Information Technology and Broadcasting Panel

Progress Report on the Cyberport Project
(January 2003)

Purpose

This paper updates Members on the progress of the Cyberport project.

Overview

2.   A major mission of the Cyberport is to create a strategic cluster of quality IT and IT related companies critical to the development of Hong Kong into a leading digital city of the region. To this end, we are committed to providing a state-of-the-art infrastructure conducive to the creation of such a strategic cluster and its development. The building and infrastructural development programme of the Cyberport is on schedule so far and we have succeeded in building up the first cluster of IT companies. The first batch of tenants provides a good mix of like-minded companies of varying sizes and at different stages of development.

3.   The global and local IT industry is still in a sluggish state and this will continue to present major challenges to the Cyberport in fulfilling its public mission. To maintain the momentum and enhance the contribution of the Cyberport to industrial and technological development, we will in the next six months focus on the following specific measures:

(a) To step up marketing, both overseas and in the Mainland. We have engaged an international leasing agent to help us market the Cyberport overseas and reach out to the target companies. We intend to intensify our activities, in cooperation with Invest Hong Kong, Trade Development Council and the Science Park;

(b) To support the development of small and medium IT enterprises so that they can take advantage of the world class infrastructure in the Cyberport and become an essential part of the strategic cluster;

(c) To develop a regional center of excellence for IT and digital media training for creating human capital in IT through collaboration and partnership with the industry, academia and research institutes and professional bodies;

(d) To spearhead the development of the digital media industry through the provision of hardware and software support in the proposed Digital Media Centre;

(e) To promote the development of services and applications for wireless and mobile communications leveraging on Cyberport's excellent infrastructure and synergy; and

(f) To focus on the transitional arrangement for professional management of the Cyberport and its programmes.

Building development

4.   The Cyberport is made up of four office buildings (respectively named Cyberport 1, 2, 3 and 4), a five-star hotel and a retail and entertainment complex (the Cybercentre).

5.   The Cyberport is being completed in phases, between mid-2002 and mid-2004, providing a total of 94,100 sq m of lettable office space. The building development programme is on schedule.   Details are as follows:

  (a) Phase CI (Cyberport 2): completed in April 2002 to provide a total of 18,000 sq m office space;

  (b) Phase CIB (part of Cyberport 3): completed in August 2002 to provide 1,500 sq m office space and accommodate the Cyberport Visitor Centre;

  (c) Phase CIA (Cyberport 1): completed in November 2002 to provide a total of 15,400 sq m of office space;

(d) Phase CII (part of Cyberport 3): to be ready for occupation in February 2003 to provide 20,100 sq m office space and part of the shared facilities;

(e) Phase CIII (remaining part of Cyberport 3): to be ready for occupation in early 2004 to provide 32,100 sq m office space and part of the shared facilities; and

(f) Phase CIV (Cyberport 4): to be developed as a low-rise office development (7,000 sq m) for completion by mid-2004.

Office Leasing

6.   All applications for Cyberport tenancy are considered and approved by the Committee on Admission of Cyberport Office Tenants (CACOT). The committee, which comprises international and local experts, has so far considered 98 applications and rejected eight, mainly on the ground that their business profile does not fit in with the objective of the Cyberport.

7.   As at end December 2002, 17 companies and organisations have leased or committed to lease Cyberport offices (list of tenants and committed tenants at **Annex A**). Three of these Cyberport tenants/committed tenants are new companies in Hong Kong. Over 95% of Phase CI, all the space in CIB and 30% of CIA have been taken up. The aggregate take-up rate is about 70% of the total lettable office space in these three phases. Altogether, these 17 companies and organisations will employ around 2,000 staff.   Our tenants have indicated that they are attracted to the Cyberport because of its state-of-the-art infrastructure, campus-like environment and the synergy that can be unleashed among like-minded companies.   Many of them have promised to explore new business opportunities and create new jobs after they have settled in, including the launching of research and development activities.

Retail leasing

8.   A wide range of retail and food and beverages (F&B) outlets will be available in the Cybercenter. The Cybercenter is a 27,000 sq m specially designed complex to provide technology-themed retail, entertainment and

exhibition services. The Occupation Permit for the Cybercenter has just been issued, and the premises will be ready for fitting-out by tenants shortly. We are marketing the Cybercenter, and have signed up, among others, a digital entertainment center and various F&B outlets.

9.   Prior to the opening of the Cybercenter, the Service Annex provides essential services (e.g. restaurant, supermarket, cafeteria and post office) for Cyberport tenants. The whole of the Service Annex, with a total lettable area of 1,674 sq m, has been taken up.

Cyberport Institute

10.   Apart from being an ideal place to launch IT and related business, the Cyberport is also a place to nurture professional IT talent. The Cyberport Institute, to be set up by the University of Hong Kong, will start operation in the Cyberport in September this year and the initial in-take is expected to be around 600 full-time students. The Institute, in cooperation with five Founding Industrial Members[1] (FIMs), will provide IT education and training programmes, diploma courses for graduates and professionals in areas such as IT project management, enterprise strategic systems, networking and multimedia technology. The FIMs will support the on-going development and operation of the Institute, including contributing to the curriculum and coursework design and providing placement opportunities.

Supporting facilities

11.   Apart from office space, a wide range of **shared facilities**, such as a Digital Media Centre, an iResource Centre, a business centre, conference and training rooms, cafes and recreational amenities will be accommodated in the "IT Street" in Cyberport 3.

12.   Cyberport offices are supported by state-of-the-art **IT/telecom facilities** (see **Annex B** for details), which are capable of providing abundant bandwidth up to 10 Gigabits per second (Gbps) for data transmission and running application services within the Cyberport campus. The Internal Private Network (IPN) at the Cyberport provides a powerful, world-class IT/telecom infrastructure to support tenants' business operations. This infrastructure,

together with the above-mentioned shared facilities, will help reduce the capital and operating costs incurred by Cyberport tenants, which is important especially to small and medium sized enterprises.

13.   The Cyberport **hotel**, to be run by the Le Meridien Group, is scheduled to open in Autumn 2003 to provide 173 rooms.

Related Developments

14.   We have appointed, through open tender, EastPoint Property Management Ltd as our Buildings Operations Service Provider (BOSP) to manage the Cyberport Portion under a three-year contract commencing April 2002. We have also awarded, through the open tender process, a contract to PCCW Business Services Ltd, to operate the Network Operations Centre, the Central Data Exchange and other IT/telecoms facilities in the Cyberport.

Transportation

15.   The Cyberport is now served by four bus routes, namely, Route M49 to/from Central; Route 73 to/from Stanley; Route 970P to/from So Uk Estate and Route 107P to/from Hunghom[1]. A new express bus service has been introduced in end December 2002 to run between Central and Cyberport direct during morning peak hours. In addition, a Green Mini Bus route to/from Quarry Bay (via Causeway Bay) will be introduced later this month. We will review with the Transport Department regularly the provision of public transport services for Cyberport having regard to the timing of the opening of the Cybercentre and the hotel and the in-take into the first phase of the residential development.

Financial Arrangements

16.   As at the end of December 2002, Cyber-Port Ltd, the developer, has contributed around HK$3.84 billion to the Cyberport project. After deducting the relevant expenses due and payable and contributing to a Development Maintenance Fund for up-keeping the shared facilities in the Cyberport, surplus proceeds from the sale of the residential units will be shared between the Government and PCCW according to their respective contribution to the Project.

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[1] Services are available during morning and evening peak hours and on weekdays.

To ensure that proceeds from the sale of the residential development are handled and distributed strictly in accordance with the Project Agreement signed between the Government and PCCW in May 2000, we have established in December 2002 a set of Secured Accounts Arrangements and appointed a Security Trustee (Law Debenture), an Account Bank (JP Morgan Chase) and a Project Auditor (Pricewaterhouse Coopers) to execute and monitor the arrangements.

Residential development

17.   The ancillary residential development will be completed, in phases, between mid-2004 and mid-2007. Phase R1a and R1b are under construction. Pre-sale of Phase R1a (about 500 units) will be launched in February of 2003.

Next Steps

18.   Paragraph 3 above has set out the major programme of work for the Cyberport. We will take proactive measures to encourage overseas and Mainland companies to launch their business in Cyberport so as to build up Hong Kong's image as an IT hub in the Region. We will also explore with relevant parties various opportunities to enhance the value and contribution of the Cyberport to the industry and the community.

Information Technology and Broadcasting Branch
Commerce, Industry and Technology Bureau
January 2003

List of Tenants/Committed Tenants of Cyberport offices

(as at 17 January 2003)

Tenants/Committed Tenants	Remarks
1. GE Information Services	A multinational company providing network and data centre infrastructure for B2B e-Commerce services globally.
2. Microsoft	A multinational company and a leading software provider. It has recently acquired one more floor in Cyberport (in addition to the two floors leased earlier) to meet expansion needs.
3. ESRI	A U.S. based company providing Geographical Information System products.
4. Sonera SmartTrust	A Finland based company providing mobile communication and mobile-based services and applications.
5. DBTRONIX	A local company providing security solutions for protection from breaches in Internet.
6. Incubator Centre at Cyberport (formerly called Uni-Star)	A local company providing incubator services for IT industry.
7. PCCW	A H.K. listed company providing international, local and mobile telecom services, Internet and interactive multimedia services.
8. Outblaze	A local company; development and outsourcing provider of web-based communication and infrastructure software solutions.
9. A U.S. based company[1]	A company new to Hong Kong. It provides information security solutions for Internet, eCommerce and content protection.
10. University of Hong Kong	For setting up of "Cyberport Institute" to provide research and training facilities on site.

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[1] The company prefers to announce its operation in Hong Kong later.

Tenants/Committed Tenants	Remarks
11. Compuware	A US-based company providing software tools and professional services for business.
12. CSL	A local company providing telecom and mobile services.
13. Sybase	A multinational company providing technical services on business development and application solution development.
14. HNH International Ltd	A Hong Kong-based international company engaging in the production and marketing of classical and world music (including brand names like Naxos and Marco Polo), audio-visual programmes, online music and language education, webcasting and book publishing.
15. Noah Company Ltd	A newly set up local company engaging in multimedia content creation. It will focus on music production using IT applications initially, and then lead on to audio and visual/imaging productions.
16. A Switzerland company[2]	A company new to Hong Kong providing thermal solutions to reduce the noise and heat of computer systems.
17. A local company[2]	A local company specialising in the development of software applications for e-commerce.

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[2] The companies' names will be announced later.

IT/Telecommunication Facilities in Cyberport

Key IT/Telecom Facilities

1. **Network Operations Centre (NOC)**
    Control center of the IT/telecom facilities; responsible for monitoring the network 24 hours a day and seven days a week; operated in compliance with the international standards, including BS7799 of Information Security Management and ISO 9001 Quality Management Standards.

2. **Internal Private Network (IPN) and Block-wiring System**
    A broadband network with a data transfer rate up to 10 Gigabits per second (Gbps) and connecting all office buildings/premises in the Cyberport. Each IPN port can support a transmission speed up to 1 Gbps.

3. **Central Data Exchange (CDX)**
    Providing a safe, reliable and secure environment for hosting different Cyberport network facilities and management systems; available for use by tenants to host their computer equipment.

4. **Unified Messaging System (UMS)**
    Integrates telephone, fax and e-mail into one single interface and enables interchange of text and voice messages (e.g. e-mail can be listened over the phone).

5. **Wireless Network (Wireless LAN)**
    Wireless network access points, installed at various locations in the Cyberport, enable access to the Internet through portable devices such as notebooks or PDAs.

6. **Interactive Kiosk System**
    An integrated telephone, video and Internet platform installed in the common areas of Cyberport. The kiosks provide telephone service as well as instant access to the Internet and the Cyberport Help Centre.

7. **Smart Card System**
    A pre-registered Smart Card (the Octopus Card) can be used as access cards to car park and elevators after office hours.

8. **Extensive Mobile Phone Coverage**
    All major operators have extended their mobile phone coverage to Cyberport, including GSM, CDMA, PCS and GPRS, and 3G services will be available in the near future.

Other related facilities

1. **Satellite Master Antenna Television System (SMATV)**
    The system provides tenants with access up to 120 satellite TV channels.

2. **Digital Media Centre (DMC)**
    Hosting the latest multi-media production facilities for the development of multimedia capabilities in tenants' products and services.

3. **Video conferencing, presentation and training rooms**
    All the rooms are equipped with state-of-the-art audio-visual facilities for conference and presentation purposes, from there an IPN connection can be established to the office to enable instant retrieval of information for meetings and presentations.