

# Peter Yan CEO, Cyberport

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Hong Kong can continue to leverage our clear advantage as the international bridge between the globe and China

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*Cyberport brands itself as Hong Kong's digital technology hub and today plays host to roughly 2,000 start-ups and technology companies. CEO Peter Yan outlines how Cyberport is helping develop its member companies - including those in the health technology vertical -, what some of Hong Kong's advantages as a digital technology investment centre are, and its crucial role connecting mainland China and the Western world.*

**Could you introduce yourself to our international audience and share with our readers what exactly Cyberport is?**

I have been in the technology sector for close to 40 years. After graduating with a business degree, I quickly moved into the technology space as an information consultant at Anderson Consulting, now Accenture. That was back in the '80s when Hong Kong was the leader in a variety of tech areas and really booming. Unfortunately, for quite a while this growth plateaued, but thanks to national strategies and HKSAR Government's support for innovation and technology (I&T) in the last five years, we are picking up great momentum in technology development and particularly entrepreneurship.

To put these numbers to light, this year Cyberport celebrates its 20-year anniversary. In our first 15 years, up until 2018, our community size sat at around 1000 companies, being impacted by the dot.com bubble bursting and global financial crisis. Since 2018, we have cultivated the ecosystem immensely and have had great results, nearly doubling to roughly 2000 companies within our scope.

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Hong Kong now has around 18 unicorns, and Cyberport start-ups account for six of them, namely GOGOX, KLOOK, WeLab, TNG, Animoca Brands and ZA International. We have had some amazing achievements in our start-up community in the last few years, such as the accumulation of fundraising at over US\$ 4.6 billion (HK\$ 35.7 billion), more than 1,300 industry awards and over 480 intellectual property rights, but I must emphasise, this is just the beginning.

One point to note is that in Hong Kong we do not have a strong home market like in mainland China and this makes us more susceptible to market fluctuations. What we do offer here, especially after economists and governments are speaking about the so-called decoupling, is a strategic point to connect the mainland to companies which are looking to explore China and other Asian markets, with this importance only increasing as Asia's market grows rapidly in the future. Conversely, any mainland companies looking to go abroad will generally go through Hong Kong.

### **Why in your view can Hong Kong play the role of connecting markets without necessarily having its own market strengths?**

For overseas companies looking to go directly into China, it is a big challenge due to the difference in cultures and overall systems. The Western world is a market-driven economy, while mainland China is based on central policies and five-year plans. If you do not have a clear understanding of these concepts, you will push a lot of resources into the mainland market to no avail. In Hong Kong, we understand how mainland China operates and have a clear understanding of their central policies as we are constantly interacting with mainland China and having a dialogue with their relevant bodies.

The gateway also works the other way as Chinese companies are exploring means to go abroad to the Western world. Hong Kong was under British rule for 100 years until 1997, so we have been exposed to Western culture and know how to work within their business standards.

### **Are you simply servicing your resident companies to align business models that are workable in mainland China or does Cyberport do more than this and in which technology subsectors?**

Hong Kong is an international environment, and we are bridging the mainland's needs and strengths with the Western world, and vice versa. This is where we are establishing our focus today.

Cyberport is focused heavily on digital technology development. Recently, the mainland has been driving digital economy development and we are seeing how we can best complement this drive and ride the wave of I&T to produce greater impact. Furthermore, for the past few years, we have established many ties with technology incubators, official bodies and business corporations in the Western world and mainland China to strengthen our role as a "super-connector" between the two markets.

With Hong Kong's edge as an international financial centre, we have successfully developed a hub for financial technology at Cyberport. Due to the booming trends of smart cities and smart living, we have also dedicated efforts to grow these technological spheres, which has positioned us in the realm of healthcare, especially since COVID hit. We are looking at concepts such as digital registers and data capture technologies.

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For example, we have many companies with good Internet of Things (IoT) applications and even digital entertainment companies that are using their gaming applications for health data collation. They organise digital games for the elderly, and by tracking their physical attributes, such as reaction time, can determine if they are showing early signs of Alzheimer's. Another company has a portable device that goes around the chest and can scan a patient's organs to determine any internal abnormalities.

Overall, healthcare technology is a hot market for us and our HealthTech and MedTech community of over 100 start-ups continue to expand the spectrum of offerings from telemedicine, rehabilitation, healthcare, disease prevention, mental health, building healthy lifestyles and living environments, to create a high-quality and healthy living for the public.

### **As Cyberport has now helped grow 2,000 companies and is riding the technology boom in Hong Kong, how have your interactions with these companies become fine-tuned and perfected?**

We provide the basis for these technology companies to grow in terms of working space, funding and all-around support. Each year we take in around 130 start-ups for our incubation program and they have a two-year cycle with us where they receive free rent and, along with other entrepreneurship programs, can apply for a maximum funding of HKD 1.1 million (USD 140,418). It is quite attractive and a good starting point for any young company. All this is a grant and we do not get any equity back. Separately, we have a venture capital fund, namely Cyberport Macro Fund, and invest in select companies in which we see good promise. Cyberport has selected close to 30 such companies for investment since the inception of the fund.

Where we have focused our attention most heavily in the last few years is the higher value-added services we offer to start-ups. For example, we look to generate business for them and prompt investors to invest in them. Furthermore, we put them in touch with technology platforms to provide tools to speed up their development and provide them with professional service providers to help structure their companies and protect their IPs. These higher-value services are what truly sets Cyberport apart.

We have set up a series of support networks such as our Cyberport Enterprise Network (CEN), through which we connect our start-ups with established corporations and government departments as adopters to apply technology innovations for digital transformation and find solutions for business pain points and operational problems.

Another platform is Cyberport Investors Network (CIN) where start-ups can be matched to potential investors for pitching. Every year we set up a venture capital forum called Cyberport Venture Capital Forum, where venture capitalists, industry leaders and startup founders can come together and talk about their experiences and explain what went well, and which investment did not do as well as expected and where they see market trends going in the upcoming years. This allows everyone to be informed and know how to best approach future development.

Meanwhile, for Cyberport Professional Service Network (CPN), we connect start-ups with professional consultancies to discuss their needs for corporate development and business expansion and help them resolve these issues. As technology plays a pivotal part in digital innovations, we have Cyberport Technology Network (CTN) to enable start-ups' access to forefront technology and digital infrastructure to enhance their solutions.

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In conclusion, our role at Cyberport is to reduce the entry barriers for start-ups and create an environment which lowers the risk of entrepreneurship. Providing funding, a workspace and necessary support services takes away that financial commitment, so the entrepreneurs can commit to what is really required to develop the business itself. Now, with our value-added services, we are going even further in increasing their chances of success.

### **When working with start-ups it is important to define what success is. How does Cyberport go about tracking success?**

One clear metric we track is how many unicorns we have generated, and as mentioned earlier, this currently stands at six. Equally, we monitor the investments our companies have received and how many awards and intellectual property (IP) rights they have achieved. We are excited to see our start-ups' accumulated funds raised exceeding HKD 35.7 billion, industry awards over 1,300 and IPs over 480.

In the last three years, we have transformed our approach to how companies obtain funding. In the past, we gave grants based on an expansive reimbursement model. Today, we utilise a milestone-based mechanism that gives us room to make decisions at certain inflection points. This allows us to distribute funding in a more effective way and we can better trace our start-ups' development.

### **How developed is your healthcare technology vertical and how does it reflect on its current status in Hong Kong?**

Healthcare technology still faces some clear challenges. Hong Kong needs to put in place a proper regulatory framework around these products so they can reach international standards and be recognised abroad. We do already meet GDPR standards for data transfer, but for more healthcare products we must also harmonise our technologies to other international regulations if we want to see a breakthrough of our technology globally.

If we were to meet global standards, we could then produce products that could operate in Western countries and mainland China. Furthermore, we could be facilitators for foreign companies looking to obtain certification and recognition in China and vice versa. Hong Kong has an amazing situation geographically and culturally and we should look to take advantage of this.

### **Diversity and inclusion are key attributes to developing global start-ups that boast creativity and problem-solving capabilities. How does Cyberport promote diversity in its operations?**

More than one-fifth of founders from our onsite companies are of non-local origins. Obviously, to operate in Hong Kong, it is a remarkably simple and open process to set up operations here. We want an international voice in our community as it gives different perspectives and cultivates different thoughts to enrich the ecosystem. Hopefully, this trend will grow even further as internationals see the benefits of being in Hong Kong as the link between Asia and the world.

### **Given global political uncertainties and increased tensions between China and the West, how can Hong Kong stay relevant as a business and investment hub?**

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Ongoing political tensions are not within our control, and changes to the supply chain had an impact on business operations, but this has settled recently, and prospects are looking more positive. Business continues to be done in a practical manner.

Hong Kong can continue to leverage our clear advantage as the international bridge between the globe and China, as the city's unique position on the world stage grows stronger amid new developments in the geopolitical landscape.

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