



CYBERPORT
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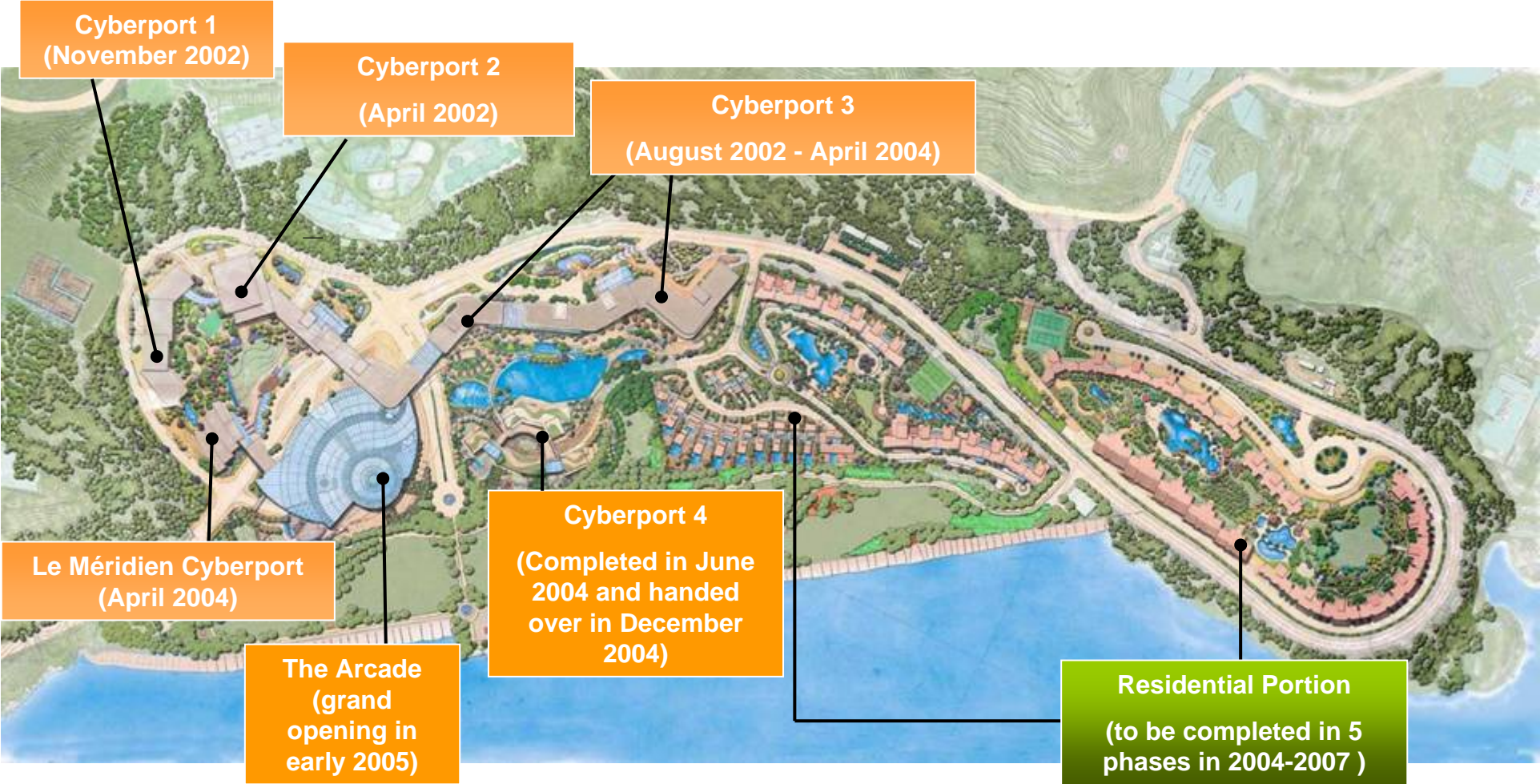
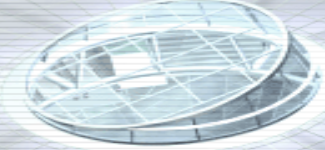


HONG KONG'S IT FLAGSHIP INVITES THE BEST TO COME ON BOARD

*Report to the Information Technology &
Broadcasting Panel of the Legislative Council*

10 January 2005

Cyberport Development *(from mid 2000 – late 2004 – 2007)*



Cyberport's Public Missions



- **Creating a strategic cluster of IT and related companies**
- **Providing infrastructure and technical support to SMEs**
- **Supporting the development of digital entertainment and wireless applications**
- **Nurturing IT talents**
- **Establishing local/international collaboration**



Creation of Strategic IT Cluster

- **33 Tenants**, taking up 46% of Cyberport 1 - 3 (42% of all phases).
- Tenants' main lines of business in –
 - software, wireless/mobile applications, GIS products and information security solutions (e.g. ESRI, Microsoft, Sybase);
 - provision of e-commerce, telecom and information services (GXS, PCCW);
 - creation of digital and multimedia content (e.g. Centro, HNH, Noah).
- Aggressive overseas marketing - **45%** of tenants are new to Hong Kong (c.f. 15% in end 2002)

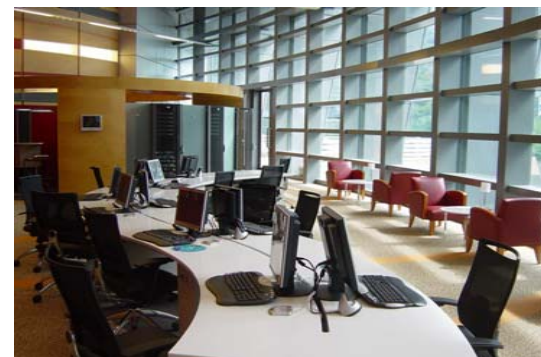
Infrastructure and Technical Support for SMEs

- **Digital Entertainment**

- Digital Media Centre
- Xbox Games Incubation Centre
- iResource Centre

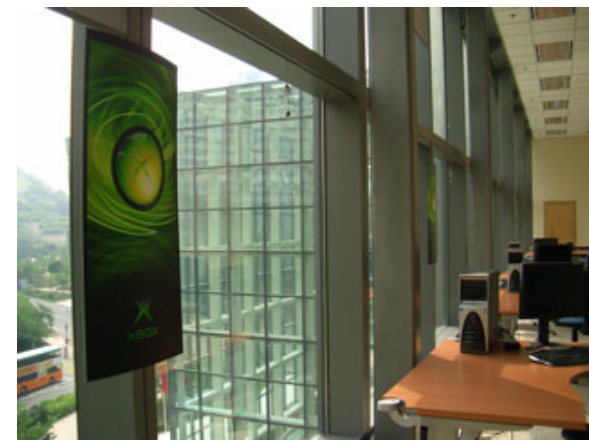
- **Wireless/Mobile Applications**

- Hong Kong Wireless Development Centre
- Cyberport 3G Community Project



Nurturing IT Talents and Establishing Collaboration

- **Training programmes offered by Cyberport Institute (HKU SPACE)**
- **Professional conferences & forums held at Cyberport Conference & Exhibition Centre (e.g. Digital Entertainment Leadership Forum, Cyberport Venture Capital Forum)**
- **Collaboration with Shenzhen Hi-tech Industrial Park**
- Further opportunities (e.g. with Shanghai, Xian) being explored





Financial Status of Cyberport Companies

- Accumulated operating loss at \$90.8 million (\$203 million if depreciation is included) as at end of 2003/04
- Development Maintenance Fund (under Project Agreement) will -
 - cover operating loss (on a cash basis) of the Cyberport Companies in the first five years after completion of Cyberport Portion (from June 2004 to June 2009); and
 - provide funding for upkeep and replacing the shared facilities in the Cyberport Portion
- Occupancy expected to increase steadily in the next 18-24 months
- Positive cashflow operation envisaged by 2009/10



Anticipated Return on Investment (ROI) of Cyberport Project

- Government's **investment** estimated at \$8.44 billion based on -
 - \$7.93 billion for land value of Residential Portion & basic infrastructure (*fixed*) +
 - \$507 million for land value of Cyberport Portion (*estimate*)
- Government's **return** include –
 - 100% ownership of the Cyberport Portion (valued at \$2.89 billion in September 2004) (*estimate*) +
 - 64.5% share of surplus sales proceeds from Residential Portion forecast at \$11.4 billion in total (*estimate*)
- Yearly internal rate of return (IRR) to the Government estimated to be around **9.43% to 11.2%** (more conservative v/s closer-to-market forecasts of residential sales)