

LCQ5: Regulation of e-sports venues

Following is a question by the Hon Jeremy Tam and a reply by the Secretary for Innovation and Technology, Mr Nicholas W Yang, in the Legislative Council today (February 20):

Question:

While the Chief Executive said last month that the Government would kick start its efforts in fostering the development of the e-sports industry, some e-sports venue operators have relayed that they have encountered quite a number of operating difficulties. Amusement Game Centre Licences are required for operating e-sports venues and convicted offenders will have a criminal record. However, the relevant licensing conditions are stringent. For instance, an amusement game centre must not be located in premises where another amusement game centre or an educational institution is within a radius of 100 metres from its main entrance. This requirement has made it difficult for them to find venues suitable for operating e-sports venues. Secondly, amusement game centres are categorised into two types: "children's centres" which must deny entry by persons aged 16 or above and "adult centres" which must deny entry by children aged below 16. Substantial investments are involved in operating e-sports venues, but this categorisation requirement has reduced the clientele of e-sports venues and affected their income. As a result, it is likely that the investments made by the operators will go down the drain. In this connection, will the Government inform this Council:

(1) of the respective numbers of persons arrested, prosecuted and convicted in each of the past five years for operating an amusement game centre without a licence; the penalties imposed on those convicted, and the number of such convictions involving e-sports venues;

(2) in respect of e-sports venues, entertainment machine centres and other amusement game centres, of the respective numbers of persons arrested, prosecuted and convicted for committing criminal offences in each of such types of venues in each of the past five years (with a breakdown by category of offences), as well as the penalties imposed on those convicted; and

(3) given that the Innovation and Technology Bureau is, in conjunction with the Home Affairs Bureau and related government departments, formulating a set of guidelines to help e-sports venue operators apply for licences, whether the Government will, when vetting and approving applications for licences submitted by those operators, exempt e-sports venues from complying with the two aforesaid requirements; if so, of the details; if not, the reasons for that?

Reply:

President,

Having regard to its development around the world in recent years, we consider e-sports to be an emerging industry with certain economic potential. With our advanced information and communications technology infrastructure and experience in hosting large-scale international competitions, Hong Kong is well-equipped to develop e-sports. In recent years, quite a number of local e-sports players received accolades in international competitions. In his 2018-19 Budget Speech, the Financial Secretary earmarked \$100 million for Cyberport to promote early stage development of the e-sports industry.

In terms of business operating environment, since e-sports venues can operate in various modes and involve a wide array of activities, these venues may be subject to regulation under different ordinances depending on the actual operation. Operators may hence be required to apply for licences under ordinances such as an Amusement Game Centre Licence under the existing Amusement Game Centres Ordinance (AGCO) (Cap. 435).

According to the Home Affairs Bureau (HAB), the legislative intent of the AGCO was not to promote the business development of amusement game centres but to regulate them by law in order to minimise the nuisance to nearby residents, ensure their operation is safe for customers, and to avoid posing serious and harmful effects on the youth, especially students. We consider that applying squarely the AGCO to the local e-sports industry is not appropriate and applying some of the licensing requirements of amusement game centres to e-sports venues may also hinder the long-term development of the e-sports industry. Hence, in terms of improving business environment and removing red tape and barriers for the e-sports industry, we will adopt an appropriate mechanism to exempt e-sports venues from the requirement of obtaining an Amusement Game Centre Licence. Having consulted HAB and the Security Bureau, our reply to three parts of the question is as follows:

(1) In accordance with Section 4 of AGCO, any person who operates, keeps, manages or otherwise has control of an amusement game centre in regard to the operation of which a licence is not in force commits an offence and shall be liable, on first conviction, to a fine of \$100,000 and to imprisonment for six months; and on a second or subsequent conviction, to a fine of \$200,000 and to imprisonment for one year.

According to the information provided by the Police, between 2014 and the third quarter of 2018, two persons were prosecuted in connection with the offence under Section 4 of AGCO (excluding cases prosecuted by way of summons). They were convicted and sentenced to a fine of \$3,000 and imprisonment for two months (suspended for 15 months) respectively. The Police do not keep other figures related to the above offence mentioned in the question.

(2) The Police do not keep the figures in respect of offences occurred at those venues mentioned in the question.

(3) Provided that an e-sports venue operator can satisfy the specific conditions, we consider that such a venue can be exempted from the

requirement of obtaining an Amusement Game Centre Licence under section 3 of AGCO. In considering whether individual e-sports venues can be exempted, the Office of the Government Chief Information Officer will assess factors such as the e-sports venue's detailed operation and equipment specifications, and make a recommendation to the Secretary for Home Affairs for granting an exemption order under section 3 of AGCO. The guidelines being formulated will clearly define the specific conditions for e-sports venues as well as the application procedures and conditions for exemption. For example, the venue should be used mainly for staging e-sports competitions, equipped with the software and hardware configurations, as well as the venue facilities and layout required for relevant e-sports activities, such as team competition stages and information technology equipment for live online broadcast and real-time competition commentary. We will inform the industry of the details within the first quarter of this year.

Regardless of whether a venue is exempted from requirement of obtaining an Amusement Game Centre Licence by satisfying certain conditions, an e-sports venue operator is also required to apply for other licences depending on the actual operation. Generally speaking, a Places of Public Entertainment Licence is required for e-sports competitions which are open to members of the public, so as to safeguard public order and safety. For events which involve the provision of food and beverages or retail elements, operators are required to apply for other relevant food licences.