

Information Technology and Broadcasting Panel

Progress of the Cyberport Project

Purpose

This paper updates Members on the progress in the Cyberport project. A chart showing the position of the key activities of the project as at January 2002 is at **Annex A**. Highlights of the more important developments are set out in the ensuing paragraphs.

Financing Arrangements (Item 3 of the chart)

2. Pacific Century CyberWorks (PCCW) has set up a wholly-owned subsidiary, which is named “Cyber-Port Limited”, to be the developer of the Cyberport project (comprising the Cyberport and a neighbouring residential development) in accordance with the terms of the Project Agreement that they entered with us in May 2000. Cyber-Port Limited has undertaken to complete, in phases, the Cyberport between early 2002 and end 2003 and the residential development between mid 2004 and mid 2007 according to our pre-approved design and specifications. PCCW has provided us a full parent company, performance and completion guarantee.

3. Cyber-Port Limited is responsible for the provision and procurement of funds to meet the project expenses until proceeds are collected from the sale of the units in the residential development to meet the outstanding project expenses. Cyber-Port Limited has submitted to us payment records and other supporting information to show that all project expenses due for payment have been paid by the company. As at the end of December 2001, Cyber-Port Limited already spent more than \$1.6 Billion on the project. Pursuant to the Project Agreement, Cyber-Port Limited has also procured from an A-rated bank for us as the beneficiary a cashflow guarantee to cover the forecast cashflow requirements for every next six months. The current cashflow guarantee being held by us guarantees the forecast cashflow requirements of the project for the period from 1 January 2002 to 30 June 2002.

Infrastructural Works (Items 4 to 11 of the chart)

4. The infrastructural works have been progressing well (and a recent site photo is at **Annex B**). The advance ground treatment works have already been completed. The sewage treatment plant is under construction and will be completed by September 2002. In addition, a package treatment plant has been installed at the Cyberport to cater for the early requirements of the project. The new access road (Cyberport Road) connecting the southern end of the Cyberport with Victoria Road has been substantially completed and will open for public use later this year, to tie in with the intake of the first batch of Cyberport tenants. The other access road connecting the northern end of the site with Sha Wan Drive is under construction. This new access road will be completed by end 2003 to coincide with the completion of the third (last) phase of the Cyberport.

Superstructure Construction (Items 12 to 20 of the chart)

5. The building of the Cyberport infrastructure is in progress, as shown in the photos at **Annex C**. According to the current development programme, the Cyberport (excluding the neighbouring residential development) will comprise the following phases –

- a) Phase CI: this is the first phase of the Cyberport due for completion by end March 2002. This will provide about 18,000m² (lettable) of office space. Another 2,000m² will be made available for provision of retail services to serve the first IT companies.
- b) Phase CIB: this will provide a visitor centre (of 340 m²) as a facility for shared use of tenants and an office space of 1,500 m² (lettable) for leasing to IT companies. This was originally part of Phase CII works scheduled for completion by end 2002 (as referred to in (d) below). We have requested, and Cyber-Port Limited has agreed, to advance this part of CII works for a few months, to Summer 2002, so that Cyberport companies could benefit from an earlier availability of the visitor centre.

- c) Phase CIA: this was originally intended (in the context of the Project Agreement referred to in paragraph 2 above) to provide 144 residential flats by end 2002. In response to Members' earlier request for provision of more office space, this area has been "converted" to office use and will provide an additional 15,800m² (lettable) of office space by end 2002 for leasing to IT companies.
- d) Phase CII: this will provide 20,100m² (lettable) of office space by end 2002. Apart from accommodating IT companies, there will also be a range of shared facilities such as multimedia laboratory, teleconferencing rooms, studios, etc. Linking up the office building will be a cybercentre of 27,000m². This is a specially designed complex to provide technology-themed educational, entertainment and retail services. The Project Agreement originally envisaged that Phase CII should also include a quality housing development (of 8,100m²), but this area is being proposed for "conversion" into an office development (please refer to paragraph 7 below).
- e) Phase CIII: this will provide further office space of 32,100m² (lettable) by end 2003. This will accommodate more IT companies and different shared facilities such as business centre, cybercafe and training theatres. A 4-star hotel of 176 rooms (of 12,000m²) will also be provided in this phase of development.

6. The Cyberport will be provided with a state-of-the-art IT/Telecommunications infrastructure. This will be a future proven infrastructure which is capable of providing abundant bandwidth and readiness for high speed telecom and application services. The main components of the IT/Telecommunications infrastructure are illustrated in **Annex D**.

Master Layout Plan (Item 21 to 22 of the chart)

7. At the meeting held on 9 July 2001, we reported that we were then carefully considering the implications of Members' earlier suggestion (put to us at the meeting on 11 December 2000) of "converting" the 8,100m² quality housing originally planned for CII into office use by IT companies (paragraph 6(d) above). We have since completed a detailed study and decided to accept Members' suggestion. We have accordingly revised, and submitted to the Town Planning Board on 28 December 2001, a new Master Layout Plan seeking the "conversion" of the originally planned quality housing development into a low-rise office development (Phase CIV). The layout plan for this new Phase CIV is shown in **Annex E**.

Office Tenants (Items 23 to 30 of the chart)

8. In March 2001, we set up a Committee on Admission of Cyberport Office Tenants (CACOT) to advise us on the selection, and other matters relating to the admission, of Cyberport office tenants. Members of the CACOT advised that companies interested in becoming Cyberport office tenants should submit formal application on the basis of a standard application form. We subsequently, in April 2001, promulgated our application form and its accompanying guide to applicants (copy at **Annex F**).

9. We have since received 78 applications from companies interested to move into the various phases of the Cyberport development. These 78 companies altogether have applied for a total of 82,237m², which accounts for 94% of the total lettable floor area (of 87,500m²) at the different phases of the Cyberport. Of these applicant companies, 38 have indicated in their application forms that their first preference is the first phase (CI) of the Cyberport. And these 38 companies altogether have applied for a total lettable floor area of 43,613m², far exceeding the total lettable floor area (of 18,000m²) available in Phase CI. Detailed lease discussions between our property adviser and individual applicants whose applications have been supported by the CACOT are in process and some of these CI applicants have indicated that they will agree to switch to later phases (CIB, CIA, CII and CIII). We expect that the earliest fitting out date for the CI tenants will be 2 April 2002.

10. Members of the CACOT have also advised that Cyberport office space should be allocated to an academic institution for the operation of a “Cyberport Institute” to introduce, and run, market-driven courses, in cooperation with some major IT companies, to groom talent to support many IT development and related businesses in Hong Kong. These courses would be pitched at post-graduate level and should be based on a model which is conducive towards encouraging IT companies to provide sponsorships or their corporate courses. The courses run by the Cyberport Institute should also include an internship programme whereby trainees will be placed in different IT companies (in Hong Kong and/or in places outside Hong Kong). These courses will carry credits leading to some appropriate academic awards. trainees will gain benefits of upgrading on cutting-edge IT knowledge and skills as well as gaining professional/academic recognitions. Equally beneficial is that our IT industry will enjoy the higher availability of wanted skills and human resources.

Management, Marketing and Promotion (Items 31 to 33 of the chart)

11. We are in the process of finalising discussions with PCCW on the Cyberport Management Agreement and PCCW is in turn in the process of engaging a private sector building service management company to be Cyberport’s building operation services provider. Marketing activities are being launched by Cyber-Port Limited in accordance with terms of the Project Agreement.

12. The topping out of the CI building on 28 November 2001 has been well received. Events will be organised to soft launch the opening of the Cyberport between 2002 and 2004. The Cyberport project has successfully drawn global attention to Hong Kong’s determination to forge ahead in the IT race and also heightened local awareness in the important of IT. We will continue to promote this flagship project in Hong Kong and elsewhere in the world.

Item	Activity	Start	End	1999		2000		2001		2002		2003		2004		2005		2006		2007	
				1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q
Superstructure Construction																					
12	Overall design of buildings	3Q99	3Q01																		
13	Vet and approve design of IT facilities	2Q00	1Q02																		
14	Cyberport Phase I - detailed design	4Q99	3Q00																		
15	Cyberport Phase I - construction	3Q00	1Q02																		
16	Cyberport Phase II - detailed design	1Q00	1Q02																		
17	Cyberport Phase II - construction	1Q01	4Q02																		
18	Cyberport Phase III - detailed design	4Q00	1Q02																		
19	Cyberport Phase III - construction	2Q01	4Q03																		
20	Residential portion - detailed design and construction	2Q00	2Q07																		
Master Layout Plan (MLP)																					
21	MLP approved by Town Planning Board	1Q00	2Q00																		
22	Revised MLP to Town Planning Board for approval	3Q00	1Q02																		
Office Tenants																					
23	Setting up of Tenant Selection Committee	4Q00	1Q01																		
24	Establish admission criteria/publish application procedures	4Q00	2Q01																		
25	Consider applications for Phase I	2Q01	1Q02																		
26	Occupation of Phase I	2Q02	4Q02																		
27	Consider applications for Phase II	2Q01	4Q02																		
28	Occupation of Phase II	1Q03	4Q03																		
29	Consider applications for Phase III	2Q01	4Q03																		
30	Occupation of Phase III	1Q04	4Q04																		
Management, Marketing and Promotion																					
31	Management Agreement with PCCW	3Q00	1Q02																		
32	Marketing activities	1Q01	4Q07																		
33	Ongoing promotion	3Q99	4Q07																		

基建工程 Infrastructural Works



North-Corner - Cyberport Development in Tsing Yi Bay Plot (22122861) Aerial View of Roadwork

數碼港道 Cyberport Road

污水處理廠 Sewage Treatment Plant



North-Corner - Cyberport Development in Tsing Yi Bay Plot (22122861) Aerial View of 12 Area-6 Sewage Treatment Plant



上蓋建築 Superstructure


第CI、CIA及CIB期 Phase CI, CIA and CIB




第CII及CIII期 Phase CII and CIII



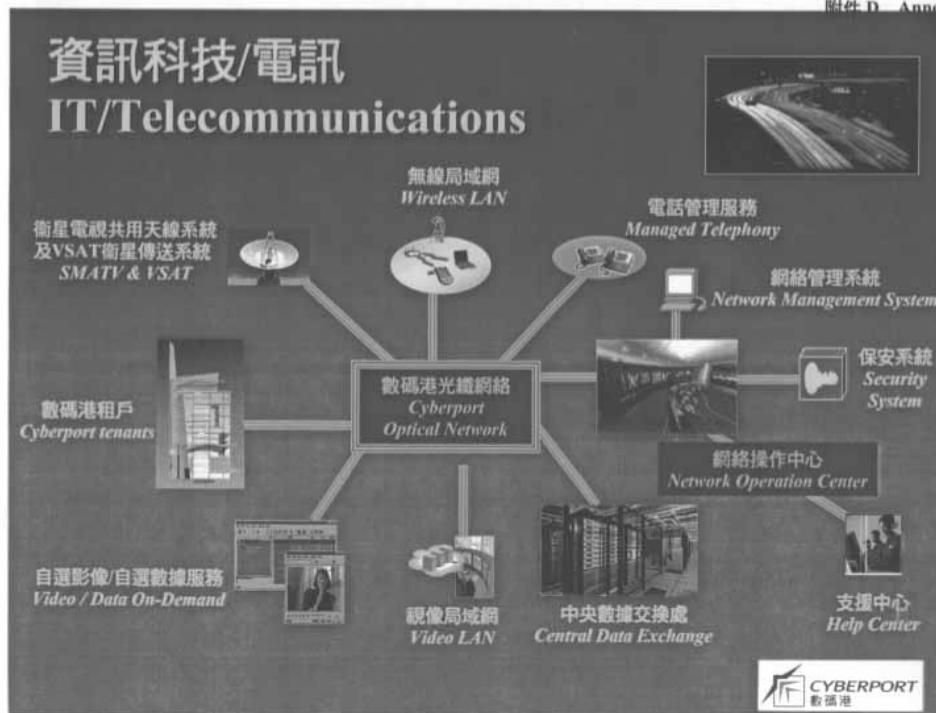
數碼中心 Cybercentre




數碼港的酒店 Cyberport Hotel





建議中新低密度寫字樓 Proposed New Low-rise Office

