

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 June 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 the project, in phases, between 2002 and 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 (or presale of the uncompleted 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 May 2002, Cyber-Port Limited already spent around HK\$2.5 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 July 2002 to 31 December 2002.

Infrastructural Works (Items 4 to 11 of the chart)

4. The infrastructural works are progressing well. 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 opened for public use since April 2002. The other access road connecting the northern end of the site with Sha Wan Drive is under construction and will be completed by end 2003.

Superstructure Construction (Items 12 to 20 of the chart)

5. 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 and was practically completed by end March 2002. Finishing works (to, for example, the lobby and entrance, etc) are being done. This building will provide about 18,000m² of office space. Another area of 2,000m² has also been 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) for shared use of tenants and an office space of 1,500 m² for leasing to an IT company. It is scheduled for completion by end 2002.
- c) Phase CIA: this will provide 15,800m² of office space for occupation in 2003.
- d) Phase CII: this will provide 20,100m² of office space for occupation in 2003. 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.

- e) Phase CIII: this will provide office space of 32,100m² for occupation in 2004. This will accommodate IT companies and different shared facilities such as business centre, cybercafe and training theatres. A 5-star deluxe hotel of around 180 rooms (of 12,000m²) will also be provided in this phase of development. This hotel will be managed by the Le Meridien Group.
- f) Phase CIV : this will provide a low-rise office development of 8,100m² some time in 2004 or 2005 (in response to Members' earlier suggestion of "converting" the originally planned CII housing into office use by IT companies).

6. The neighbouring residential development will be completed, in phases, between mid 2004 and mid 2007. Foundation works for the first phase have already been completed and the superstructure for the first blocks is under construction.

7. The Cyberport infrastructure will be supported by a state-of-the-art IT/ Telecommunications infrastructure (as shown in **Annex B**). This will be a future proven infrastructure which is capable of providing abundant bandwidth and readiness for high speed telecom and application services. By making use of this infrastructure, companies working in the Cyberport will be able to do business at lower operating costs. The internal private network at the Cyberport will provide a powerful world-class telecoms infrastructure for the Cyberport population thus enabling the IT and IT-related companies to derive benefits from clustering at the Cyberport.

Office Tenants (Items 23 to 29 of the chart)

8. The first Cyberport building (CI) was completed by end March this year and finishing works are being done in time for the opening of the building

later in the year (para. 5(a) above). Up to end June 2002, seven (7) companies have signed up leases to take up altogether 80% of the office space available in that building. These first Cyberport companies provide a good mix of like-minded companies of different sizes and at different stages of development : multinationals such as GE Information Services and Microsoft; overseas companies such as Finnish-based Sonera and US-based ESRI and local companies such as Pacific Century CyberWorks and DBTRONIX. As highlighted in the press release issued by Microsoft and ESRI (copies at **Annex C**) these companies are attracted to the Cyberport because of the state-of-the-art infrastructure in a campus like environment that will be conducive to creativity and innovation. These Cyberport tenants are confident that the Cyberport will meet their business needs well and are willing to help us build up a new international IT centre at the Cyberport.

9. To provide essential services to the first batch of companies in the Cyberport, we have also completed a service annex, of around 2,000m², under the podium of the CI building. The layout plan for this service annex is attached at **Annex D**; this also shows the various services to be provided and the timing of the provision of those services by the committed retail tenants and service providers.

10. The Cyberport Public Transport Terminus has been put in operation since April 2002. The Cyberport is now served by New World First Bus Route M49 which runs between Cyberport and Central from 6 am to 12 midnight daily at a peak frequency of 10 minutes. This service operates via Pokfulam Road calling at Sheung Wan MTR Station and Central Airport Express Hong Kong Station to enable passengers to interchange with MTR service and other bus routes for various destinations. There are also links to the Southern District. Citybus Route 73 runs from Cyberport via Wah Fu to and from Stanley from 7.20 am to 11.45 pm daily at a peak frequency of 15 minutes. Passengers using this bus route can interchange with other bus routes heading for Causeway Bay and Eastern District in Aberdeen. Starting from early July this year, New World First Bus Route 970P is put into operation, running between So Uk Estate in Sham Shui Po and Cyberport via Western Harbour Crossing during morning and evening rush hours. We are in discussions with the Transport Department about the provision of more public transport later in the year to

coincide with the occupation of the first batch of the Cyberport tenants.

11. We are focusing discussions with a number of companies whose applications for Cyberport office tenancy have been approved by the Committee on Admission of Cyberport Office Tenants (CACOT) for the remaining 20% of the office space available at the CI building. Announcements will be made after the signing of leases subject to the agreement by the tenants concerned.

12. We informed Members at the meeting held on 8 February 2002 that CACOT had also advised that office space should be allocated to the University of Hong Kong (HKU) for running a Cyberport Institute right at the Cyberport to provide market driven training programmes with some leading IT companies. The Cyberport Institute was inaugurated on 25 June 2002 (and the press release issued by HKU is attached at **Annex E**). This Cyberport Institute will start providing two postgraduate courses at Cyberport CIA around mid 2003 when the premises are ready for occupation.

Management, Marketing and Promotion (Items 30 to 32 of the chart)

13. We have engaged Eastpoint Property Management Services (formally known as Colliers Jardine) as Cyberport's building operation services provider. Ongoing marketing and promotional activities are being launched by us in conjunction with Cyber-Port Limited in accordance with terms of the Project Agreement. The Cyberport will gradually make available venues/facilities for the IT industry and other sectors to organise events to fit in with the profile of the Cyberport. A few events have already been lined up for the later part of this year.

Information Technology and Broadcasting Bureau
June 2002

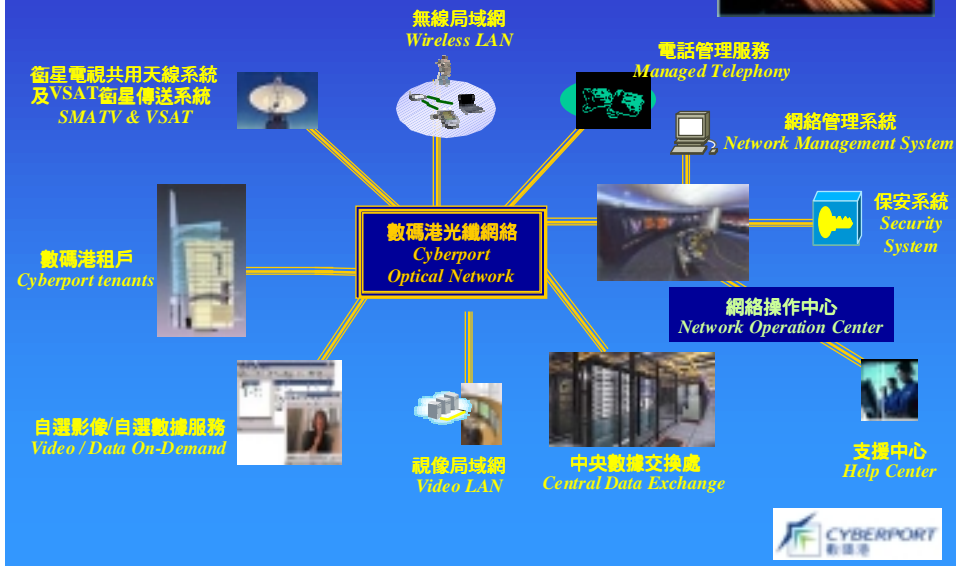
Cyberport Development Programme
(as at 29 June 2002)

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
	Legal Basis																				
1	Negotiate/sign Project Agreement with Cyber-Port Ltd, wholly owned subsidiary of PCCW	3Q99	2Q00																		
2	Grant of Development Right to Cyber-Port Ltd and Agreement on Residential Portion Land Value	2Q00	3Q00																		
	Financing Arrangements																				
3	Monitoring of financial information (accounts and cashflow guarantee, etc) and securing six-monthly cashflow guarantees	2Q99	4Q07																		
	Infrastructural Works																				
4	Advance ground treatment - detailed design	2Q99	3Q99																		
5	Advance ground treatment - construction	3Q99	2Q01																		
6	Road works (Southern Access Road and internal roads) - detailed design	2Q99	4Q99																		
7	Road works (Southern Access Road and internal roads) - construction	4Q99	4Q01																		
8	Sewage treatment plant - detailed design	3Q99	2Q00																		
9	Sewage treatment plant - construction	3Q00	3Q02																		
10	Northern Access Road - detailed design	3Q99	3Q00																		
11	Northern Access Road - construction	4Q00	3Q03																		

Note : 1Q = January - March
2Q = April - June
3Q = July - September
4Q = October - December

資訊科技/電訊 IT/Telecommunications

ANNEX B





ESRI Hong Kong Limited

Annex C

FOR IMMEDIATE RELEASE

ESRI HONG KONG TO BOOST UP THE TECHNOLOGY OF GEOGRAPHIC INFORMATION SYSTEMS ("GIS") AT CYBERPORT

Hong Kong, June 20, 2002 -- ESRI Hong Kong Limited ("ESRI HK"), an international office of Environmental Systems Research Institute ("ESRI") – a leading developer of GIS and mapping technology worldwide, today announced that it has signed a tenancy agreement to lease a floor (over 1,800 square metres; some 20,000 square feet) at the Cyberport for boosting up its business operation into a new page in Hong Kong. ESRI HK plans to start fitting out works at its Cyberport offices towards the end of the year.

"As an IT company in Hong Kong, ESRI Hong Kong supports the HKSAR Government in developing Cyberport, which is an IT flagship project. We believe Cyberport will provide a world class infrastructure to successfully build up a high-quality IT Hub in Asia," said Dr. Winnie Tang, the Managing Director and Founder of ESRI HK.

"It has always been our vision of working in a place which is filled with campus-like atmosphere, equipped with comprehensive facilities and surrounded by extensive landscaping – just like our headquarters in Redlands, the USA. This will help nurture innovation and creativity among our staff for the development of GIS technology. Cyberport will bring our vision into reality."

Mrs Carrie Yau, the Secretary for Information Technology and Broadcasting, welcomes ESRI Hong Kong's decision. "We are encouraged by the support given by ESRI HK which specializes in GIS. ESRI Hong Kong endorses the Cyberport concept and believes that our Cyberport will help the company to push back the frontiers in the GIS technology," she said.

"We will not simply relocate our office to Cyberport. Our moving into the Cyberport is a big step forward in developing the technology of GIS in an advanced campus-like environment which fosters creativity and innovation. We will also make use of the state-of-the-art infrastructure and many useful facilities at the Cyberport," Dr Tang said. "Benefiting from the cluster of IT and IT-related companies at the Cyberport, we will be able to break new ground in our GIS technology."

"We serve with care and quality" is the mission of ESRI HK. Dr. Tang emphasized on the significance of serving customers and believed that the success of the company heavily relies on the success of the customers. Dr. Tang is confident that ESRI HK, supported by a strong team of GIS professionals at the Cyberport, will better serve their customers.

For more information about ESRI, please go to the websites: (headquarters) <http://www.esri.com> and (Hong Kong office) <http://www.esrihk.com>.

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About ESRI Hong Kong Limited

ESRI HK was established in 1997 as an international office of ESRI - the world leader of Geographic Information Systems (GIS) and mapping software, for the Hong Kong and Macau regions. ESRI HK aims to bring state-of-the-art GIS and mapping software technology of ESRI to the local community. The professionals of ESRI HK commit to delivering the highest quality of services in sale, technical support, training, professional service and maintenance support with regard to ESRI and other GIS related software. In 2001, ESRI HK was awarded ISO 9001:2000 Quality Management System Certificate as a recognition of the full commitment to the continuous improvement of services.

Microsoft Hong Kong Commits to Cyberport

Move strengthens Microsoft's strategic partnership with HKSAR Government in making Hong Kong a hub of the digital economy

HONG KONG, June 18, 2002-- Microsoft Hong Kong today confirmed that the company will move its Hong Kong operations into the Cyberport. The move forms part of the company's strategic partnership with the HKSAR Government to develop Hong Kong's position as a leader in the digital economy in the region. Microsoft will take up 40,000 square feet over two floors and will move its 250-strong workforce into the Cyberport in October this year.

The decision to move to the Cyberport demonstrates Microsoft's continued investment in Hong Kong and its commitment to foster the development of IT and the commercial software industry in the territory. At the Cyberport, Microsoft will continue to develop world-class technology in an advanced campus environment designed to encourage creativity and idea-sharing.

The Chief Executive, Mr Tung Chee-Hwa, met the Managing Director of Microsoft Hong Kong, Mark Phibbs, earlier on and welcomed the company's decision.

Mr Tung said, "We are delighted to see this major development in our strategic partnership with Microsoft, whose advanced technology contributes to building Hong Kong as a leading digital city. The presence of such an international software leader at Cyberport will draw other companies to come to work with us as Hong Kong is developing a knowledge-based economy."

Michael Rawding, President, Microsoft Asia and Vice President, Microsoft Corporation, said, "We at Microsoft have pledged our support for the HKSAR Government's Digital 21 strategy on several occasions and have followed through with key initiatives and community programs designed to support the technology ecosystem and bridge the digital divide. Now with our move to the Cyberport, we will continue to work to make Hong Kong a leading digital city in the globally connected world by developing leading-edge software and building the IT skills of Hong Kong people. Our new facilities at the Cyberport will be a showcase for Microsoft's unique creative and innovative culture and will set the example for other companies to follow."

Speaking at the news conference to announce the move, Mark Phibbs said, "We are thrilled to be moving to such a modern and innovative site as the Cyberport. As a company, we take a long term perspective and this move reflects our commitment to the Government and people of the Hong Kong SAR. We look forward to playing an even greater role in the development of the Hong Kong knowledge economy in the future via the provision of our world class technology which is well suited to a world city like Hong Kong."

About Microsoft

Founded in 1975, Microsoft (Nasdaq "MSFT") is the worldwide leader in software, services and Internet technologies for personal and business computing. The company offers a wide range of products and services designed to empower people through great software -- any time, any place and on any device. The Microsoft Hong Kong office was established in 1991.

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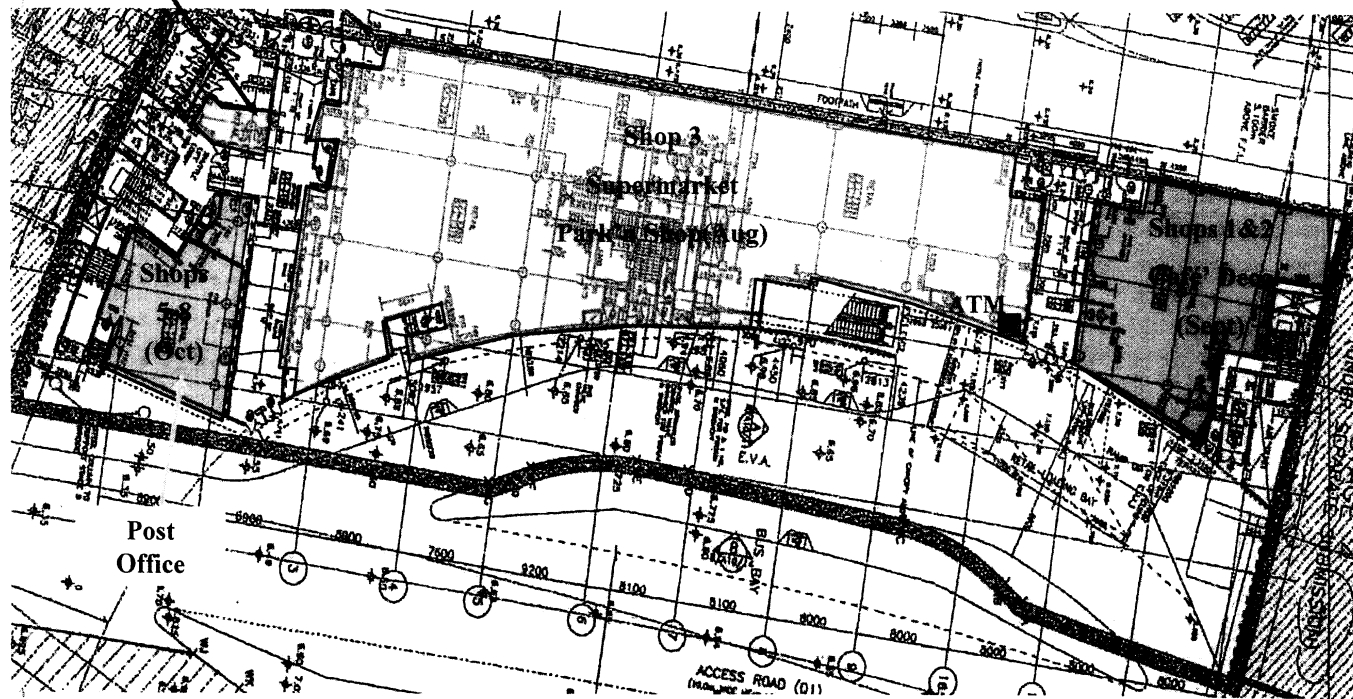
Press releases are also available by email, kindly send requests to:
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Service Annex



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Annex E

25th June 2002

HKU's Cyberport Institute : A synergy of the academia and IT leaders

The University of Hong Kong (HKU) is happy to announce today the inauguration of the **Cyberport Institute of Hong Kong, The University of Hong Kong** (the Institute) as the flagship educational entity in the government's flagship IT project, the Hong Kong Cyberport.

Officiating the ceremony are : Mrs Carrie Yau, Secretary for Information Technology and Broadcasting, HKSAR; Professor C F Lee, Acting Vice-Chancellor and Chairman of the HKU CyberI Council, HKU; Professor Enoch Young, Director of HKU SPACE (School of Professional and Continuing Education) in the presence of the Institute's five founding Industrial Partners.

(Quotes to be supplied)

About the Cyberport Institute of Hong Kong, the University of Hong Kong (CyberI)

1. Governance

A 14-member CyberI Council chaired by Professor C F Lee, Acting Vice-Chancellor and Chairman of the HKU CyberI Council, HKU and made up of departments/units of HKU and the five industrial partners, and a representative from the government.

2. Activities

The principal activities include: IT Education and Training, Research and Development, and Internship and Placement.

3. Role of the University of Hong Kong

The following Departments/Units of HKU will support the Cyberport Institute:

Department of Computer Science & Information Systems, Department of Electrical and Electronic Engineering, Computer Centre, SPACE (management of the Institute and training courses), Careers Education and Placement Centre (Placement and Internship), Versitech and other relevant centres.

4. Role of the Five Founding Industrial Partners

The five *Partners are: Cisco Systems (HK) Limited, Hewlett-Packard Hong Kong Limited, IBM China/Hong Kong Limited, Microsoft Hong Kong Limited, Oracle Systems Hong Kong Limited.

These major IT leaders will support the ongoing development and operations of the Cyberport Institute. They will contribute to the direction of development, courseware, software, hardware, and placement opportunities.

5. Facilities

- ✧ CyberI occupies 25,000 sq ft. at Level 4 and Level 5 of Cyberport 1, at 100 Cyberport Road. Facilities include 10 PC laboratories, a network workshop and lecture room.
- ✧ The venue will be ready for use in Mid-2003.

6. Courses

- ✧ Graduate Diploma: This 300-hour course aims to provide fundamental IT knowledge and skills for non-IT graduates to join the IT related workforce.
- ✧ Professional Diplomas: A number of Professional Diploma courses provide specialized training for IT practitioners in demanding areas such as IT Project Management, Enterprise Strategic Systems, Networking, and Multimedia Technology. Around 200 hours for each Professional Diploma.
- ✧ Hands-on activities supported by the Founding Industrial partners will be included. Real life project or Placement is an essential component.
- ✧ Course enrolment will begin in Autumn 2002, and courses will commence in Mid-2003.

7. Pilot Class

The Institute would consider running a pilot class of Graduate Diploma at HKU/SPACE Learning Centres if there is strong demand before the site at the Cyberport is ready. The pilot class will aim at non-IT fresh University graduates, to help them better equipped with IT knowledge that will be advantageous regardless of the type of career they are seeking. The class may begin around Autumn 2002.

8. Uniqueness

- ✧ Full time intensive IT programmes for non-IT graduates. Weekend courses for IT practitioners.
- ✧ The founding Industrial Partners will provide Scholarship for outstanding students. Placement opportunities will be arranged as appropriate.
- ✧ The founding Industrial Partners will provide courseware and participate in course design thereby promising the latest technology transfer.

9. Fee

The tentative course fee will be HK\$28,000 for Professional Diploma and HK\$38,000 for Graduate Diploma.

10. Operation Model

The School of Professional And Continuing Education (HKU SPACE) on behalf of the HKU manages the Cyberport Institute. HKU SPACE is a non-profit making organization operating on self-financing principle.

11. Internship & Placement

HKU and the Founding Industrial Partners are to provide internship and placement.