

**Southern District Council
District Development and Housing Committee**

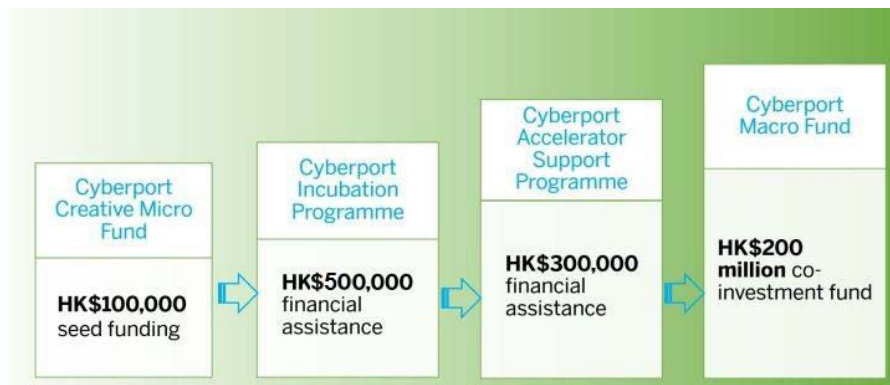
Cyberport Expansion Project

Purpose

This paper aims to brief Members on the Cyberport expansion project.

Background

2. For over a decade, Cyberport has been committed to driving the development of information and communications technology as well as nurturing youth, entrepreneurs and start-ups in Hong Kong. To this end, it has launched a number of programmes to provide financial assistance and other support over the years, including:



- (a) “Cyberport Creative Micro Fund” which provides a seed funding of HK\$100,000 for each selected project to help the participants turn their innovative ideas into prototypes;
- (b) “Cyberport Incubation Programme” which provides a maximum of HK\$500,000 financial subsidy, technical, business advisory and office space support for technology start-ups to help them turn their creative ideas into business undertakings or commercial products. More than 600 start-ups have benefitted from the program so far;

- (c) “Cyberport Accelerator Support Programme” which supports the participation of incubatees and alumni in local, Mainland and overseas accelerator programmes and offers guidance and assistance for their overseas expansion and fundraising;
- (d) “Cyberport Macro Fund” which is a HK\$200 million fund set up in 2016 to provide Cyberport’s start-ups with early financing;
- (e) “Overseas/Mainland Market Development Support Scheme” which provides a maximum of HK\$200,000 financial subsidy for start-ups to assist them in conducting market research and promotion, participating in trade fairs outside Hong Kong, expanding into overseas markets and attracting investors; and
- (f) “Cyberport University Partnership Programme” which has so far funded 210 university students to participate in entrepreneurship boot camps organised by renowned universities in the United States.

3. Since its operation in 2004, Cyberport has built a diverse, vibrant innovation and technology (I&T) ecosystem which consists of more than 1 300 technology firms and start-ups on and off the Cyberport campus. These companies engage in a wide range of businesses from Fintech, smart living, digital entertainment, big data, artificial intelligence, blockchain to cybersecurity. In addition to I&T enterprises and new economy enterprises with completely novel business models, some companies are traditional enterprises that are actively undertaking digital transformation, such as logistics, content production, media and financial companies.

4. Regarding promotion of Fintech, Cyberport is currently the largest Fintech community in Hong Kong with more than 300 Fintech companies. Over the past 4 years, Cyberport has partnered with the Department for International Trade of the UK to provide Fintech companies in Hong Kong with soft-landing opportunities in the UK. In November 2018, Cyberport and Mizuho Financial Group signed a memorandum of understanding to assist Cyberport start-ups in forming partnerships with enterprises in Japan or even tapping into the Southeast Asian and global markets. In February 2019, Cyberport and the InnoSpace of Thailand signed a memorandum of understanding to support Hong Kong start-ups’ expansion into overseas markets. There are also a number of quality start-ups in Cyberport’s digital community with high potential. For instance, two of them have recently become the first batch of companies to be awarded a virtual bank licence by the Hong Kong Monetary Authority. Another start-up was authorised by the Insurance Authority as the first virtual insurer under the Fast Track.

5. Cyberport currently comprises four phases, providing a total of 119 000 square metres of office space. The occupancy rate of Cyberport's office space (including Smart-Spaces) reached approximately 90% over the past three years and 97% in the 4th quarter of 2018. According to a survey conducted in 2018, nearly half of Cyberport's existing tenants would need to expand their working space in the coming five years. A number of potential tenants have also enquired about the possibility of setting up an office at Cyberport. The number of applications for the "Cyberport Incubation Programme" has also far exceeded the quota. It has substantially increased from less than 100 per year before 2011 to over 600 per year in recent years, with some of the start-ups having to apply a few times before they were successfully admitted into the programme. Due to its limited space, Cyberport is not able to increase its incubation quota to accommodate more start-ups, and some start-ups with potential may choose to set up an office in other districts instead.

6. The number of I&T-related conferences and events held has been on the rise in recent years; so has been the number of participants of such events at Cyberport and other conference venues in Hong Kong. Cyberport's current largest conference venue can accommodate a maximum of 300 people only, and its layout is far from satisfactory. With such venue constraints, Cyberport was unable to host at least three large-scale conferences which would have been held at Cyberport last year.

7. In the 2019-20 Budget, the Financial Secretary proposed to reserve HK\$5.5 billion for Cyberport expansion to attract more quality technology companies and start-ups to set up their offices in Cyberport and provide a pathway for young people to pursue a career in I&T. Upon completion of the statutory town planning procedures, the construction is expected to commence in 2021 and be completed in 2024 at the earliest.

Project Information

8. A consultancy company was appointed by Cyberport in 2017 to conduct a feasibility study regarding the location and construction of the Cyberport expansion project.

Cyberport 5

9. Cyberport proposes to use an existing waterfront site with an area of approximately 1.6 hectares to provide a gross floor area of 66 000 square metres, which will mainly serve as office space and Smart-Space for technology firms and start-ups. The development will also provide other facilities, including a multi-function hall, a data

services platform, restaurants and other facilities that will provide convenience for campus users and residents nearby.

(a) Office and Smart-Space

Cyberport 5 will provide an additional 43 500 square metres of office space and Smart-Space which will increase Cyberport's total floor area of office space and Smart-Spaces by over 35%. The additional space is expected to be able to house around 100 technology companies and 750 start-ups and incubatees.

Cyberport 5 will not only be a regular high quality office facility, it will provide flexible office space equipped with advanced smart office facilities that cater for the working styles of the new generation of digital technology enterprises as well as their online-to-offline business needs. Smart security system and solutions (e.g. facial recognition technology) as well as a climate monitoring system which aims to enhance energy efficiencies will also be introduced.

The Cyberport campus, after expansion, will offer an environment where start-ups can conduct proofs of concept of their technology applications. Members of the Cyberport community coming from different parts of the world will also be able to benefit from close collaboration and exchanges of innovative ideas among each other.

In addition, Cyberport 5 will benefit from existing infrastructure facilities in the proximity, such as the hotel, the Arcade and car parks.

(b) Multi-function Hall

The development will provide a multi-function hall with greater flexibility and practicality. The hall will be able to accommodate around 800 to 1 000 people and be equipped with advanced facilities and technologies, such as video-conferencing, live broadcasting and information and communications technologies. It will have the flexibility of being sub-divided into smaller function rooms with a capacity of 300 to 400 people each to meet the needs of different events.

(c) Data Services Platform

A data services platform will be set up to offer convenient and flexible cloud data services and related facilities to Cyberport's start-ups to facilitate their development and testing of new products. It will also offer a suitable environment for promoting and enhancing cybersecurity of the industry by providing crisis management training and simulation.

(d) Food & Beverages (F&B) Outlets and Other Facilities

Part of the ground floor, as common area, will be accessible to campus users and residents nearby. Some floor space will be dedicated to facilities such as F&B of different types, convenience stores and banking services. Cyberport will also strive to introduce facilities and services with smart living elements, such as vending machines selling daily necessities.

10. Cyberport 5 will provide technology companies and start-ups with office space and Smart-Space, conference and information technology facilities in a more comprehensive manner, creating a favourable and sustainable I&T ecosystem. It will also enable Cyberport to carry out its public mission programmes more effectively by, for example, considering increasing the incubation quota, so that more digital technology firms and entrepreneurs will benefit. It will also help diversify Hong Kong's economy and create room for exploring new technology areas, such as InsurTech, RegTech and LegalTech, providing a platform for young people to enter the I&T sector.

Waterfront Park Enhancement Works

11. The existing waterfront park in front of Cyberport is popular among the public. To enable members of the public to better enjoy the comfortable green space, Cyberport has proposed to the Government that Cyberport will enhance the environment of the park by introducing recreational and smart facilities. The following long-term enhancement works are suggested to be carried out:

(a) Promenade

To build a promenade of about 800 metres long that spans from the southern end of the waterfront park to a section of the waterfront corridor in front of Cyberport 5; works will include re-paving of a footpath and provision of benches and fences.

(b) Pet-friendly facilities and services

To provide pet-friendly facilities and services in the waterfront park.

(c) Smart facilities

To install smart lamp posts and 5G Internet connection in the waterfront park.

(d) Greening

To carry out returfing and landscaping in the waterfront park.

(e) Ancillary facilities

To replace the existing utility chamber, enhance the irrigation and sewerage system, provide toilets, drinking facilities, parasols and benches, replace the existing fencing and provide safety facilities along the waterfront.

(f) Landing facilities

To improve the landing steps and provide a canopy and additional protection barriers at the pier in front of the waterfront park.

12. The Planning Department is currently considering the long-term use of the site concerned and will hammer out the proposed amendments to the Outline Zoning Plan. If the proposed amendments are approved by the Town Planning Board and the funding application by the Finance Committee of the Legislative Council, the waterfront park enhancement works will be carried out under the Cyberport expansion project. The waterfront park, upon completion of the works, will occupy an area of 4.8 hectares. Cyberport will take up the park's long-term management and maintenance as well as greening work.

13. The expansion project will bring greater convenience to campus users and nearby residents as it provides additional retail facilities such as F&B outlets, shops and banking service. Upon completion of the enhancement works, the waterfront park will offer more recreational and smart facilities, enabling members of the public to enjoy a better and more comfortable green space.

Environmental Impact Assessment

14. Cyberport places great importance on the project's impact on the surrounding environment and has appointed a consultancy company to carry out comprehensive assessments of the visual, air ventilation, noise, traffic and tree impacts of the project. The results demonstrate that the project will pose no major negative impact on the surrounding environment.

(a) Visual

Cyberport 5 will be an 11-storey building with a height of not exceeding 61 mPD. The building will pose minimal visual impact on the residential buildings nearby. In addition, the building will adopt a stepped profile with building height progressing from south to north and from west to east. There will also be rooftop and vertical greening to blend in with the surrounding environment as far as possible.

(b) Air ventilation

Maintenance of air ventilation was already considered in the early design stage of the project. There will be sufficient distance between buildings and areas will be reserved to allow air ventilation.

(c) Noise

The building site and the nearest residential building will be separated by the Arcade, office buildings and a hotel. During the construction period, Cyberport will adopt measures, such as non-percussive piling method and noise barriers, and will consider the possibility of adopting modular integrated construction (MiC) to minimise the noise generated by the construction site.

(d) Traffic

Currently, the morning traffic from and evening traffic to the Cyberport area is comparatively busier. The increased traffic during the construction and upon completion of the project will be in the reverse direction. According to the consultancy company's initial assessment, there will be minimal impact on the traffic nearby during construction and upon completion of the project.

Improvement works at four road junctions in the proximity of Cyberport are suggested to alleviate traffic burden.

Cyberport is dedicated to enhancing the public transport services on its campus to meet the additional traffic needs arising from the new technology firms and start-ups upon completion of the project as well as participants of large-scale events. Cyberport is negotiating with various public transport operators on improvement measures, which include increasing the frequencies of franchised bus and mini-bus services, increasing the carrying capacity of franchised mini-buses, providing special bus routes during large-scale events, and widening the network as well as increasing the frequencies of tenant bus services for employees.

(e) Trees

Around 90 existing trees in the project site area will be affected. None of them is included in the Register of Old and Valuable Trees. As they are not suitable for being transplanted, Cyberport will implement compensatory planting with a 1:1 ratio.

Timeline

15. The Cyberport expansion project will involve conversion of land uses. The Planning Department will submit the proposed amendments to the Outline Zoning Plan to the Metro Planning Committee of the Town Planning Board and consult the District Council tentatively by the end of this year. The statutory town planning procedures are expected to be completed in the 4th quarter of 2020.

16. Upon completion of the town planning procedures, the Government will submit a funding application to the Finance Committee of the Legislative Council in around 2021. The construction is scheduled for commencement in 2021 and completion in 2024 at the earliest.

Advice Sought

17. Members are invited to give their views and suggestions on the above subject.

Hong Kong Cyberport Management Company Limited
May 2019

Annexes

Annex 1 – Project location map

Annex 2 – Photomontage of Cyberport expansion project