

1. Mode of Implementation : Possible Framework

(a) Development of Cyberport

- Corporate structure : Gov't - PCC private joint venture
- Shareholding : Gov't's portion equivalent to amount of revenue foregone from land premium. PCC's portion equivalent to working capital required for the construction phase. Gov't prepared to divest shares to other anchor tenants provided they meet certain selection criteria.
- Cashflow : Gov't prepared to consider providing a loan or a one-off equity injection, in addition to the revenue foregone for the premium, only to fill in the gap for the extent of project finance that cannot be obtained by PCC commercially. Will need to seek FC approval for equity injection or loan provision.
- Gov't's role : carry out advance earth works, grant land by PTG to the Cyberport Management Company.
- PCC's role : developer and anchor tenant. To provide working capital for construction phase. To actively engage other anchor tenants. To ensure that the design, quality of buildings/equipment/facilities meet the needs of tenants.

(b) Role of residential property

- Integral part of Cyberport design
- Not as the main driving force in the design or financing of the project.

- Disposal/rental subject to certain conditions (e.g., residential units allocated to Cyberport sitting tenants according to GFA take-up. Sitting tenants have first right of refusal to buy/rent. Whether a percentage can be allocated up for sale in the open market to other parties to be negotiated.)
- Revenue from residential property to be ploughed back into the project.

(c) Cyberport Management Co. (CMC)

- Board of management to comprise Gov't, PCC and other anchor tenants, representatives of smaller tenants.
- PCC to take up management role. Gov't right of veto in appointment of CEO. Will need a mechanism for the selection of tenants, e.g., a board with Government input/right of veto.

2. Fundamental Issues to be addressed

- (a) Why PCC
- (b) Why not open tender
- (c) Why Telegraph Bay
- (d) Why residential property
- (e) Why this development; this sector