

Opening remarks by S for IT at Cyberport Venture Capital Forum 2019 (English only) (with photo)

Following are the opening remarks by the Secretary for Innovation and Technology, Mr Nicholas W Yang, at the Cyberport Venture Capital Forum 2019 today (November 5):

Director Zhou (Mr Zhou Jian of China Centre for Promotion of SME Development), George (Chairman of the Board of Directors of the Hong Kong Cyberport Management Company Limited, Dr George Lam), Duncan (Chairman of the Cyberport Investors Network Steering Group, Mr Duncan Chiu), distinguished guests, friends, ladies and gentlemen,

Good morning. It is always a great pleasure coming back to Cyberport and joining the Cyberport Venture Capital Forum (CVCF). Over the years, this signature event has served the purpose well in connecting the investment community with the digital transformation entrepreneurs, building a win-win partnership. "Smart money" from venture capitalists is a key to help start-ups grow and thrive because the expertise, business network and experience VCs can bring along with their money. Congratulations to Cyberport and its partners on making a great comeback of CVCF in these three consecutive years!

I welcome the CVCF theme this year, "New Frontier of Tech Venturing", which highlights a new global trend of corporate venturing, forging close partnerships in developing and adopting innovative solutions between corporations and start-ups.

I am sure that many of you are deeply concerned about the social unrest in recent months here in Hong Kong, as well as the uncertainties over international trade negotiations and their impact on Hong Kong's economy and the global economy. We note there are signs that the desire of some overseas talents to come to Hong Kong has been affected, and some expansion plans in Hong Kong by multinational companies have been postponed. That said, I wish to take this opportunity to assure you that our commitment towards innovation and technology remains firm and unequivocal. Over the past two plus years, the HKSAR Government has allocated more than HK\$100 billion to support I&T development. We are pressing ahead steadfastly with the various initiatives announced to build and refine the I&T ecosystem here in Hong Kong.

We remain strongly committed to enhancing our technology infrastructure. The Government is taking steps to modify the statutory zoning plan for Cyberport to expand its campus along this beautiful waterfront to accommodate more start-ups and young entrepreneurs in the digital technology age. We have earmarked HK\$5.5 billion for this Cyberport 5 development. Two weeks ago, we also announced the Phase II expansion plan of the Hong Kong

Science Park, to explore both on-site and off-site development options to support our fast-growing start-up community, by the way which grew more than 40 per cent since 2017. We are deeply committed to creating more jobs and start-up opportunities for our young people on the innovation and technology front.

George just gave you some exciting numbers on what has been achieved by the Cyberport Macro Fund during the past two years. Let me give you another picture of VC investment here in Hong Kong. When I say VC investment, it does not include angel investment. In just four-year's time, the total VC investment in our local start-ups increased to HK\$18 billion in 2018, almost 13 times of that in 2014. Eight unicorns were created by VC firms, who are willing to pay top dollars for good deals. Deal flows keep growing and improving. Hong Kong start-ups are growing double-digit annually during the past four years. The Hong Kong Science Park has also injected HK\$200 million into its Corporate Venture Fund to support more start-ups. This newly injected funding, together with the Cyberport Macro Fund, total almost half a billion Hong Kong dollars, demonstrate that we are proactively filling the funding gap faced by start-ups during early stage of development. Our objective certainly is not to achieve a high return on investment. We look forward to exit our investments as soon as the funded start-ups have progressed and scaled up to reach critical mass. We can then re-invest the exited funding in other new start-ups to support a vibrant and sustainable I&T funding ecosystem here in Hong Kong. I do believe that the Cyberport Macro Fund and Science Park Corporate Venture Fund, together with our partners, will play a more significant role in helping our start-ups amidst the volatile and uncertain environment in the coming few years.

In the past two years, Cyberport successfully established the Cyberport Investors Network (CIN) as a platform to engage worldwide investors to enhance both the fundraising and deal-making capabilities of Cyberport start-ups. I am pleased to see that CIN has brought in many key industry players and investors to the Cyberport community. A big thanks goes to Duncan Chiu for his brilliant leadership at the CIN over the last two years, and please join me to welcome Cindy Chow as the new CIN chairperson as she will lead CIN to new heights.

Apart from CVCF, the Hong Kong Fintech Week 2019 also takes place this week, which highlights the latest and most advanced developments in Fintech. In addition, the finals of the Hong Kong Chapter of the Intellectual Property Innovation and Entrepreneurship Contest Global (IPIEC Global) 2019 will be held at Cyberport tomorrow. This Hong Kong Chapter contest, is the first co-operation among Cyberport, the Office of the Government Chief Information Officer of HKSAR, and the Ministry of Industry and Information Technology of Mainland China. I am glad to learn that three finalists out of the 10 are Cyberport incubatees. I wish all of them the best of success at the chapter finals tomorrow.

In closing, I wish all participants here today a fruitful sharing experience. I hope that you will join hands to help Hong Kong move ahead at this challenging time in the global race for I&T development. Please enjoy

the forum. Thank you very much.

