

# 立法會 *Legislative Council*

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## **Panel on Information Technology and Broadcasting Meeting on 9 July 2001**

### **Summary of background information on Cyberport**

#### **Background**

The Financial Secretary announced in the 1999-2000 Budget that the Government would proceed with the Cyberport project at Telegraph Bay, Pokfulam in cooperation with Pacific Century Group (PCG). The project comprises a Cyberport Portion and an ancillary Residential Portion. The Cyberport Portion aims to create a strategic cluster of leading information technology (IT) and information services (IS) companies and a critical mass of professional IT/IS talents in Hong Kong. The Residential Portion will generate revenue to drive the project.

2. The Government has set up three limited companies owned by the Financial Secretary Incorporated (the FSI companies) for undertaking the Cyberport project. On 17 May 2000, the FSI companies signed the Project Agreement with Pacific Century CyberWorks (PCCW) and Cyber-Port Limited set up by PCCW as the Cyberport developer. The development right of the Cyberport was granted to the developer on 8 June 2000. The Cyberport project is scheduled for completion in phases between early 2002 and end 2003.

#### **Discussion at Council Meetings**

3. Over 30 Members spoke on the Cyberport project during the debate on the 1999-2000 Budget on 24 and 25 March 1999.

4. On 6 December 2000, Miss Emily LAU asked a written question on whether the financing activities and progress of the Cyberport project had been affected by the considerable drop in the share prices of PCCW. In its reply, the Administration had stated that they had not identified any areas of concern regarding the financing arrangements and that the project was progressing on schedule.

## **Funding proposals**

5. Three funding proposals on the infrastructural projects relating to the Cyberport development at Telegraph Bay were considered and endorsed by the Public Works Subcommittee and subsequently approved by the Finance Committee on 21 May 1999, 9 June 2000 and 15 December 2000 respectively. The proposal to create the relevant posts for overseeing the project was approved by the Finance Committee on 2 July 1999 after its endorsement by the Establishment Subcommittee.

## **Discussion at Panel**

6. Prior to submitting the relevant funding proposals, the Administration had exchanged views with the Panel. In principle, members had no objection to building a Cyberport in Hong Kong. Some Members appreciated the Administration's promptness in concluding the project as the right move and a proactive response to market needs. Some Members, on the other hand, were strongly dissatisfied with the Government's decision to award the project to PCG without going through the usual competitive tendering process. They were gravely concerned that the project had set a bad precedent of deviating from established procedures and might tarnish Hong Kong's image as a free market economy.

7. The Administration had stressed the urgency for Hong Kong to secure the "first-mover" advantages in the face of rapid developments in the IT industry and keen competition from neighbouring countries. The Administration would develop the Cyberport project in conjunction with PCG in consideration of the company's expertise in IT services and its commitment to undertake the investment and risks. The Administration undertook to make known its future policy guidelines in implementing major development projects involving the private sector (The Panel on Financial Affairs had been briefed on such guidelines on 6 December 1999). It would also report progress of the Cyberport project to the Panel on Information Technology and Broadcasting on a periodic basis.

8. Subsequent progress of the Cyberport project had been reported to the Panel on 14 June, 13 September 1999, 14 February, 8 May, 12 June and 11 December 2000.

9. The Panel was keen to ensure that the project would serve its intended objective of creating a strategic cluster of IT/IS companies instead of competing with other developers in offering quality office and residential premises. Members requested the Administration to take active measures to ascertain that the business nature of the tenant companies was consistent with the Cyberport vision.

10. On the designated committee which would advise on the admission criteria and vet the tenancy applications, members urged the Administration to exercise caution when determining its membership so as to avoid conflicts of interests and safeguard fair competition for entry into the Cyberport.

11. Members were concerned about the inadequacy of office space to meet the demand and had asked the Administration to seriously consider converting the residential units in the Cyberport Portion into office premises and explore other means to make available more office space.

**Further development**

12. The Panel will receive the next progress report at its meeting on 9 July 2001.

Legislative Council Secretariat  
3 July 2001