



Agreement on Residential Portion Land Value for Cyberport reached

August 03, 2000

The Government has reached agreement with Cyber-Port Limited, a special purpose vehicle set up under Pacific Century CyberWorks (PCCW) to perform the role of Cyberport developer (the Developer), on the Residential Portion Land Value for the Cyberport project. The agreed figure is \$7.80098 billion.

A spokesman for the Information Technology and Broadcasting Bureau said today (August 3) that this figure was agreed by the two sides following a series of discussions in the past eight weeks. The Lands Department was also represented in these discussions.

He said, "The figure of \$7.80098 billion is the open market value of the land earmarked for the Residential Portion as at the date of the grant of the Development Right to the Developer on June 8 this year. This premium of \$7.80098 billion reflects an accommodation value of \$20,780 per square meter.

"The time taken in reaching the agreement on the Residential Portion Land Value is reasonable, and the time taken did not affect the Land Value itself. The figure is the open market value as at the date of the grant of the Development Right on June 8 this year. The date of valuation remains to be June 8, irrespective of when the land value figure is agreed."

The spokesman stressed that no delay had been caused to the project. The Developer was required to execute the Cyberport works upon receipt of the grant of the Development Right on June 8 regardless of whether the Residential Portion Land Value had been agreed with the Government. The Developer has accordingly commenced Cyberport works, and the project is progressing on schedule.

The Developer is required to hand over the completed Cyberport in three phases by end 2001/early 2002, end 2002 and end 2003 as stipulated in the Project Agreement which the Developer (and PCCW) signed with the Government on May 17 this year. On the Government side, the Project Agreement was signed by the three limited companies set up by the Government for undertaking the project. These companies are owned by the Financial Secretary Incorporated (FSI).

The Developer was granted the Development Right on June 8 this year which enables it to design, develop, construct and market the Cyberport Portion and the Residential Portion as an integrated development. The Developer will be required to hand back the completed Cyberport Portion to the FSI companies while the units in the Residential Portion will be put on sale in the open market.

"The Residential Portion Land Value, which is agreed by the two sides to be \$7.80098 billion, is deemed to be the contribution made by the FSI companies. The Developer's contribution will be the capital contribution it will make towards the project, before sales proceeds are made available," the spokesman said.

"After the completion of the Cyberport and after making provision to meet the outstanding project costs and putting aside at least \$200 million for a development fund for the Cyberport Portion, the surplus proceeds from the sale of the Residential Portion will be shared between the FSI companies and the Developer in accordance with their respective contributions."

The ownership of the land for both the Cyberport Portion and the Residential Portion of the project is vested in the FSI companies. The Project Agreement makes it clear that the Developer shall not obtain any right, title or interest in or to the land comprised in the Cyberport Portion and the Residential Portion.

The Cyberport will provide an important information infrastructure to create in Hong Kong a strategic cluster of IT companies and professional talents. This project has attracted a lot of interest from international companies and acted as a catalyst for growth of local IT companies.

To date, a total of 155 companies, local and overseas, have registered in becoming tenants. Of these, 15 of them are multinational corporations which have signed letters of intent to become anchor tenants. They are Cisco, CMGI, Hewlett-Packard, Hikari Tsushin, Hua Wei, IBM, Legend, Microsoft, Oracle, Pacific Convergence Corporation, Portal, Silicon Graphics, Softbank, Sybase, and Yahoo!.