns whether the provision of public funds to Cyberport for building the dedicated e-sports venue in the Cyberport Arcade would give it an unfair competitive advantage over private operators of similar establishments. Cyberport responded that most of the private-run venues catered for small scale events, whereas the one in Cyberport Arcade was better equipped to host larger and international scale competition, so they were serving different markets. Cyberport emphasized that it had been working closely with the industry. For example, preliminary rounds of e-sports competitions were held in smaller scale e-sports venues operated by e-sports associations whereas finals were held in Cyberport.

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 responded that as e-sports was an emerging industry with potential for economic development and was popular among young people, it would step up promotion and education in the community so as to project a positive impression of e-sports on the public and increase their interest in the games.

Relief measures

20. In light of the uncertainties in the economic environment, Cyberport announced in September 2019 a 50 % rental concession for its tenants and start-ups for the period from October 2019 to March 2020. Some Members suggested that Cyberport should extend the period of rental concessions for its tenants and start-ups so as to help reduce the operating costs of technology companies and facilitate the start-ups to deploy resources as appropriate to recruit additional manpower. The Administration advised that Cyberport would, in tandem with the Administration's policy on supporting enterprises, review the need to extend the period of relief measures as appropriate.

Questions raised at Council meetings

21. Members had raised questions related to the regulation of e-sports venue at Council meetings. The questions and the Administration's written replies are provided in hyperlinks in the **Appendix**.

Latest position

22. The Administration will brief the Panel on 10 May 2021 on the progress of Cyberport's work in 2020-2021.

Relevant papers

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

Council Business Division 1
Legislative Council Secretariat
4 May 2021

List of relevant papers

Meeting	Date of meeting	Papers
Panel on Information Technology and Broadcasting	9 December 2019	<p>Administration's paper on annual work progress of Cyberport (LC Paper No. CB(1)214/19-20(03))</p> <p>Updated background brief on Cyberport (LC Paper No. CB(1)214/19-20(04))</p> <p>Administration's response to issues raised at the meeting (LC Paper No. CB(1)325/19-20(01))</p> <p>Minutes of meeting (LC Paper No. CB(1)361/19-20)</p>
Special meeting of the Finance Committee for examination of Estimates of Expenditure 2020-2021	8 April 2020	<p>Written questions raised by Members and the Administration's replies (Reply Serial Nos. ITB001, ITB002, ITB003, ITB007, ITB025, ITB034, ITB040, ITB042 and ITB146)</p> <p>Report on the examination of the Estimates of Expenditure 2020-2021</p>
Council meeting	28 November 2018	<p>Question No. 16 raised by Hon Charles Peter MOK Regulation of e-sports venue</p>
	20 February 2019	<p>Question No. 5 raised by Hon Jeremy Tam Regulation of e-sports venue</p>