

FCai for Science Park Phase 3**Additional Information for FC Chairman***(a) Rental rate of Science Park*

In accordance with section 7 of the Hong Kong Science and Technology Parks (HKSTPC) Ordinance, the HKSTPC shall conduct its business according to prudent commercial principles. It does not receive any recurrent subvention from Government. The rentals charged by HKSTPC for Science Park are set with reference to market rentals. The rental level is reviewed annually and approved by the Board of HKSTPC based on a market survey. The rental level for 2009/10 ranged from \$8/square feet to \$15.2/square feet depending on the locations of the premises. The management fee for R&D office is \$5/square feet while that of Wet Lab office is \$5.7/square feet.

Based on HKSTPC's survey, the rental of Grade A offices in Hong Kong as at end of the second quarter of 2009 are (in \$/sq ft):

Grade A office

<u>Location</u>	<u>Rent</u>	<u>Management Fee</u>
Tsimshatsui	33.9	6.3
Quarry Bay	29.4	6.6
Kowloon East	16.5	4.0
MongKok	29.6	5.2

It should be noted that apart from providing the R&D premises, HKSTPC has also offered a wide range of supporting services to its tenants, such as technology support laboratories, incubation services, financial assistance fund, business matching services and sharing of facilities.

(b) Value added to the economy by Science Park Phases 1 and 2

According to the study commissioned by HKSTPC on the economic benefits arising from the Science Park, it has been estimated that Phases 1 and 2 of Science Park are bringing about \$2.9 billion of value added per year to the economy. The assessment is based on the actual number of

employment currently found in Science Park Phases 1 and 2. In general, the consultant estimated the total economic benefit by summing up (1) direct value added generated by these workers on an incremental basis (that is, how much of extra value added generated can be attributable to having Science Park in Hong Kong) and (2) the extra spillover effect into other parts of the economy (i.e. other businesses/services utilized by Science Park tenants and spending by workers employed by tenants in Science Park).

(c) Working relationship on technology collaboration with Mainland partners.

The Government is committed to reinforcing co-operation between the Mainland and Hong Kong in innovation and technology. Over the years we have built up close collaboration mechanisms with the Mainland at both the central and local levels.

At the central level, we have been actively pursuing with the Ministry of Science and Technology (MOST) to facilitate Hong Kong scientists and researchers' participation in the national R&D programmes. In 2009, MOST agreed to the setting up of seven more Partner State Key Laboratories (SKLs) in five local universities, making the total number of Partner SKLs in Hong Kong from five to twelve.

We have also developed very close technology collaboration arrangements with neighboring Guangdong and Shenzhen. For instance, through the "Shenzhen – Hong Kong Innovation Circle" framework, we successfully attracted DuPont to establish its world-wide Thin-film Photovoltaic R&D Centre in Hong Kong Science Park and a new manufacturing plant in Shenzhen in 2009. We will continue to work with Shenzhen to attract more high quality overseas enterprises to conduct research and production in the area. Last year, we have also drawn up a 3-year action plan with Shenzhen to launch various cooperation initiatives which co-operation partners comprise government departments, universities, R&D institutions and community organizations from both sides.

(d) Development cost and utilization rate of the Auditorium

The estimated development cost of Phase 3 is \$4,878 million at Money-of-the-Day prices or \$4,585 million at February 2010 price level. This is equivalent to \$23,550 per square metre of construction floor area (CFA) at February 2010 price level (or \$19,463 per square metre if contingency, consultancy fees and resident staff cost are excluded). Architectural Services Department (ArchSD) has advised that it is within the acceptable range for normal Government offices. Phase 1 was constructed under the Public Works Programme but the total costs would not have been reflected in the project vote since some related works, notably the project management, were carried out by ArchSD using its own resources. Compared with Phase 2 which was constructed by HKSTPC and for which development cost was at \$20,280 per square metre of CFA, the development cost of Phase 3 is reasonable, given that the ArchSD Tender Price Index increased from 712 in the second quarter of 2004 to 1100 (provisional) in the first quarter of 2010, an increase by over 54%. Besides, various unique new facilities are to be provided in Phase 3, including environmental-friendly features.

Since the opening of the Science Park Auditorium in Sept 2007, over 200 international and local events were held there attracting over 44,000 participants. Major events successfully held in the Auditorium include:

- Asia Bio-Informatics Conference,
- Novartis International BioCamp,
- Du Pont Laboratory Opening Ceremony,
- PGBC Symposium on Urban Climate and Urban Greenery,
- 6th International Symposium on Circulating Nucleic Acids in Plasma and Serum,
- Hong Kong Denmark Joint Conference on Nanomedicine and Synthetic Biology,

With the recent naming of the Auditorium as the Charles K Kao Auditorium and the development of Phase 3, HKSTPC will step up publicity efforts to further enhance its usage. We are seeing how best the conference facilities in Science Park can be used to enhance the closer

collaboration in science and technology activities among the commercial sector, the academic sector, the general public and the Government. We will also provide ample opportunities for our young people to participate in science-related workshops and seminars in coming years.