Introduction

In a city that valued accessibility and efficient commutes, very few people would visit Cyberport if they did not need to. Located at the Southern District of Hong Kong, Cyberport was a mere 15-minutes’ drive to the city’s central business district. Despite opening almost two decades ago in 2002, till the present day there remained widespread public scepticism regarding the project, which was originally built to house up-and-coming technology firms in Hong Kong. It was obvious to the public that Bel-Air Residence, the private residential area within Cyberport, took up more space than Cyberport’s purported primary commercial use. Given that Hong Kong was a global city in Asia known for technological innovation, why was Cyberport not better known as a “technology haven” within the city?

Cyberport’s Not-so-humble Beginnings

‘Cyberport’ as a concept first gained prominence when Financial Secretary Donald Tsang announced an emphasis on technological development to keep Hong Kong competitive in the 21st century.\(^1\)

In his budget speech on March 3, 1999 for FY1999/2000, Tsang said that Cyberport’s development would tap on Hong Kong’s strengths to develop a new global niche for the city in the 21st century. He explicitly noted that the “Information Age” was full of challenges that Hong Kong needed to adapt to by responding to global mega trends. Tsang said:

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The Government proposes to develop a ‘Cyberport’ in Hong Kong. The Cyberport will provide the essential infrastructure for the formation of a strategic cluster of information services companies. These companies would specialise in the development of services and multi-media content to support businesses and industries ranging from financial services, through trading, advertising and entertainment to communications. Already we can trade stocks, buy insurance and book air-tickets on-line; imagine that you can preview your travel destination, or even "walk" into a hotel room before making a reservation. These are but a few examples of the products that may be developed at the Cyberport.

Besides improving Hong Kong’s technological readiness, Cyberport would also help diversify Hong Kong’s economy away from its reliance on real estate and financial services. This announcement came just two years after Hong Kong had transitioned to Chinese rule, and the city was desperate to develop an edge that would reduce its reliance on Mainland China. Given that Malaysia and Singapore were also focused on technological innovation at the time, Hong Kong saw the race to be Asia’s technological hub as a worthwhile endeavour.

Just one year prior, the first chief executive of the Hong Kong Special Administrative Region (HKSAR) Tung Chee-Hwa had formed the Commission on Innovation and Technology to find ways for Hong Kong to become the destination-of-choice for leading companies and entrepreneurs in the information age. The Innovation and Technology Bureau was responsible for advising the government on policies related to innovation, technology development, and information technology. The Bureau was to come up with a plan to position Hong Kong strategically in the “knowledge-based global economy of the 21st century”. The government believed that innovation and technology could improve business competitiveness in Hong Kong to boost the quality of—and demand for—products and services originating from the city.

This commission was led by chairman Chang-Lin Tien, who had just ended his term as chancellor for University of California, Berkeley in 1997. He had also been the NEC Distinguished Professor of Engineering there while serving as chancellor. The rest of the commission comprised of leaders from various government departments and commercial sectors in Hong Kong, such as pro-vice-chancellors from the Chinese University of Hong Kong (CUHK) and the Hong Kong University of Science and Technology (HKUST), a director from The Hongkong and Shanghai Banking Corporation Limited (HSBC), various leaders of Hong Kong-based multinational companies (MNCs), as well as the Director-General of Industry and the Secretary for Trade and Industry of the HKSAR government.

The Commerce and Economic Development Bureau announced the funding for the Cyberport project on the same day as Tsang’s budget speech. Cyberport would cost HK$13 billion, and the
project was described as an “ultra-modern intelligent building complex, equipped with [a] state-
of-the-art telecommunication and information backbone”. The location of the project was disclosed as the Southern District of Hong Kong Island, specifically on Telegraph Bay at Pok Fu Lam.6

Coincident with the announcement, eight MNCs issued a letter expressing their intention to be based at Cyberport. These companies were Hewlett-Packard, Huawei, IBM, Oracle, Softbank, Sybase, Yahoo!, and Pacific Convergence Corporation (a joint venture between Intel and Pacific Century Group). These companies likely expressed their support for this project due to lobbying from Pacific Century Group (PCG), which was believed to have close ties with representatives of these MNCs.

The proposal for Cyberport stated that it would be designed to accommodate over 30 large companies (with 100-500 employees each) and 100 small-to-medium companies (with fewer than 50 employees each). The target firms were ones that utilised a high level of advanced technologies in their businesses. The same press release also stated that one-third of the site would be devoted to high-class residential developments to generate additional project funding.

Cyberport was a relatively large project to launch following the 1997 Asian financial crisis, but the economic argument for Cyberport was strongly backed by the HKSAR government. The development for the Cyberport project would be led by Pacific Century Cyberworks (PCCW), a subsidiary of PCG.

**Pacific Century Cyberworks (PCCW)**

PCG played a crucial role in helping to secure the eight prospective commercial anchor tenants for Cyberport. Its subsidiary PCCW was one of Asia’s largest technology and telecommunications companies, and was owned by Richard Li, the second son of Hong Kong tycoon Li Ka-Shing.

On May 17, 2000, the HKSAR government officially announced the Cyberport Project Agreement with PCCW and Cyberport Limited. The press release noted that after eight months of discussion with PCG, the agreement for the development of Cyberport included the following:

1. The project would be owned by the government, but the construction and financial risks would be borne by PCG.
2. The sale of the residential portion of Cyberport would be carried out according to the agreements approved by Financial Secretary Incorporated (FSI) companies.7
The appointment of PCCW to develop Cyberport did not surprise Hongkongers, but the decision to award the project without open tender came under heavy questioning by the public, especially since other developers were not even given the opportunity to bid.\(^8\)

The Hong Kong government justified the direct award of the project to PCCW by saying that there were sufficient precautionary clauses in the project agreement and that most of the development risk would be borne by the company.\(^9\) Moreover, the government believed that the Cyberport project was of such “complexity” and was so “highly risky” that it would be safer to award the project to a developer with whom it had prior ties.\(^10\)

### Cyberport Opens as a Ghost Town

Although Cyberport was intentionally built to be Hong Kong’s leading technology park, the actual project plans attracted widespread scepticism. The plans showed that 76 per cent of the project area would be allocated for residential use, with commercial office space occupying only 17 per cent.\(^11\)

Cyberport was publicly launched in 2002 amidst a slumping property market and a downturn in technology sectors.\(^12\) The fact that technology companies preferred to be based downtown near the central business district\(^13\) did nothing to boost sales of Cyberport’s residential units. Rents at Cyberport also incorporated an implicit subsidy, costing only HK$11-13 per square foot, substantially below the HK$20 per square foot for rents in Hong Kong’s Central district.\(^14\)

In 2010, numerous observers still noted the relatively sparse population of companies and people in Cyberport eight years after its launch. By December 2009, Cyberport’s corporate space had an occupancy rate of only 87 per cent, while its retail space occupancy rate was only 93 per cent.\(^15\)

In 2014, Cyberport housed the headquarters of prominent Hong Kong startups such as GoGoVan, and also the Hong Kong operations of technology giants Microsoft and Cisco.\(^16\)

Next to the four office buildings in Cyberport stood the luxury residential development Bel-Air (貝沙灣) with several blocks of about 48 floors each, constructed between 2004 and 2008. Constructions for The Arcade and Le Meridien Cyberport Hotel began in 2002 and were completed in 2004.
Close to Two Decades Later, Dissatisfaction Remained

Although Cyberport implemented several initiatives to boost its occupancy rate such as technology startup incubation programmes and regional competitions, the public still remained sceptical. Despite the claim by Cyberport’s management that crowds were especially evident at lunchtimes, the entire project had yet to live up to its aspirations as first outlined in 1998.

Cyberport’s controversial beginnings caused public dissatisfaction with the Hong Kong government, but given that Hong Kong’s property market was dominated by a few tycoons who also controlled large portions of Hong Kong’s economy, the impact of such public criticism on future development plans continued to be limited.
Endnotes


2 Ibid.


5 Ibid.


