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Date: 25 January, 1999
Pages: 3

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Dear Miss Eva Cheng,

Yesterday, we sent you plot ratio scenario for Option 1 and Option 2a. As requested, we have analysed this scenario for Option 2. Please find attached the revised table which we sent to you yesterday which includes the scenario for Option 2.

Kind regards,


Mark Ambler

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Financial costs and benefits of the development

As requested by the Government we have considered a variant of Option 1 and Option 2. A Scenario has been modelled on the basis that the Plot Ratio has been changed as follows:

	Option 1 Plot ratio	Scenario Plot ratio
Cyberport	1.5	1.0
Residential	5.0	3.8

As a result of the change in plot ratio we have also amended the assumptions regarding the GFA that PCG would take up. These assumptions have been changes as follows:

	Option 1	Scenario using revised plot ratio
Low rise residential	9,290	3,687
Mid rise residential	27,871	10,332
Serviced apartments	0	0
Office	37,861	27,871
Hotel	0	0
Commercial	0	0
Total (sq. metres)	74,322	41,880

Note: the proportion of total GFA remains constants between the two options.

The key results of the analysis are summarised below.

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	Option 1	Option 2	Option 2a (scenario using Cyberport GFA from Option 1)	
Original plot ratios: Cyberport: 1.5 Residential: 5.0 Original phasing	Total GFA constructed in square metres	734,030 ¹	420,000	241,200 ²
		HK\$ mil.	HK\$ mil.	HK\$ mil.
	PCG's Cash Flows			
	Revenue from sale of residential property	22,719	N/A	N/A
	Residential costs before financing	(10,477)	N/A	N/A
	Cyberport costs before financing	(6,903)	N/A	N/A
	Total costs before financing	5,340	N/A	N/A
	Interest expense	(2,902)	N/A	N/A
	Total cash flows after financing	2,437	N/A	N/A
	Government's Cash Flows			
	Rental revenue (1999 - 2028)	8,657	15,549	8,157
	Total costs (1999 - 2028)	(1,414)	(12,513)	(8,131)
Cash flows before financing (1999 - 2028)	7,243	3,236	56	
Interest expense (1999 - 2028)	0	(14,707)	(11,965)	
Cash flows after financing (1999 - 2028)	7,243	(11,471)	(11,910)	
Revised plot ratios: Cyberport: 1.0 Residential: 3.8 Revised phasing 1- 2 -3: • Offices 25%-25%-50% • Serv. apt's 100%-0%-0%	Total GFA constructed in square metres	536,640 ³	290,000 ⁵	161,200 ⁴
		HK\$ mil.	HK\$ mil.	HK\$ mil.
	PCG's Cash Flows			
	Revenue from sale of residential property	17,305	N/A	N/A
	Residential costs before financing	(8,060)	N/A	N/A
	Cyberport costs before financing	(4,919)	N/A	N/A
	Total costs before financing	4,326	N/A	N/A
	Interest expense	(2,061)	N/A	N/A
	Total cash flows after financing	2,265	N/A	N/A
	Government's Cash Flows			
	Rental revenue (1999 - 2028)	5,756	10,738	5,461
	Total costs (1999 - 2028)	(1,124)	(8,722)	(5,599)
Cash flows before financing (1999 - 2028)	4,632	2,016	(138)	
Interest expense (1999 - 2028)	0	(10,615)	(8,356)	
Cash flows after financing (1999 - 2028)	4,632	(8,600)	(8,494)	

¹ Cyberport 241,200 + Residential 492,830

² Equal to Cyberport in Option 1 (see note 1)

³ Cyberport 161,200 + Residential 375,440

⁴ Equal to Cyberport in Option 1 (see note 3)

⁵ The land area of Option 1 is 290,000 sq. metres. The original plot ratio for Option 1 is 1.45 (290,000 * 1.45 = 420,000). The revised plot ratio is 1.0, therefore the GFA equal 290,000 sq. metres. We have assumed that the GFA is distributed in the same proportions as the original plot ratio 1.45.