

10 June 2021

Ms Anita Sit
Clerk to Finance Committee,
Legislative Council Complex,
1 Legislative Council Road,
Central, Hong Kong

Dear Ms Sit,

Cyberport is very honoured and thankful to the Government and members of the public for their support over the years, entrusting Cyberport with the mission of promoting Hong Kong's innovation and technological (I&T) development. For the funding submission for the Cyberport expansion project, we now provide the following supplementary information.

Supplementary information

(a) Proposed commercial loan arrangement

Regarding the Government's guarantee to be provided to Cyberport for a commercial loan of \$1,191 million, Cyberport will consider different financial instruments, including bank loans, short-term bonds, medium-term notes, etc., or different combinations, in order to secure the most favorable terms available.

(b) Past financial situation of Cyberport

Prior to the social events and the pandemic, all along Cyberport has maintained a stable operating surplus and sound financial position, which has been adequate in covering its operating costs. At the same time, Cyberport has accumulated a small surplus in its reserve to cater for unforeseeable needs. In the past two years, the revenues of Cyberport and its hotel have witnessed a drop due to the impacts of social events and the COVID-19 pandemic, and the accumulated reserves help absorb the shortfall. In addition, Cyberport has provided three rounds of rental concession to its tenants and start-ups in the period from 2019 to

2021, two rounds of which amounting to \$100 million was funded from Cyberport's reserve. Cyberport has made a further injection of \$200 million to the Cyberport Macro Fund in 2021. At present, Cyberport has only a disposable reserve of about \$200 million, which is insufficient to finance the Cyberport expansion project in full. Thus Government's injection and commercial loan to be taken out by Cyberport are required. The financial position of Cyberport since 2013-14 is at **Annex 1**.

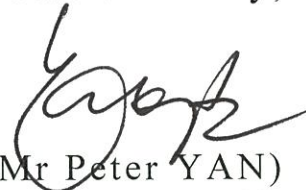
Looking ahead, with the stabilisation of the COVID-19 pandemic and the re-opening of hotel facilities after renovation, we expect that Cyberport (including Cyberport 5) will be able to earn sufficient income for repayment of the commercial loan for the expansion project. After balancing Cyberport's financial situation and public mission needs, Cyberport will repay the commercial loan as soon as practicable.

(c) Conceptual drawing of the Cyberport expansion project

Conceptual drawings are provided at **Annex 2** to allow members to have a better grasp of the expected outcome of the expansion project.

Once again, I would like to thank all Members for their support to Cyberport over the years.

Yours sincerely,



(Mr Peter YAN)
Chief Executive Officer

Profit and Loss Summary of the Hong Kong Cyberport Management Company Limited
(\$ million)

	<u>2013-14</u>	<u>2014-15</u>	<u>2015-16</u>	<u>2016-17</u>	<u>2017-18</u>	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u> <i>(unaudited)</i>
Rental income	188	196	211	217	238	262	257	307
Management fee income	80	83	84	85	89	89	90	95
Income/(loss) from hotel operation	22	23	14	10	12	11	(11)	(31)
Other income	57	63	54	58	74	81	96	77
Operating expenses	(198)	(206)	(211)	(217)	(225)	(253)	(258)	(281)
Public mission activities expenses	(53)	(68)	(83)	(104)	(117)	(133)	(153)	(193)
Rental concession	-	-	-	-	-	-	(24)	(47)
Operating profit/(loss) before depreciation and tax	97	91	70	48	70	56	(3)	(73)

Conceptual drawings of the Cyberport Expansion Project





