

For information

**Legislative Council Panel
on Information Technology and Broadcasting**

Cyberport – Tenancy Position for Phase I Building

The Cyberport is scheduled for completion in phases between 2002 and 2004 to provide altogether about 120 000m² of office space to accommodate over 100 companies. Since the project was announced in 1999, marketing activities have been launched by the Cyberport developer (which is a company owned by Pacific Century CyberWorks [PCCW]), complemented by Government's effort to promote it as Hong Kong's IT flagship both locally and overseas. 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. We have since received 80 applications from companies wishing to move into the various phases of the Cyberport development.

2. These 80 companies altogether have applied for about 83 000m², which accounts for 94% of the total lettable floor area (of 87,500m²) at the different phases of the Cyberport. Of these applicant companies, 40 have indicated in their application forms that they would consider the first phase (CI) of the Cyberport. These 40 companies altogether have applied for a total lettable floor area of 43 700m², far exceeding the total lettable floor area (of 18 000m²) available in Phase CI. In the subsequent lease discussions between our property adviser and individual applicants whose applications have been supported by the CACOT, 5 of the applicants for the later phases have indicated their wish to advance their tenancies to the Phase CI.

3. We have just obtained the occupation permit from the Building Authority for the CI building. About half of the Phase I offices have been let to 3 companies, viz a multinational company – GEIS International Incorporation, a Finnish company - Sonera SmartTrust Limited (which first applied for Phase II) and a major local telecom company - PCCW. The position vis-à-vis the other 42 interested CI companies is set out as follows –

- a) 5 of the applications have not been accepted by CACOT;
- b) 13 of the applicants have put their plans to move to the Cyberport on hold in the current economic situation;
- c) 16 companies would wish to switch to a later phase of the Cyberport development; and
- d) the reminding 8 are still under discussion for CI tenancies.

We have received enquiries from 2 other companies indicating interest in the CI building, thus the number of CI companies still under discussion has been increased from 8 [as referred to in (d) above] to 10. Members will appreciate that we cannot disclose details of these discussions until they are concluded.

4. The economic situation is clearly not at its most conducive state for IT and IT-related companies to pursue expansion and new development plans. Companies are also extremely cautious about spending money on the fitting out of the new offices. All of them prefer to synchronise the Cyberport leases with their existing lease commitments and estimated time for interior fitout works to avoid paying any double rent/management fee. They would also like to see the completed building first before entering into firm lease commitments. They are keen to seek reassurances on the efficient management of the Cyberport development while construction of the later phases is still in progress; the provision of adequate public transport and retail services to serve the first Cyberport tenants; the availability of a wide range of shared facilities/services to help companies reduce their own operating costs; and a continuing commitment to promote the Cyberport as an IT flagship.

5. We remain committed to developing Cyberport as an IT infrastructure equipped with state-of-the-art facilities and services for clustering of IT and IT related companies. We –

- a) have just completed the CI building and appointed Colliers Jardine – an experienced facilities management company – to be the Cyberport building operation services provider (undertaking tenant liaison, financial management, operation, maintenance, repair, cleaning and security, etc.). Special care will be given to minimise the disruption caused by the construction works of the later phases of the Cyberport development;
- b) have already made available more than 500 carparking spaces for use by Cyberport companies and visitors. Upon full completion by 2004, the total number of carparks will be increased to over 700. It only takes 15 – 20 minutes to drive from Central to the Cyberport;
- c) have been in discussion with the Transport Department to ensure that the Cyberport is well served by public transport services. The Public Transport Terminus has been opened for use since 3 April 2002 and the first Cyberport bus routes have since commenced service, namely:
 - (i) A new bus service New World First Bus Route M49 between Cyberport and Central from 6:00am to 12:00 midnight daily at a peak frequency of 10 minutes;
 - (ii) The existing Citybus Route 73 rescheduled to run from Cyberport via Wah Fu to and from Stanley from 7:20am to 11:45pm daily at a peak frequency of 15 minutes.

To coincide with the occupation of the tenants in the latter part of the year, we are actively pursuing the operation of the following routes –

- (iii) a bus route running from Cyberport to So Uk Estate/Sham Shui Po through Western Harbour Crossing;
- (iv) a bus route running from Cyberport to Hung Hom through Hung Hom Cross Harbour Tunnel; and

- (v) a green mini bus route to Taikoo Place, Quarry Bay through Causeway Bay to Cyberport;
- d) have completed a service annex, of around 2 000m², in the CI building for provision of retail services – a supermarket, a restaurant, a food cart area, postal services and ATM banking – to serve the first Cyberport companies. The CyberCentre will be completed by end 2002 and a range of F&B services will be provided thereat. In the intervening months, we have requested the Citybus Route 73 [referred to in (c) above] to step up their services during lunch hours. A 5-star deluxe hotel managed by Le Meridien will be opened by end 2003;
- e) are proceeding to provide state-of-the-art IT/Telecom facilities and services, including –
 - (i) Cyberport Optical Network: The network is a ‘bandwidth freeway’ for all IT applications at Cyberport. It will provide a high-speed connection capable of providing multimedia services such as video-on-demand and distance learning. Customer interface will be available at 100Mbps or 1 Gbps;
 - (ii) Wireless Local Area Network (LAN): Cyberport will have 22 Wireless LANs connected to the Cyberport Optical Network. Laptop users will be able to access the LAN or the Internet when outside their offices, or at public areas;
 - (iii) Video LAN: A video LAN will be built specifically for the distribution of video and audio files;
 - (iv) Satellite Master Antenna Television System (SMATV): Cyberport’s unique SMATV system will offer access to as many as 120 channels of satellite television broadcasting. The service can be delivered over the Cyberport Optical Network, which means that Cyberport tenants can watch SMATV programmes free of charge on their personal computer or laptops;

- (v) VSAT System: The VSAT service will provide data line connectivity to remote locations in the Region where fixed network infrastructure is not yet available;
- (vi) Video & Data on Demand: Live digital video streaming and cached data broadcasting will be provided on demand;
- (vii) Cabling & Blockwiring: Cabling and blockwiring will support single-mode and multimode interfaces, with diverse routing capability available for office towers.
- (viii) Customer Help Centre: A 24-7 facility will provide service and technical help for Cyberport tenants.
- (ix) Unified Messaging System: Users will be able to send, receive, retrieve and store voice, fax or e-mail message via a single interface
- (x) Mobile Phase Coverage: This will be a continuous mobile communication service in both outdoor and indoor areas within Cyberport with participation of various mobile service/personal communications service operators. Next general 3G mobile service will also be available.
- (xi) Cyberportal Services: It is a community portal for the Cyberport tenants. Users will be able to view web data including current Cyberport news and information, local news updates, press releases, upcoming events and training packages.
- (xii) Kiosk Network: Cyberport's Interactive Kiosk Network will be fully equipped with keyboard, video camera, external speakers, thus making it a multimedia entertainment, communication and internet access station. The service portfolio includes e-mail, voice mail, e-postcard, internet access, notebook connectivity, telephone (for local, long distance & international calling) and e-commerce;

- f) are proceeding to provide a range of shared facilities in the “IT street” when it is completed as part of Phases II and III Cyberport development –
- (i) Visitor Centre: reception area, press meeting places, visitor information and showcase/exhibition areas;
 - (ii) Tenant’s Central Data Exchange: Data hosting service will be provided to tenants with a secure facility to store, distribute and manage data. It will allow tenants to effectively outsource their data processing and storage equipment and accommodate it in a closely controlled environment within the Cyberport;
 - (iii) Business Facilities: iResource Centre, Tele-conference Suite, Business Centre;
 - (iv) Multi-Media Production Facilities: Production Studio, Audio Studio, Post-Production Studio and Digital Content Production;
 - (v) Educational Facilities: Training Centre;
 - (vi) Exhibition, Presentation and Demonstration Facilities: IT Court with video flatscreens to showcase events, and Exhibition and Demonstration Gallery; and
 - (vii) Fitness and Recreation Facilities: fitness centre, cafes and landscaped terrace;

6. We will continue to promote the Cyberport in Hong Kong and elsewhere in the world. In particular we will highlight the following attractions of Hong Kong’s Cyberport –

- a) Robust intellectual property law to protect innovative services and products development by companies;

- b) Convergence place for IT talents and like-minded professionals from Hong Kong, Mainland China and overseas countries; and
- c) Continuous commitment to place the best soft infrastructure at the Cyberport including:
 - (i) operation of a “Cyberport Institute” by the University of Hong Kong to introduce, and run, market-driven courses, in cooperation with some major IT companies. 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; and
 - (ii) contacts already established with other high tech parks outside Hong Kong with a view to facilitating collaborative projects and partnerships between companies; liaison networks with venture capitalists and professional services (lawyers, accountants, tax consultants, etc.) also formed;

Events will be organised to soft launch the phased completion of the infrastructures and introduction of facilities/services. The Cyberport developer will continue carrying out marketing activities in accordance with the terms of the Project Agreement.

Information Technology and Broadcasting Bureau
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