



Hong Kong 香港科技園
Science & Technology Parks

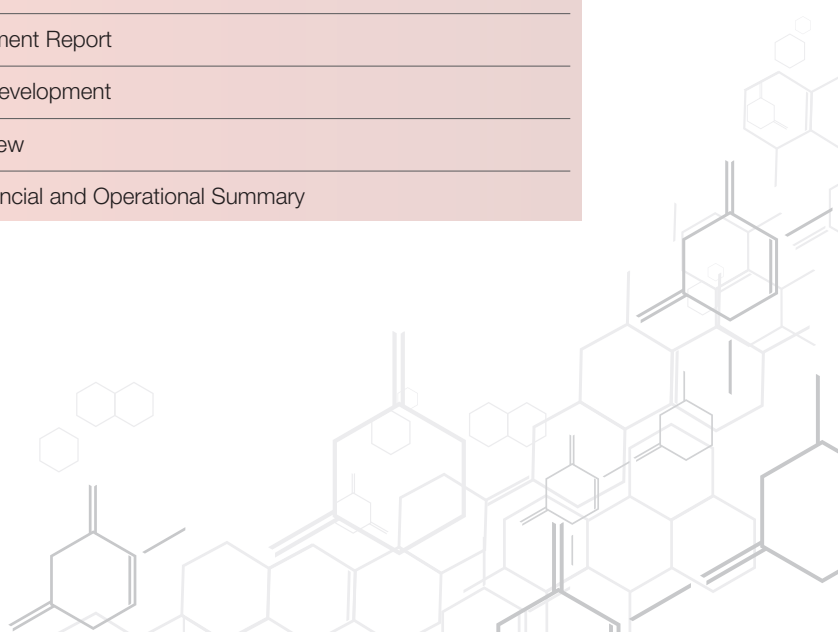


Journey of Transformation

2013-2014 Annual Report
Hong Kong Science and Technology Parks Corporation

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Milestones

2002

- Opening of Hong Kong Science Park

2004

- Official completion of Science Park Phase 1 and opening of Bio-Informatics Centre

2006

- Opening of InnoCentre in Kowloon Tong

2008

- Launch of 1st Science Park Applied Research Commercialisation (SPARC) Forum

2001

- Establishment of Hong Kong Science and Technology Parks Corporation

2005

- Opening of Photonics Development Support Centre

2003

- Opening of Innovation Centre (Now named IC Development Centre) and Photonics Centre

2007

- Opening of Science Park Phase 2

2009

- Opening of Solar Energy Technology Support Centre and Biotech Centre



2010

- Naming of the Auditorium in honour of Professor Charles K. Kao

2012

- Launch of Incu-App Technology Business Incubation Programme
- Opening of Incu-App Centre
- The Ministry of Science and Technology (MOST) of the People's Republic of China designated Hong Kong Science Park as National High-Tech Industrialisation (Partner) Base for Green Technology

2014

- Engagement of 45 partner companies at Hong Kong Science Park Phase 3
- Launch of the Leading Enterprises Acceleration Programme (LEAP)

2011

- HKSTPC 10th Anniversary
- Launch of public guided tour programme "Science Explorer"
- Groundbreaking of Science Park Phase 3

2013

- Launch of HKSTPC Liaison Office at Zhongguancun, Beijing
- Joint Incubation Programme in Nanhai
- The Ministry of Science and Technology (MOST) of the People's Republic of China designated Hong Kong Science Park as "Hong Kong National Modern Services Industrialisation (Partner) Base"





Hong Kong Science and Technology Parks Corporation (HKSTPC) is a statutory body dedicated to fostering innovation and technology advancement in Hong Kong through the provision of state-of-the-art facilities and high calibre end-to-end services.

Since its establishment in 2001, HKSTPC has been entrusted with strengthening Hong Kong's position as a regional technology hub by promoting innovation, technology development and commercialisation of five technology clusters: Biotechnology, Electronics, Green Technology, Information Technology and Telecommunications, and Precision Engineering.

HKSTPC manages Hong Kong Science Park, InnoCentre and three Industrial Estates located in Tai Po, Tseung Kwan O and Yuen Long.

Hong Kong Science Park, the core property of HKSTPC, contains three phases (the first three buildings of Phase 3 have been fully operational in 2014, with the remaining expected to be completed in 2016) and provides purpose-built R&D office space, advanced laboratories and technical support services to technology companies with the aim of bolstering the HKSAR's stature to rival the best R&D centres in the region. InnoCentre is tailored for design talents to hone their skills, spurring development of high value-adding

design and creative industries. The Industrial Estates provide proven advantages and extensive floor area with essential infrastructure for skill-intensive industries or data centres to compete in today's knowledge-based economy.

HKSTPC offers full service Incubation Programmes to cater to the needs of different technology start-ups, including the 18-month Incu-App to support web/mobile application-related ventures; the 3-year Incu-Tech to assist general technology start-ups; and the 4-year Incu-Bio to nurture young companies involved in biotechnology. The Incubation Programmes enable innovative ideas to mature into practical and market-oriented products and services. The Corporation acts

as a crucial bridge linking academia and industry to enable the commercialisation of applied research. Major partnerships have been established with research institutions, universities and leading technology companies from around the world for project collaboration, technology and knowledge transfer, as well as business opportunities across a spectrum of industries.

As of 31 March 2014, HKSTPC has attracted more than 440 technology companies, both local and international, which employ a workforce of close to 10,500 in Science Park. A total of 45 partner companies have signed up for Phase 3 so far.

Hong Kong Science and Technology Parks Corporation							
	Hong Kong Science Park (Shatin)			InnoCentre (Kowloon Tong)	Industrial Estates (Tai Po, Yuen Long, Tseung Kwan O)		
	Phase 1	Phase 2	Phase 3		Tai Po	Yuen Long	Tseung Kwan O
Year of Commencement	2002	2007	2014	2006 ⁽¹⁾	1978	1980	1994
Area	120,000 m ² (Gross floor area)	105,000 m ² (Gross floor area)	105,000 m ² (Gross floor area)	23,978 m ² (Gross floor area)	75.44 ha (Industrial land for leasing)	66.53 ha (Industrial land for leasing)	74.85 ha (Industrial land for leasing)
Occupancy Rate	98%	92%	35% ⁽²⁾	97%	100%	99%	90%

Remarks:

⁽¹⁾ InnoCentre was formerly known as Hong Kong Industrial Technology Centre which came into operation in 1994

⁽²⁾ Preleased area

The Corporation

Chairman's Statement



Mr. Nicholas Brooke

SBS, JP, PPRICS, FHKIS
Chairman

Going forward, Hong Kong must continue to develop a robust innovation ecosystem of which Science Park is a fundamental part. We must work in close collaboration with the academia, industry and Government to leverage our achievements and continue to push the mission forward, not only in Hong Kong, but also to the Mainland China and beyond.

A TRANSFORMATIONAL JOURNEY

As I deliver this, my final message to you as Chairman, I cannot help but reflect on the journey that has brought us to where we are today. The years since the founding of Hong Kong Science and Technology Parks Corporation ("HKSTPC"), the achievements and milestones we have celebrated together and the amazing future to which we are looking forward. Few would have dared dream that what began as a kernel of an idea and a barren site some 13 years ago would comprising 3 phases for science and technology innovation, providing in total some 330,000 square metres of accommodation and a home to ultimately around 600 partner companies with close to 15,000 employees.

It has been an extraordinary voyage and, like any undertaking of this magnitude, has had its highs and lows. I can proudly say, however, that we never wavered from our mission to transform Hong Kong into a centre for innovation and technology or our profound belief that we would prevail. Over the years we had our fair share of skeptics, who could not envision the significance of R&D within Hong Kong's financial services-centric economy. I am very pleased to be able to say that many of those doubters are now believers and even avid supporters. This is particularly germane given the timely opening of Phase 3 now well under way, which is intended to showcase the latest developments and best practices in the fields of sustainable development and green technologies.

That is not to say that we do not have challengers or challenges. There are still plenty of both. Challenge, though, is healthy and necessary to drive us beyond barriers. HKSTPC is a living proof of Hong Kong's inherent ability to innovate, to overcome challenges and to succeed in the face of adversity. This is a city that has always lived by its wits and has an unyielding urge to succeed, the same DNA and spirit that drives our young entrepreneurs to turn their ideas into reality.

From the outset, HKSTPC was entrusted to create a platform that would support and encourage innovation and technology for Hong Kong's long-term economic security. For this we need to reach a critical mass, or what I view as a family of companies, engineers and scientists, all working towards a common goal.

Academia, industry and policymakers now understand the critical role of R&D in shaping the City's future, but we still need to work with the community at large to appreciate this dynamic, and to encourage more people to join the industry. This can be achieved by showcasing, in a very practical way, how innovation impacts society, and this is where the Science Park comes in. Here people can see first-hand the success that we have had in helping hundreds of start-ups navigate the value chain to commercialisation of products or services, and enjoy doing it.

Going forward, Hong Kong must continue to develop a robust innovation ecosystem of which Science Park is a fundamental part. We must work in close collaboration with the academia, industry and Government to leverage our achievements and continue to push the mission forward, not only in Hong Kong, but also to the Mainland China and beyond. One of the challenges remains in the area of funding. We must work harder to engage the financial community to fully grasp the opportunity that innovation and technology present while encouraging Government to adopt a more flexible and demand-driven approach in providing financial support to entrepreneurs. HKSTPC has done much in the past year to address this through the establishment of our angel and venture capital platforms, both of which have achieved favourable results.

Another challenge lies in mapping out this long journey in a way that takes full advantage of immediate opportunities and the future dynamic of the society. In the past, we could lay out a five-year plan with a pretty good degree of accuracy and proceed with little deviation. That is no longer the case. The rapidly changing landscape makes it very difficult to see what is in store over the next two to three years. HKSTPC has to be agile in responding quickly to the changing needs of the society and I believe that, above all, flexibility will be a key component of any future initiatives embarked upon by HKSTPC.

On the positive side, Hong Kong is uniquely positioned to take advantage of certain speciality market sectors in which it either already led or has an opportunity to become a world leader. Science Park can be a living laboratory for these specialist groups to further refine and develop their ideas. For example, with its focus on green technologies, Phase 3 can lead Hong Kong to become a hub for the development of city-scale solutions, making cities more liveable through the introduction of technologies that better manage water, waste, energy and transportation. Hong Kong, with its unique lifestyle challenges, is perfectly placed to develop and showcase these smart city technologies. Hong Kong can become the exemplar for Mainland China, where there is a pressing need for innovation to help advance the cities' development and improve the living environment. We will be hearing a lot more from governments on smart liveable city innovations, so who will be better to champion that course than Science Park with a large group of companies focusing on and advancing the green agenda?

Biotechnology is another major development prospect. Medical devices present an opportunity for Science Park to build a global reputation. It is not just a matter

of life sciences. A lot of things we loosely describe as greentech or biotech or nanotech actually involve most of the technologies we have in Science Park. I would not be surprised if we start looking at some things we do in a more horizontal or converged manner in future.

It is very encouraging to see Government stepping up efforts and taking innovation seriously. The planned setup of an innovation and technology bureau is a major step forward. We need a champion at the policy table who can make the case in the context of innovation and technology, hold his or her ground and ensure policies recognise the importance of R&D. New initiatives by Government in helping incubatees and start-ups are also very heartening, as are the efforts to attract talents returning to Hong Kong. This is a very important part of our future, but more needs to be done in this area to show potential returnees that what they are doing in places like Silicon Valley can be done just as well in their own hometown, and with the added advantages of the vast Mainland China market on the doorstep.

We are already seeing moves in this direction from the private sector such as large family-owned businesses dedicating some of their portfolio to innovation and some even assigning specific overseas-educated family members to mentor our young entrepreneurs. All start-ups struggle in the initial phases and, until recently, have had a difficult time finding mentors who can help them through that crucial period leading up to commercialisation.

Our ever-growing ties with Mainland China continue to bolster Science Park as Chinese companies look at us as a springboard to support their international aspirations. We have attracted major companies to set up R&D facilities in Phase 3. Our land-mark pilot Green Channel in China for moving biological samples

and test results between Hong Kong and the Pearl River Delta is another example of how Hong Kong and Mainland China can work together to advance science and technology by taking advantages of one another's strengths. New agreements with districts like Shunde and Qingyuan are further examples of the growing collaborative efforts between Science Park and our neighbours.

In closing, I want to express my gratitude to all the people who have supported me over these years to make Science Park the amazing achievement that it has become. This is indeed a tribute to what Hong Kong is capable of and what we can achieve when we draw on all aspects of industry, academia and Government to work together towards a common goal. Without this amazing teamwork and an unrelenting 'can do' attitude by everyone involved, we could never have brought the various stakeholders together and been able to take the leading role in establishing Hong Kong's reputation as a regional hub for innovation and technology. It has been my pride and my privilege to oversee this incredible journey, and my heartfelt thanks go out to everyone who has been involved in making my time at HKSTPC so memorable.

I also want to thank CEO Allen Ma for his contribution this past year in helping prepare the Corporation for the road ahead. The experience he has brought to the organisation from the private sector has proven invaluable as we begin to lay out the roadmap for the future, one which will be based on agility, flexibility, responsibility and awareness. I have also had the support of a hard working and diligent Board of Directors throughout my term of office and their respective contributions should not be underestimated.

Finally, to my successor, I genuinely hope that you may experience the same level of excitement and fulfilment that I have had over these past years, and in passing the baton, I am confident in the knowledge that you will have one of Hong Kong's most committed and capable teams with which one could ever wish to work with.

Mr. Nicholas Brooke

SBS, JP, PPRICS, FHKIS
Chairman



The Corporation

Chief Executive Officer's Chat Room



Mr. Allen Ma

Chief Executive Officer

The power of the connected world will have no boundaries, and those who can ride on these megatrends shall be able to make a significant impact that will bring great personal satisfaction and benefit to our community and mankind.

WHAT HAVE YOU ACCOMPLISHED OVER YOUR FIRST NINE MONTHS AS CEO OF HKSTPC?



HKSTPC's vision and charter are to facilitate innovation and the application of technology to industries that will drive a more diversified and sustainable economy in Hong Kong.

Over the past nine months, I have been glad to see the strengthening of our innovation ecosystem in three key areas.

We have successfully completed the first three buildings of Phase 3 on time and on budget, and attracted 45 international and local technology companies to sign up as partner companies which will bring 1,600 jobs and boost Science Park's population to 12,000 technology experts. These range from large multinationals such as TCL with a global footprint in 80 countries and regions, local SMEs like Diagcor Life Science, which focuses on detection of virus and cancer with its US patented flow-through hybridisation technology, and graduated incubatees like iMusicTech, which has benefited from our incubation support and received numerous Hong Kong and international technology awards for its innovations in music technology.

We have also stepped up our industry engagement by facilitating innovation-sharing and technology

adoption by engaging the chambers of commerce and industry associations as well as local and overseas universities. These include the soft landing programme we launched with world renowned institutions like the Oxford University, Imperial College and ZTH Zurich. Our work has also been recognised by Mainland China as we obtained the Hong Kong National Modern Services Industrialisation (Partner) Base and successfully attracted municipalities like Shunde to leverage Science Park as its development center for products targeted for international markets.

It is crucial for us to elevate the awareness of our work in order to increase the support and interest in collaborating with us. Through integrated public engagement programmes as well as large scale local and international industry conferences and trade events, I am glad to see that more and more people are recognising our contributions towards facilitating technological innovations and applications, and overseas companies now know where to go for when they are looking for technology partners and a base for R&D development.

HOW DO YOU FIND THE WORK AT HKSTPC DIFFERENT FROM YOUR PREVIOUS ENGAGEMENTS AND WHAT HAS IMPRESSED YOU MOST?



Throughout my career, the focus has been on driving the bottom line and delivering shareholders' value within a three-to five-year time frame. My current role is not so focussed on the Corporation's immediate bottom line, but more on creating value for all stakeholders over the long term. These include a wide spectrum of partner companies, industry associations, academia and the general public. The key is to understand the needs of our stakeholders and create value for our community.

What impressed me most is how the team offers truly comprehensive support, including IP registration,

business development and fund-raising to fledgling start-ups to help them convert their ideas into commercialised offering, and gear-up for growth. A rewarding moment was to see how these young passionate entrepreneurs were able to attain global recognition on their ground-breaking innovations and achieve wide adoption for their "Invented in Hong Kong" products. I am also deeply impressed by the strong support and commitment from our board members, all accomplished businessmen and academics, who volunteer their time to provide valuable advice and ideas on how we can drive further growth.

NOW THAT YOU HAVE HAD TIME TO EMBED YOURSELF INTO HKSTPC, WHAT DO YOU FORESEE AS THE KEY OPPORTUNITIES AND CHALLENGES?



It was indeed a good start, but one can never be complacent. We have just embarked on a challenging journey.

Every economy needs to have a solid and balanced portfolio of industries to ensure sustainable growth and diverse employment opportunities. Our charter lies in facilitating innovations and applications that drive re-industrialisation, such as advanced manufacturing that will enhance the value to our community.

With Hong Kong's comparative edge in IP protection, standards and quality assurance, ability to attract international experts, strong product design and marketing capabilities, outstanding universities of high international rankings, and the credibility of a strong legal system, we are in a unique position to capture the opportunities arising out of megatrends that will have a huge impact on our world.

From life-saving biotechnology to robotics that revamp high value assembly lines, from super powerful cloud

computing to innovative materials that will reshape our world, all these present immense opportunities. I am already seeing prototype development of smart wearable devices that will monitor vital health data to stair-climbing wheelchairs like those you see in sci-fi movies. I am also seeing how our young entrepreneurs, who have the passion and global vision to use the power of the Internet, are able to reach out to new and exciting markets for their inventions. The power of the connected world will have no boundaries, and those who can ride on these megatrends shall be able to make significant impact that will bring great personal satisfaction and benefit to our community and mankind.

Naturally, this journey of transformation will take long-term planning and at least another 10 years to see the full impact. Government policy is vital to make this a successful journey. Having strong government policy towards innovation and re-industrialisation is fundamental to steer our course and plot an achievable roadmap for Hong Kong.

SO HOW DO YOU INTEND TO MAKE THESE HAPPEN?



I am taking a 'triple E' strategy. To engage, encourage, enable.

Engaging relevant stakeholders is crucial for accelerating the establishment of an innovation ecosystem. We have to attract the right prospects to join us at Science Park, the best talents who could facilitate knowledge-sharing, the academics to conduct basic research, the industries that would become early adopters, and the community to understand and appreciate the value this ecosystem creates.

It is also important to encourage young students' interest in STEM (Science + Technology + Engineering + Mathematics) to ensure the availability of a strong talent pool, and help those with the passion and ambition to take the leap to entrepreneurship in order to build a

large base of agile and nimble SMEs to capture exciting new opportunities. We believe many of these will benefit from our Incubation Programmes as we help them turn their ideas into successful businesses.

It is vital to enable technology companies to conduct R&D through the provision of necessary development and testing facilities, as well as help them collaborate with other industry players in order to maximise synergy and optimise results. A good example is the pilot Green Channel which we created in cooperation with Guangdong Province to become the only organisation that can enable companies to transport biological samples across the border for testing. This offers huge opportunities to biotech companies to tap into the immense market in Mainland China while enjoying the IP protection of Hong Kong.

LOOKING FORWARD, WHAT DO YOU WANT TO ACHIEVE DURING YOUR TENURE?



A I believe biotechnology will have a major impact on the future of mankind. With advanced technology, life expectancy rate is growing. Our society is faced with issues of ageing population, and the key is not only to provide necessary healthcare support, but also to ensure that quality of life is maintained in order to make life meaningful, so we can live happier as well as longer. With two world-leading Hong Kong medical schools having strong track records in clinical support and the Corporation's increased investment in establishing an advanced DNA sequencing laboratory and stem cell sorting facilities, our local innovators will be able to develop world class biotech innovations that will bring significant contribution to the community. I see a lot of exciting work in this area going on in Science Park, and I am hopeful that with the support of our stakeholders, we will help groom future Nobel laureates in this field.

My mission is to help build a strong innovation ecosystem that will transform the fabric of our economy. I sincerely hope that as we travel along this journey together, we will be able to make our citizens feel proud that so many innovative solutions have germinated from Science Park.

From a shorter-term perspective, the key is to encourage more young passionate individuals to let their entrepreneurial spirit take flight. If we can double our numbers of quality start-ups, we will be able to help build a strong base of small-to-medium sized enterprises that are nimble and agile enough to capture new dynamic opportunities and facilitate impactful growth for our society.



The Corporation

Looking to the Future

EMBRACING DISRUPTIVE INNOVATION

The modern concept of disruptive innovation refers to the process which leads to the “creative” replacement of businesses that for decades seemed secure. Newspapers, encyclopedias, the post office, personal computers, all come to mind.

Indeed it is this innovation which is driving the world's contemporary start-ups; those innovators and entrepreneurs who have brought us everything from the Internet to electric cars, from advanced DNA sequencing to mobile apps. It is also the foundation of HKSTPC's origins, its continued success and, most importantly, its long-term direction.

As we plan for Hong Kong's journey of transformation it has become evident that trying to set a four- or five-year roadmap is not an easy task. While we are still charting where we want to be in five or even 10 years, how we get there will require new thought processes built around flexibility and agility. Being able to quickly adapt to the changing needs of business and society will be vital to the continued success of HKSTPC, our partner companies and our stakeholders. Fortunately, due to the tremendous effort of the people that have brought HKSTPC to where it is today, we are well-positioned to reach all of our goals and many more.

BUILDING THE LIVING LAB

Hong Kong was built on its ability to adapt and innovate with an entrepreneurial flair. It is often overlooked that it is innovation in our service industries that has made Hong Kong one of the world's most respected economies. It is this deep-rooted commitment to succeed that continues to drive our city forward and which is now so firmly embodied in Science Park.

For its part, Science Park aspires to become a Living Laboratory through which we can share experiences from our implementation of environmental sustainability and social responsibility initiatives. With the three buildings of our Phase 3 development received occupation permits in March 2014, tenants will be moving in throughout the year, further enriching our ecosystem of IT&T, biotech, greentech, electronics and precision engineering clusters where converged technologies will develop the latest applications in robotics, material science, regenerative medicines, Cloud computing and big data analytics.

PHASE 3 — A GREEN SHOWCASE

Science Park is committed to playing a leadership role in driving Hong Kong's green technology agenda, while supporting Government to develop Hong Kong as a green technology hub and a smart liveable city. Phase 3 is a showcase for advanced green building design and construction concepts incorporating a total of 39 green features including various passive and active design strategies, renewable energies, and education/demonstration initiatives. Not only will it be the home of 150 companies, it will also be the place for them to build and lead a green culture that will drive the development and application of green technology in Hong Kong.

We are also conducting intensive studies and strategic plans to capture the immense opportunities that are springing from the hottest trends in biotechnology and the major impact this sector will have on the future of mankind. From new drugs and treatments to revolutionary medical devices to therapies and care for the elderly, innovation in biotech will be important not only in helping people live longer, but to enjoy a more comfortable and higher quality lifestyle.

STRATEGIC PARTNERSHIPS

HKSTPC also understands that in building a diversified economy and fueling R&D, it is important to have access to a strong industrial base; which is why we will continue to look at ways of expanding specialist manufacturing capabilities through expansion of existing industrial estates and collaboration with strategic partners in the Pearl River Delta.

Our continued work with organisations from Mainland China, and further integration into the Pearl River Delta ecosystem, will allow Hong Kong to leverage the advantages it has as an internationally trusted and respected centre to connect international partners with the world's largest market. Initiatives such as our pilot Green Channel in China, pacts with various Chinese organisations and cities, and our work with local and international trade organisations all help set the stage for Hong Kong and overseas companies to springboard into Mainland China market through their association with Science Park.

POSITIONED FOR GROWTH

The world of corporate R&D is also shifting rapidly to one that embraces collaboration and strategic outsourcing as multinationals look for more efficient ways to develop products and services. With our 13 years' track record, literally hundreds of successful projects under our belt and close to 10,500 working populations at work in more than 440 companies, Science Park is perfectly positioned to offer partnerships the international companies looking to outsource specific R&D assignments and facilitate growth of the technology industry in Hong Kong.

In addition, Hong Kong's well-respected reputation for IP protection and rule of law, as well as our access to Mainland China market, makes Hong Kong and Science Park a perfect location for the development of highly specialised products and services such as big data analytics, pharmaceuticals and electronics, among others. This provides Science Park with a powerful advantage for us to capitalise on.

THE TRANSFORMATIONAL JOURNEY

Going forward, Science Park will work even more closely with both local and global institutes to help bring innovative ideas to life in the commercial marketplace,

while we will leverage our own home-bred creative talents at InnoCentre to further advance Hong Kong's product design and brand-building capabilities. For the traditional industries at the three Industrial Estates, they will continue to inject the latest technologies into their operations to raise their competitiveness and help further diversify Hong Kong's economy with modern manufacturing practice, such as 3D printing and industrial robotics.

HKSTPC is committed to contributing towards a richer economic system in Hong Kong. It is our hope that in five to ten years' time, people across the spectrum of society will understand how HKSTPC has been a factor in building a diversified and sustainable economy and has helped to provide our community with new, enriched career opportunities.

Many challenges remain, especially as Science Park is ramping up our collaboration with companies and regions in Southern China. We must clearly define, understand and embrace Hong Kong's unique place in the mega-economy in the Pearl River Delta region, which boasts the highest per capita GDP in Mainland China, so that we can ensure Hong Kong and HKSTPC will continue to play a significant role in this very dynamic part of the world economy.





The Corporation

Core Values



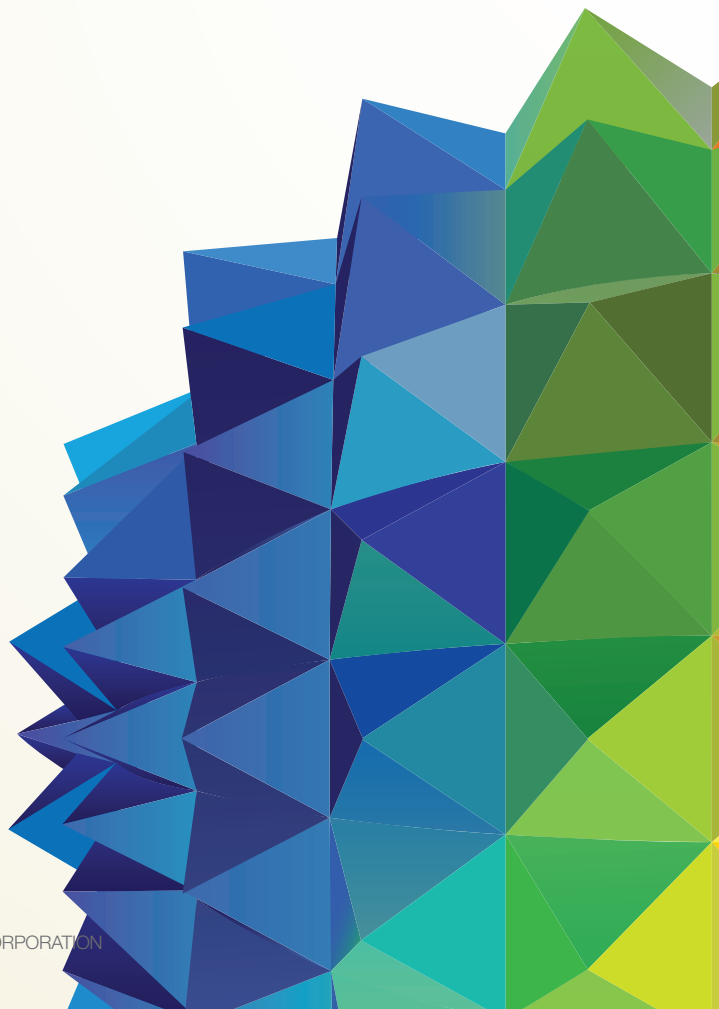
WE RUN OUR OPERATION WITH **INTEGRITY**

We always act ethically, treating everyone with honesty and respect, and we follow through on commitments we make.



WE NEVER AIM FOR ANYTHING LESS THAN **EXCELLENCE**

We believe that doing our best is the least we can do, and will always persevere in reaching the highest goals we set for ourselves.





WE BELIEVE **SAFETY** IS OUR UTMOST CONCERN

We work safely, maintain a healthy, secure workplace for all, and acknowledge the importance of protecting people and property.



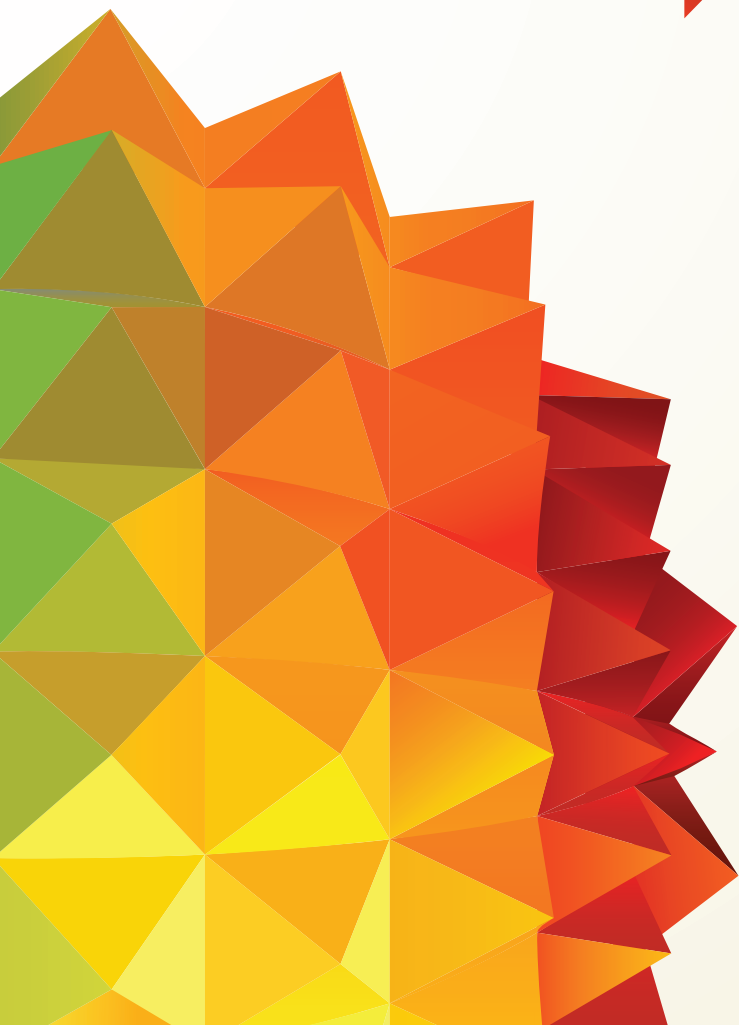
WE ARE DEDICATED TO THE **ENVIRONMENT**

We consider long term sustainability with every decision we make, fully acknowledging our responsibility for the future.



WE CULTIVATE AN **INNOVATIVE CULTURE**

We believe in making things happen, so we facilitate the production and commercialisation of innovative technological breakthroughs for society.



The Corporation

Cluster Approach

CLUSTER APPROACH PROVES ITS VALUE

Throughout the year HKSTPC continued to enhance its technology clusters under the five chosen speciality sectors through active engagement of new local and overseas tenants in order to constantly enhance Science Park's ecosystem.

Since its inception the cluster approach has proven invaluable to our partner companies by providing a stimulating environment which enables tenants to work closely with related businesses for the cross-disciplinary exchange of ideas. A range of sector-specific seminars, trade shows and other events held during the year also helped participants share expertise, identify market opportunities and, in the longer term, attract potential business opportunities.



PARTNER COMPANIES REAP BENEFITS OF INTERNATIONAL EVENTS

Such international roadshows, exhibitions and conferences not only promote Science Park's achievements and capabilities around the globe, but also facilitate collaboration between Hong Kong and overseas companies by introducing our partner companies on the international stage. Meanwhile, through strengthening ties with Invest Hong Kong, Hong Kong Economic and Trade Office, Hong Kong Trade Development Council, as well as various overseas industry associations and government agencies, HKSTPC is able to leverage their networks to reach out to overseas multinational and potential partners.

During our European roadshow, HKSTPC executives and participating partner companies met with various renowned business corporations, R&D institutes and industry associations for collaboration and exchange. We also took part in the annual JP Morgan Healthcare Conference in San Francisco in January, in which Hong Kong Science Park introduced its biotech activities to major industry players. Of the two tenant companies that joined the event, one was able to secure new investment at the event.





ENGAGING LOCAL INDUSTRY WITH INNOVATION

On the home front, our “Reach-out, Reach-wide and Reach-effectively” initiative allowed us to engage local industry sectors through a series of events aimed at building Science Park’s image as a preferred partner for R&D and business collaboration, and as a hub for innovation and technology.

- ▶ Science Park Connect: collaborated with trade and industry associations to organise a series of technology exchange sessions where tenant companies and incubatees were invited to present their innovations.
- ▶ Soft-landing Programme for Technology and Innovation Collaboration: continued this successful series to provide a platform for world renowned institutions, like the Oxford University, Imperial College and ETH Zurich, to promote their innovations and technology to Hong Kong industry and explore market opportunities in the Pearl River Delta region.
- ▶ Flagship events for clusters: organised annual industry events to enhance Science Park’s overall image and help cluster companies to showcase their innovations and secure business opportunities or funding, such as:
 - The annual IoT Symposium brings together business leaders, government officials and technology research experts to set the agenda on how Hong Kong organisations can take full advantage of the shift towards the IoT era.

- Green Power Electronics and 3D Packaging analyses new perspectives and trends in this fast emerging technology that brings electronic products with smaller form-factor, more functionalities and better long-term reliability.

- ▶ Technology seminars: worked with major universities and R&D institutes to present a wide range of knowledge-sharing seminars for various clusters.

PHASE 3 — A MILESTONE TO GREEN GROWTH

Officially opened in 2014, the first three buildings of Science Park Phase 3 development will usher in a whole new era for HKSTPC’s cluster-oriented ecosystem. By the first quarter of the year we had already signed 45 new tenants, occupying a total floor area of 330,000 square feet. The facility is a living laboratory for green and sustainable technological innovations and developments, and will be an exemplar for green business practices in the region.

Each of our technology clusters is well represented among the first batch of tenants in Phase 3, including 19 from IT&T, 7 from Greentech, 6 from Electronics, 6 from Biotech, 3 from Precision Engineering and 4 from professional service. The remaining 2 buildings of Phase 3 are scheduled for completion by 2016. Phase 3 provides accommodation for approximately 150 partner companies and over 4,000 employees.

The Corporation

2013/2014 Highlights

► 'GIFT' DESIGN IDEAS COMPETITION

7 May – 18 Sep 2013



HKSTPC launched the GIFT Design Ideas Competition in May 2013 for citizens of Hong Kong to unleash their creativity and promote a greener outlook for future generations by designing an iconic building for Science Park Phase 3. The 'GIFT' Design Ideas Competition stands for **G**reen, **I**nnovation, **F**uture and **T**echnology, which are important elements of the Park's development. HKSTPC invited the public, as well as design and construction professionals to submit creative and sustainable design ideas.

HKSTPC announced the winners in September 2013. The first prize in the professional group was awarded

to the inspiring "Seeding Architecture" design. In the open group, the title went to the "En'phasing" design. In the "Seeding Architecture" design, it highlighted the connection between man-made structures and the natural world. HKSTPC also awarded the best youth entries in both categories to acknowledge the achievements and creativity of people under the age of 25.

The GIFT Design Ideas Competition attracted over 1,000 registrations and received over 110 designs in the final stage.

41st INTERNATIONAL EXHIBITION OF INVENTIONS OF GENEVA

5 Jun 2013

HKSTPC held a ceremony to celebrate the tremendous success of three of its technology partner companies, Go Fun Card Limited, iMusicTech Limited and One Earth Designs, at the 41st International Exhibition of Inventions of Geneva. The three award-winning companies were welcomed onto the world stage with their innovative solutions and products at the international event which was contested by 725 exhibitors from 45 countries showcasing around 1,000 inventions.

The ceremony was attended by guest of honour Mrs. Rita Hammerli-Weschke, Consul General of Switzerland in Hong Kong and showcased the products and services of the three companies that revolutionise retail customer marketing platforms and consumer loyalty programmes, empower people to enjoy and be creative with music, and help solve energy issues through advanced solar-heating technology.



All three victorious companies have enjoyed the comprehensive incubation support services that HKSTPC offers, from financial subsidies and business matching, to technical and marketing support, all of this continue to stimulate and propel Hong Kong's innovation and technological advancement.

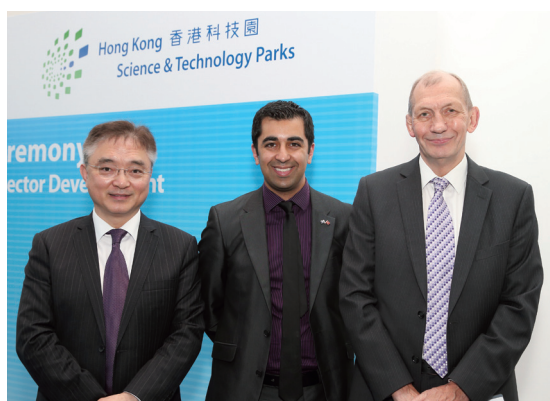
PARTNERSHIP WITH SCOTLAND FOR LOW CARBON KNOWLEDGE TRANSFER

27 Jun 2013

HKSTPC and Scottish Development International, Scotland's international trade and investment body, signed a MoU which will provide for cooperation and

knowledge transfer on low carbon technologies to help Hong Kong tackle its three biggest environmental issues: air quality, building construction and waste management.

The partnership will support Government's goal of developing a low carbon technology hub, as Scotland is considered a global authority in this sector. Through the agreement, Hong Kong will host Scottish low carbon companies and provide facilities for their research and development at Hong Kong Science Park.



The ceremony was witnessed by Humza Yousaf, Scotland's Minister for External Affairs and International Development, Ms. Christine Loh, Under Secretary for the Environment of the HKSAR Government and Nicholas Brooke, Chairman of HKSTPC.

NIGHT EXPLORER

21 Sep 2013

The Night Explorer @ Hong Kong Science Park was launched to raise public awareness of Science Explorer programme which showcases the interactive facilities for budding scientists and strengthens the HKSTPC brand as one that fosters innovation and technology among Hong Kong youth. Children aged 8-10 were invited to join Night Explorer @ Science Park – the first ever overnight camping event to take place inside Tech Universe, which is the main exhibition area of the Science Explorer programme.

The results were impressive with over 900 registrations received within 10 days after we launched our publicity campaign.

This engaging, fun and informative programme enabled the participants to gain a whole new insight into science and develop their team-building skills.

During the programme, young students took part in a number of games, toured the Internet of Things showroom, the Professor Charles K. Kao: Father of Fibre Optics Showcase and explored Green 18. As the evening drew to a close, the young students were taken to Tech Universe' InnoNest and FunNest to spend the night in and around the interactive exhibitions for team building games. All participants were given a special certificate to recognise their participation and to share with their family and friends at the end of the event.



JOINT INITIATIVE WITH BARCELONA

22 Nov 2013

The Barcelona City Council and HKSTPC formed a joint initiative to establish the Barcelona Smart City Campus at Hong Kong Science Park, marking the first inter-city partnership to attract overseas technology start-ups to set up their regional hubs at the Park. The programme aimed at accelerating innovation and entrepreneurship between Barcelona and Hong Kong in an effort to stimulate long-term economic growth between the two cities.

The Barcelona Smart City Campus will play host to a two-year pilot programme which allows Barcelona-based technology companies to develop green technologies in Hong Kong for deployment and application in the fast growing Mainland China and Asia markets. The initiative will drive further cooperation between Hong Kong and Spain.

It is part of the Barcelona City Council's drive to diversify and grow the Catalan start-up market while enabling highly-innovative companies to enter the Chinese market. Companies selected for the pilot programme will be provided with office space, access to facilities and support services at the Park, while the Barcelona City Council will provide financial support.



INNOASIA 2013

4 Dec 2013

High-profile government officials, industry heavyweights as well as thought leaders from Hong Kong, Mainland China and international markets converged in Hong Kong to set the agenda on one of the world's hottest megatrends – how to build smarter and greener cities – at the HKSTPC's flagship 9th consecutive InnoAsia conference.

For the first time, InnoAsia expanded into Mainland China and included a two-day programme in Guangzhou in order to facilitate further idea exchange and closer cooperation with companies and organisations in the Pearl River Delta.

The Vice Minister of China's Ministry of Science and Technology (MOST), Dr. Cao Jianlin, unveiled a plaque to signify HKSTPC's new status as the "Hong Kong National Modern Services Industrialisation (Partner) Base", which endorses our commitment to fostering the growth of modern services and further strengthens collaborations between Mainland China and Hong Kong.

Following the success of previous years, this year's InnoAsia also hosted the high-profile Chairmen's Forum, which gathered distinguished leaders from business and industry to exchange views and explore ways to build a smarter and greener Hong Kong. InnoAsia also hosted the Hong Kong Venture Capital and Angel Investment Conference, along with a series of investment workshops and business matching sessions in order to help technology SMEs manage challenges and opportunities, meet potential funding partners and expedite business growth.



▶ LAUNCH OF VENTURE CAPITAL PARTNERSHIP PROGRAMME

6 Dec 2013

With a view to providing a unique platform to bridge venture capital firms with investment-ready technology enterprises, HKSTPC launched the Hong Kong



Science Park Venture Capital Partnership Programme, marking another milestone in its effort to reinforce Hong Kong's position as the regional hub of innovation and technology. A ceremony joined by prominent venture capital partners including IDG Capital Partners, Intel Capital and Sequoia Capital was held on 6 December during HKSTPC's annual flagship InnoAsia conference.

With the launch of this Partnership Programme, international venture capitalists and corporate ventures will be presented with an opportunity to invest in an array of technology companies in Science Park which have been engaging in innovative R&D projects with economic and social values. On the other hand, entrepreneurs in Science Park, who are ready to take their business to the next level through fund raising, will be connected to potential investors.

Through this Partnership Programme, HKSTPC will also be able to better understand the investment preference of each venture capital firm and, therefore, be better positioned to link them with technology companies that fit their investment criteria hence enhancing the success rate of investment matching.

▶ BRUSSELS PARTNERSHIP FOR BIOTECH

19 Dec 2013

HKSTPC signed a MoU with the Brussels Enterprise Agency and the Brussels Life Tech Cluster to promote and encourage further collaboration between Hong Kong and Brussels, and to advance the innovation and technological growth of the biotechnology industry.

Established to nurture new ideas and foster R&D breakthroughs in biotechnology, this MoU will encourage robust knowledge transfer, best practices sharing and cross-border referrals between the two cities. As part of the agreement, Hong Kong Science Park will also work closely with key local industry organisations to help facilitate the speedy deployment of Brussels-based companies in Hong Kong, and to help extend their businesses into Mainland China and other Asian markets. Likewise, biotechnology companies from Hong

Kong eyeing the Belgian market can benefit from the strong connection and network attached to this MoU, which is set for a minimum period of 2 years.

With this collaboration platform in place, over 440 technology companies in Science Park will be able to tap into the rich resources and extensive network our Brussels partners offer, while our counterparts can benefit from world-class infrastructure, such as the Biotech Centre, and our full-service Incubation Programmes tailor-made for start-ups in the biotechnology sector.



FIRST 22 COMPANIES SIGNED-UP FOR PHASE 3

9 Jan 2014

A gala ceremony marked the engagement of the first 22 companies to set up operations in Hong Kong Science Park Phase 3, bringing in an additional workforce of over 500 people to further expand our technology community at the Park.

The new partner companies included leading technology firms from Hong Kong, Mainland China and international markets, of which many are leaders in green technology and biotechnology. Among them are Gold Peak Industries (Holdings) Limited, German-based Infineon Technologies Hong Kong Limited and Topanga Asia Limited, a collaboration of Ka Shui Group and Topanga from Silicon Valley.

In addition, home-grown technology players which have thrived in Hong Kong Science Park Phase 1 and Phase 2 are expanding their operations into the new phase. The 22 new partner companies will occupy nearly 20% of the 600,000 square feet floor space of the first three available buildings in Phase 3.

Concurrently, HKSTPC signed a Strategic Partnership Agreement with the People's Government of Shunde, Guangdong Province, to establish the "Guangdong-Hong Kong Innovation Centre" in Phase 3. By attracting more Shunde-based companies to set up their R&D and product design operations in Phase 3, the partnership aims to leverage the advantages of Science Park to help industries from Shunde transform and upgrade their products for the global market.



▶ OVER 2,500 TOOK PART IN CAREER FAIR 2014

1 Mar 2014

More than 2,500 job seekers participated in the HKSTPC's annual Career Fair which provided matching opportunities for potential employees and partner companies.

Nearly 40 companies operating in Hong Kong Science Park and the Industrial Estates offered 412 job vacancies at the Career Fair this year, with more than 50 of these being internship opportunities that enable young students to gain valuable experience. Diverse career opportunities from application developers, computer programming, engineering, biotechnology, chemistry to sales & marketing were on offer to those looking for exciting career opportunities.

Candidates attended walk-in interviews and career talks to explore company backgrounds and gain insight into industry trends and opportunities. A CV writing and interview preparation workshop was conducted to help candidates better prepare for future interactions with potential employers.



▶ DELEGATION ATTENDED SAN FRANCISCO'S CLEANTECH FORUM

11-13 Mar 2014

HKSTPC led a delegation of cleantech companies from Hong Kong to join the 12th Annual Cleantech Forum San Francisco, the world's largest forum of influential global leaders focused on sustainable innovation, and where start-ups compete to pitch for support from potential investors and partners.



Mr. Nicholas Brooke, Chairman of HKSTPC, delivered a keynote at the Forum titled "Responding to the Challenge" and moderated a panel discussing how Hong Kong and Mainland China are responding to the challenges of climate change and sustainable development. He also highlighted the latest cleantech measures in Hong Kong and how the region can help US technology companies leverage Hong Kong's R&D capability, efficient professional services, and business friendly environment to develop and commercialise their technology products for Mainland China and Asia markets.

Mr. Brooke also spoke at a dinner in Washington D.C. and at a luncheon in Palo Alto organised by the respective Hong Kong Economic and Trade Offices in those cities in order to reinforce our commitments in fostering clean technology and to encourage further collaboration.

2nd WAVE OF PHASE 3 PARTNERS

20 Mar 2014

HKSTPC announced that a further 23 global and local technology companies have signed up for the Park's Phase 3 development, doubling the total number of Phase 3 partner companies to 45. With the 23 new joiners, Hong Kong Science Park becomes a community of almost 500 companies and further expands our community to over 12,000 engineers, scientists, R&D specialists and technology entrepreneurs. Among the 23 new companies moving to Phase 3 are a number of green technology, biotech as well as ICT companies from Canada, Hong Kong, Mainland China, Switzerland, the UK and the USA.

TCL, one of the Park's largest partners to date, will bring with them a 600-persons workforce of engineers, technical specialists and R&D personnel.

Serving as a springboard for Mainland China as well as Asia Pacific markets expansion, Phase 3 has also attracted a number of overseas green technology and home grown biotech companies.

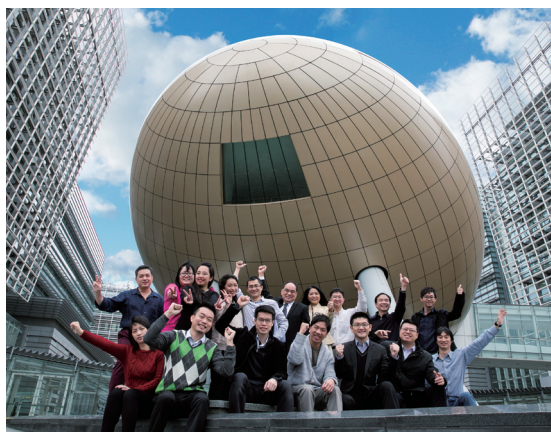
The Phase 3 development is in itself one of the largest showcases of sustainable construction practices in Hong Kong. The facilities at Phase 3 have been designed to be carbon neutral over its lifetime, using key design principles of reduction, efficiency and generation. Phase 3 will also offer one of the best research and development ecosystems in Asia Pacific, with an aim to help companies realise, commercialise and monetise their ideas.



INCUBATION GRADUATION AND LAUNCH OF LEAP

27 Mar 2014

As 24 high tech start-ups under HKSTPC's flagship Incubation Programme celebrated their graduation, HKSTPC also launched the Leading Enterprises Acceleration Programme (LEAP), a new initiative to offer current incubatees and recent graduates a diversified range of in-depth and professional support to help them further excel.



Mr. Gregory So, Secretary for Commerce and Economic Development joined Mr. Nicholas Brooke, Chairman of HKSTPC to officiate at the ceremony.

In addition to having strong market potential, the companies under the Incubation Programme have also attained local and international awards and recognitions for their innovations. These include the 41st International Exhibition of Inventions of Geneva in 2013, Japan Good Design Award 2013, TiE 50 Silicon Valley – 2013, 2013 Red Herring Top 100 Asia, China Originality Propagation International Awards, Hong Kong Awards for Industries, and many more.

LEAP is specifically designed to identify enterprises with the most potential and readiness for growth in global and regional markets, and give them the tools and knowledge they need to succeed. This year, four companies were selected to obtain further professional services and training for their business to excel, including AdvanPro Limited, Application Technology Company Limited, Optical Sensing Limited and Trinity Photonics Manufacturing Company Limited.

The Corporation

Board of Directors



MR . NICHOLAS BROOKE
SBS, JP, PPRICS, FHKIS (Chairman)

Mr. Nicholas Brooke is a Chartered Surveyor. He is the Chairman of Professional Property Services Limited, a specialist real estate consultancy group providing advisory services across the Asia Pacific Region and a former President of the Royal Institution of Chartered Surveyors (RICS), the largest grouping of property professionals worldwide. He is a Trustee of the International Valuation Standards Council (IVSC) which is responsible for setting global valuation standards. He is also the Chairman of the Hong Kong Harbourfront Commission.

Mr. Brooke is a member of the General Committee of the Hong Kong General Chamber of Commerce and a member of the Steering Committee on Innovation and Technology and of the Steering Committee on the Promotion of Electric Vehicles in Hong Kong. He was also appointed by the Chief Executive as a member of the Commission on Strategic Development and of the Working Group on Intellectual Property Trading and of the Working Group on Manufacturing Industries, Innovative Technology and Cultural and Creative Industries under the Economic Development Commission.

In addition, Mr. Brooke is a Director of VinaLand Limited, the first Vietnam property fund listed on the AIM Board of the London Stock Exchange and he also sits on the Board of Top Spring International Holdings Limited, one of the leading developers of urban communities in Mainland China.



MISS SUSIE HO SHUK YEE
JP

Miss Susie Ho Shuk Yee took up the post of Permanent Secretary for Commerce and Economic Development (Communications and Technology) on 8 October 2012. Her policy responsibilities include telecommunications, information technology, broadcasting, film and creative industry, and innovation and technology.

Miss Ho has served in various bureaux and departments, including the former Monetary Affairs Branch, the former City and New Territories Administration, the former Home Affairs Branch, the Judiciary, the Financial Services and the Treasury Bureau and the former Health, Welfare and Food Bureau. She was Director of Administration and Development in the Department of Justice from November 2006 to April 2012. She was the Commissioner for Transport from July to early October 2012.



PROFESSOR JOHN CHAI
YAT CHIU

Professor John Chai is the Managing Director of Fook Tin Group Holdings Ltd., Chairman of Business Environment Council and the Honorary Chairman of Hong Kong Medical and Healthcare Device Industries Association.

Professor Chai received the degrees of Master of Jurisprudence and Doctor of Laws from Loyola University Chicago, Master of Science from Northwestern University, and Bachelor of Dental Surgery from the University of Hong Kong. As a qualified medical health care professional, he has also been awarded fellowship to several professional organisations. Professor Chai is presently a Professor Emeritus of Northwestern University.



DR. ELIZA CHAN CHING
HAR BBS, JP, LL.D. (Hon)

Dr. Eliza Chan is the Senior Consultant of Boughton Peterson Yang Anderson, solicitors in association with Zhonglun Law Firm. Dr. Chan is a Member of the National Chinese People's Political Consultative Conference ("CPPCC"), a Standing Member of the CPPCC Tianjin Committee, Chairman of the Hong Kong CPPCC (Provincial) Members Association Ltd and Honorary President of The Hong Kong China Chamber of Commerce.

Dr. Chan has held a number of Hong Kong Government appointments, notably as a member of the Board of Hospital Authority, member of the Board of Education, member of Hong Kong Examinations and Assessment Authority, member of Hong Kong Public Service Commission, Council Member of the Hong Kong University of Science and Technology, Chairman of Kowloon Hospital, Chairman of Hong Kong Eye Hospital and adjudicator of the Hong Kong Immigration Tribunal. She is currently Chairman of Tseung Kwan O Hospital, member of Hospital Governing Committee of Queen Elizabeth Hospital, Chairman of Pension Appeals Board, member of the Hong Kong Medical Council, member of Administration Appeals Board and Investigation Panel Member of the Hong Kong Institute of Certified Public Accountants. She was the Chairman of The University of Victoria Foundation (Hong Kong) Limited, and past Chairman and President of The Canadian Chamber of Commerce in Hong Kong.



MR. RAYMOND CHENG SIU HONG

Mr. Raymond Cheng is the Group General Manager & Chief Operating Officer for the Asia Pacific region of The Hongkong and Shanghai Banking Corporation Limited (HSBC). He is an Executive Committee Member of HSBC Asia Pacific, assuming the overall responsibility of Information Technology, Back Office Operations, Corporate Real Estate and Procurement covering 20 countries in Asia Pacific region.

Mr. Cheng joined HSBC in Hong Kong right after coming back from Netherlands and worked in the computer department. Since then, he has worked in and led different IT functions and various projects locally and globally. Most of his experience is delivering new technology for the Bank. Apart from working in Hong Kong, Mr. Cheng has spent five years in HSBC.com in North America from 2001.

Mr. Cheng is the Chairman of HSBC Technology & Services (China) Limited and HSBC EDP (Guangdong) Limited and a Director of HSBC Bank (Vietnam) Limited, Hong Kong Note Printing Limited, Hong Kong Interbank Clearing Limited, HKICL Services Limited and Hong Kong Institute for IT Professional Certification.



MR. TONY CHOI SIU CHOW

Mr. Tony Choi is an Executive Director of Hong Kong Garment Manufacturing Co. Ltd., Co-Chairman of Chung Nam Electronics Co. Ltd., and a director of other private companies in various industries. He is a Board Member of the Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies (LSCM), Supervisor of Yan Chai Hospital Choi Hin To Primary School, and a director of Hong Kong Chiu Chow Chamber of Commerce.

Mr. Choi served on various official committees, including the Standing Committee on Language Education and Research, Solicitors Disciplinary Tribunal Panel, and Steering Committee on Task Force on Language Support. He is a former Council Member of Lingnan University, The Better Hong Kong Foundation, and a former chairman of the USC Alumni Association (Hong Kong) Ltd. He graduated from University of Southern California with a B.Sc. degree in Business Administration, and obtained his MBA degree from UCLA.



MR. DAVID FONG MAN HUNG BBS, JP

Mr. David Fong is the Managing Director of Hip Shing Hong (Holdings) Co. Ltd. Mr. Fong obtained a Bachelor degree in Economics from the University of Simon Fraser in Canada and a Master degree in Business Administration by the University of Hong Kong and a Honorary Fellow of the City University of Hong Kong. Mr. Fong is currently a National Committee Member of CPPCC, a Member of the 11th Guangdong Provincial Committee of Chinese People's Political Consultative Conference, a Member of Standing Committee of All-China Federation of Industry and Commerce, an Honorary Trustee of Peking University and a member of the Board of Trustee of Jinan University.

Mr. Fong is also the Vice Chairman of Hong Kong Chinese General Chamber of Commerce, Chairman of Hong Kong Strategy, Chairman of the Board of Trustees of Lord Wilson Heritage Trust, Director of Hong Kong Real Estates Developers Association, a Director of Friends of Hong Kong Association, a Member of Social Welfare Advisory Committee, a Court Member of the City University of Hong Kong, a Council Member of Hong Kong Committee for UNICEF and an Executive Council Member and Trustee of WWF Hong Kong.



THE HONOURABLE MRS. FANNY LAW FAN CHIU FUN GBS, JP

Mrs. Fanny Law is a HKSAR Deputy to the 12th National People's Congress of the People's Republic of China, a Member of the HKSAR Executive Council, Special Advisor to the China-US Exchange Foundation and an Independent Non-executive Director of CLP Holdings Limited and China Unicom (Hong Kong) Limited.

Mrs. Law graduated from the University of Hong Kong with an Honours degree in Science, and in 2009 was named an outstanding alumnus of the Science Faculty. She also holds a Master degree in Public Administration from Harvard University and a Master degree in Education from the Chinese University of Hong Kong.

Mrs. Law had been an Administrative Officer of the government of Hong Kong for 30 years. Her services straddle a wide range of public policies, including medical and health, economic services, housing, land and planning, home affairs, social welfare, civil service, transport, labour and manpower planning, education and anti-corruption.



MISS NISA LEUNG WING YU

Miss Nisa Leung Wing-yu is a Managing Partner of Qiming Ventures leading its health care investments. Qiming manages US\$1.6 billion and is one of the most active venture capital funds in China. It has won numerous awards including Top 10 China VC Funds by Zero2IPO, Top 10 Bio/Healthcare VC/PE Firm in China and Top 10 Venture Firms by China Venture in 2013.

Miss Leung currently sits on the board of Gan & Lee Pharmaceutical Co. Ltd, Crown Bioscience, Novast Pharmaceuticals, Nurotron, Venus MedTech, Origene Technologies, Goodwill Information Technology, Berry Genomics, Biomedic Holdings and related companies. Miss Leung also represented Qiming on other health care investments including Alltech Medical, CITIC Pharmaceuticals (acquired by Shanghai Pharmaceutical HKSE: 02607) and Aeonmed Medical.

Miss Leung earned her MBA from Stanford Graduate School of Business and a BS from Cornell University. She currently serves on the Board of Governors of the Hotchkiss School and is director of Young Entrepreneurs Development Council.



IR DR. HONOURABLE LO WAI KWOK

BBS, MH, JP, CEng, FHKIE, FIET, FIMechE, FHKEng, RPE

Ir Dr. Hon. Lo Wai Kwok is Member of the Legislative Council of the Hong Kong Special Administrative Region, representing the Engineering Functional Constituency. He is currently serving as Chairman of the Hong Kong Quality Assurance Agency, member of the Building and Tender committees of the Housing Authority, and member of the Hong Kong Certification and Testing Council. He was Sha Tin District Councillor for many years. His expertise and areas of service cover infrastructure, town planning, environment, housing, technology, industry, education and community service, etc.

Dr. Lo has over 30 years of experience in engineering, industrial management, technology innovation and market development. He has also worked as Asia-Pacific president of multinational technology group, and deputy chairman of listed electronics enterprise, and was awarded "Ten Outstanding Young Persons" and "Young Industrialist Awards of Hong Kong" in 1992. He was President of the Hong Kong Institution of Engineers in 2007/08. He is honorary fellow and visiting professor of a number of tertiary education institutes.



PROFESSOR SHYY WEI

Professor Wei Shyy (or SHYY Wei) is currently the Executive Vice-President and Provost cum Chair Professor of Mechanical & Aerospace Engineering at the Hong Kong University of Science and Technology.

Professor Shyy obtained his BS degree from Tsing-Hua University, Taiwan, and his MSE and PhD degrees in Aerospace Engineering from University of Michigan. He was Research Scientist at the General Electric Research and Development Center in New York from 1983 to 1988. From 1988 to 2004, he was on the faculty of University of Florida. From 2005 to 2010, he was Clarence L. "Kelly" Johnson Collegiate Professor and Chairman of Department of Aerospace Engineering at University of Michigan.

Professor Shyy is a Fellow of American Institute of Aeronautics and Astronautics (AIAA) and American Society of Mechanical Engineers (ASME). Among his many awards are AIAA 2003 Pendray Aerospace Literature Award, ASME 2005 Heat Transfer Memorial Award, and Engineers' Council (Sherman Oaks, California) 2009 Distinguished Educator Award etc. He is also a member of Coursera Advisory Board and University Grants Committee (Hong Kong).



MR. RICHARD SUN PO

YUEN JP, Certified Public Accountant

Mr. Richard Sun is a partner of PricewaterhouseCoopers and has been with PricewaterhouseCoopers for over 25 years. Mr. Sun has extensive experience in auditing, initial public offering exercises, mergers and acquisitions, equity transactions and business advisory services. He has a broad range of Hong Kong and PRC based (H shares and red chips) clients.

Mr. Sun is currently a member of the Listing Committee of the Hong Kong Stock Exchange. He was previously a director of the Estate Agents Authority, where he was a member of the Disciplinary Committee and the Finance and Strategic Development Committee and previously a director of the Hong Kong Applied Science and Technology Research Institute Company Limited, where he was also Chairman of the Audit Committee. He is also a past Chairman and Executive Committee member of the Association of Chartered Certified Accountants, Hong Kong where he continues as a member of the Community Services Committee.



**PROFESSOR PAUL TAM
KWONG HANG**

Professor Paul Tam is the Pro-Vice-Chancellor for Research in the University of Hong Kong (HKU). Professor Tam graduated from HKU in 1976, and worked in the Department of Surgery until 1986. He was Senior Lecturer at the University of Liverpool in 1986-90, and Reader and Director of Paediatric Surgery at the University of Oxford in 1990-96. He has been Chair of Paediatric Surgery at HKU since 1996 and succeeded Li Shu-Pui Professorship in Surgery in 2013.

Professor Tam is a well-known surgeon-scientist. His research group has published extensively in genomics, stem cell, immunology and Chinese medicine, and holds several patents. He has served on various local and international associations of the medical profession, as well as the editorial boards of several international journals.

Professor Tam has received numerous awards including the British Association of Pediatric Surgery Prize, the "International Outstanding Leadership Awards in Endoscopy" from the Ministry of Science and Technology of the People's Republic of China, one of the Hong Kong Experts of "National Science and Technology Programmes Expert Database" and the Honorary Fellow of the American Surgical Association.



**MR. BILLY WONG WING
HOO JP, FICE, FHKIE, FIHT, FHKIHT,
RPE**

Mr. Billy Wong is presently the General Manager of the Construction Department of Henderson Land Development Co. Ltd.

Mr. Wong participated in many infrastructure projects in his career, including Water Supply from China - Stage II, Hillside Escalator to Mid-Level, Ting Kau Bridge, Runway and Airfield Works of Chek Lap Kok Airport, Strategic Scheme Sewage Disposal Phase I, etc.

Mr. Wong is a fellow member of the Institution of Civil Engineers, Hong Kong Institution of Engineers, Institution of Highways and Transportation and Hong Kong Institute of Highways and Transportation. He is also a Registered Professional Engineer under the Engineers Registration Ordinance Chapter 409. He was appointed as a Justice of the Peace in 2005. He served as President of Hong Kong Construction Association, Chairman of Construction Industry Training Authority and Chairman of Construction Industry Training Board, he is currently Permanent Supervisor of Hong Kong Construction Association.



**MS. WINNIE YEUNG
CHEUNG WAH**

Ms. Winnie Yeung, Director of Legal and Corporate Affairs of Microsoft Hong Kong Limited, advises the company on a wide range of legal and public policy issues. She is also responsible for the strategy development and delivery of the company's citizenship initiative. Ms. Yeung has expanded her role as Assistant General Counsel to lead the Commercial Legal team in Microsoft China since 2012. Her team provides legal support to consumer, corporate and online business groups in China.

Ms. Yeung graduated from the Faculty of Law at the University of Hong Kong. She is admitted as a solicitor in Hong Kong and England and Wales. She has also received her MBA from the University of Toronto.

Ms. Yeung is a member of Personal Data (Privacy) Advisory Committee. She is also the Council Member of Hong Kong Federation of Women Lawyers and Hong Kong Information Technology Federation.



PROFESSOR KENNETH YOUNG

Professor Kenneth Young is a theoretical physicist. He obtained the BS in Physics from the California Institute of Technology in 1969 and the PhD in Physics and Mathematics in 1972. He joined The Chinese University of Hong Kong in 1973, and has been Chairman, Department of Physics and later Dean, Faculty of Science and Dean of the Graduate School. From 1994 to 2011, he was Pro-Vice-Chancellor. He is Master of CW Chu College and also a professor of the Department of Physics.

Professor Young is a Fellow of the American Physical Society and a Member of the International Eurasian Academy of Sciences. He was also a member of the University Grants Committee, and chairman of its Research Grants Council. He served as the Secretary and then Vice-President of the Association of Asia Pacific Physical Societies. His research interests include elementary particles, field theory, high energy phenomenology, dissipative systems and especially their eigenfunction representation and application to optics, gravitational waves and other open systems.



PROFESSOR ALBERT YU CHEUNG HOI

Professor Albert Yu Cheung Hoi, is currently the Chairman and Chief Scientific Officer (CSO) of Hai Kang Life Corporation Limited, Chairman of Hong Kong Biotechnology Organization, Non-Official Member of Commission on Strategic Development of Central Policy Unit of Hong Kong, Director of Asian Fund for Cancer Research, Vice-Chairman of Hong Kong – Taiwan Youth Exchange Promotion Association, Vice-Chairman of Hong Kong United Youth Science and Technology Association, Vice-Director of Neuroscience Research Institute of Peking University, Chief of the Laboratory of Translational Medicine at the Institute of Systems Biomedicine of Peking University, Committee Member of Henan Provincial Committee of the Chinese People's Political Consultative Conference of China, Vice-President of the Chinese Neuroscience Society, President of the Beijing Society for Neuroscience and Member of the Standing Committee of the Beijing Association for Science and Technology.

Professor Yu is a well-respected scientist, professor and entrepreneur. He devotes most of his effort to neuroscience and clinical diagnosis research. He aims to promote Hong Kong to be the Biotechnology Research and Industry Hub in Asia.

MEMBERS OF THE BOARD OF DIRECTORS 2013-2014

Mr. Nicholas BROOKE, SBS, JP, PPRICS, FHKIS (Chairman)

Miss Susie HO Shuk Yee, JP

Professor John CHAI Yat Chiu

Dr. Eliza CHAN Ching Har, BBS, JP, LL.D. (Hon)

Mr. Raymond CHENG Siu Hong

Mr. Tony CHOI Siu Chow

Mr. David FONG Man Hung, BBS, JP

The Honourable Mrs. Fanny LAW FAN Chiu Fun, GBS, JP

Miss Nisa LEUNG Wing Yu

Ir Dr. Honourable LO Wai Kwok, BBS, MH, JP, CEng,
FHKIE, FIET, FIMechE, FHKEng, RPE

Professor SHYY Wei

Mr. Richard SUN Po Yuen, JP, Certified Public Accountant

Professor Paul TAM Kwong Hang

Mr. Billy WONG Wing Hoo, JP, FICE, FHKIE, FIHT, FHKIHT, RPE

Ms. Winnie YEUNG Cheung Wah

Professor Kenneth YOUNG

Professor Albert YU Cheung Hoi

Remarks:

Mr. Nicholas Brooke will retire as Chairman of the Board on 30 June 2014. The Honourable Mrs. Fanny Law Fan Chiu Fun is appointed as Chairman of the Board with effect from 1 July 2014.

Professor John Chai Yat Chiu, Dr. Eliza Chan Ching Har and Mr. Tony Choi Siu Chow will retire as Directors of the Board on 30 June 2014.

Dr. Sunny Chai Ngai Chiu, Mr. Owen Chan Sze Wai, Mr. Theodore Ma Heng and Professor Tsui Lap Chee are appointed as Directors of the Board with effect from 1 July 2014.

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE

Mr. Nicholas Brooke, SBS, JP (Chairman)

Professor Kenneth Young (Vice-Chairman)

Professor John Chai Yat Chiu

Mr. Tony Choi Siu Chow

The Honourable Mrs. Fanny Law Fan Chiu Fun, GBS, JP
(Joined on 1 January 2014)

Miss Nisa Leung Wing Yu

Ir Dr. Honourable Lo Wai Kwok, BBS, MH, JP

Professor Shyy Wei

Professor Albert Yu Cheung Hoi

Miss Susie Ho Shuk Yee, JP

FINANCE AND ADMINISTRATION COMMITTEE

Mr. Richard Sun Po Yuen, JP,
Certified Public Accountant (Chairman)

Mr. Raymond Cheng Siu Hong (Vice-Chairman)

The Honourable Mrs. Fanny Law Fan Chiu Fun, GBS, JP
(Joined on 1 January 2014)

Mr. Billy Wong Wing Hoo, JP

Professor Kenneth Young

Miss Susie Ho Shuk Yee, JP

PROJECTS AND FACILITIES COMMITTEE

Mr. Billy Wong Wing Hoo, JP (Chairman)

Professor Paul Tam Kwong Hang (Vice-Chairman)

Mr. Tony Choi Siu Chow

Professor Albert Yu Cheung Hoi

Miss Susie Ho Shuk Yee, JP

AUDIT COMMITTEE

Dr. Eliza Chan Ching Har, BBS, JP (Chairman)

Mr. Richard Sun Po Yuen, JP,
Certified Public Accountant (Vice-Chairman)

Miss Susie Ho Shuk Yee, JP

SENIOR STAFF ADMINISTRATION COMMITTEE

Mr. Nicholas Brooke, SBS, JP (Chairman)

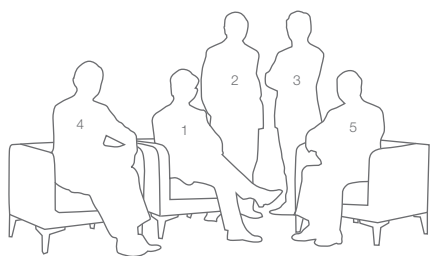
Dr. Eliza Chan Ching Har, BBS, JP

Mr. Richard Sun Po Yuen, JP,
Certified Public Accountant

Mr. Billy Wong Wing Hoo, JP

Miss Susie Ho Shuk Yee, JP

The Corporation Management Team



1. Mr. Allen Ma Kam Sing
2. Mr. Richard Tse Kin Pang
3. Mr. Andrew Young Meng Cheung
4. Ir. Allen Yeung Tak Bun
5. Mr. Ben Lui Sau Shun

MR. ALLEN MA KAM SING

Chief Executive Officer

Allen Ma has been a high profile and extremely well respected international leader in the information and communications technology sector for many years. He has held senior executive positions with a number of multinational corporations including Hong Kong Telecom, Motorola and British Telecom where he led high-powered teams on major international expansions.

Mr. Ma joined the Corporation in July 2013 as Chief Executive Officer. As a firm believer in the important role of technology in fuelling Hong Kong's economic transformation, he will leverage his over 30 years of experience to bring the Corporation to new heights.

MR. RICHARD TSE KIN PANG

Vice President, Finance and Corporate Services

Mr. Tse is responsible for overseeing the finance and accounting, corporate secretarial service, human resources and office administration, information technology and procurement functions. He is also the Board and Committee Secretary for the Corporation.

Mr. Tse has more than 25 years of extensive experience in external and internal audits, financial and treasury management, commercial and operation management, business and project development, corporate planning and corporate governance areas.

Before joining the Corporation in 2009, he worked for Jardine Matheson and held various management positions within the group. He started his professional career with Ernst & Young's Hong Kong and Sydney offices. He was awarded the Young Accountant of the Year by HKICPA in 1997.

MR. ANDREW YOUNG MENG CHEUNG

Vice President, Marketing and Sales

Mr. Young formulates and executes strategies and policies of the Marketing and Sales Division, assists in drawing up strategies for global marketing and sales, and is responsible for customer satisfaction services.

He identifies potential partner companies and attracts local and overseas investment, and also under his purview is the promotion of Hong Kong Science Park Phase 3.

Mr. Young, who joined the Corporation in September 2011, brings more than 25 years of senior management experience in the high technology industry. He is known for his wide network of contacts and his strong track record in successfully identifying business opportunities associated with technology, including biotech, physical engineering, material science, design and soft technology. He previously served on the Board of several Hong Kong Stock Exchange listed companies.

IR. ALLEN YEUNG TAK BUN

Vice President, Business Development and Technology Support

Mr. Yeung is responsible for building soft infrastructure for the Corporation, including full-service Incubation Programmes, advanced laboratory support facilities for innovation and technology development and business collaboration networks.

In this capacity, he works with government bodies, non-profit organisations, industry, associations, universities, angel and VC investment community groups creating ecosystems to promote technology development in Hong Kong.

Mr. Yeung started his career in Silicon Valley in the United States, and went on to acquire more than 25 years of executive management experience across private equity investment, information technology, and electronics industries. He is the Chairman of Hong Kong Business Angel Network.

MR. BEN LUI SAU SHUN

Vice President, Projects and Facilities

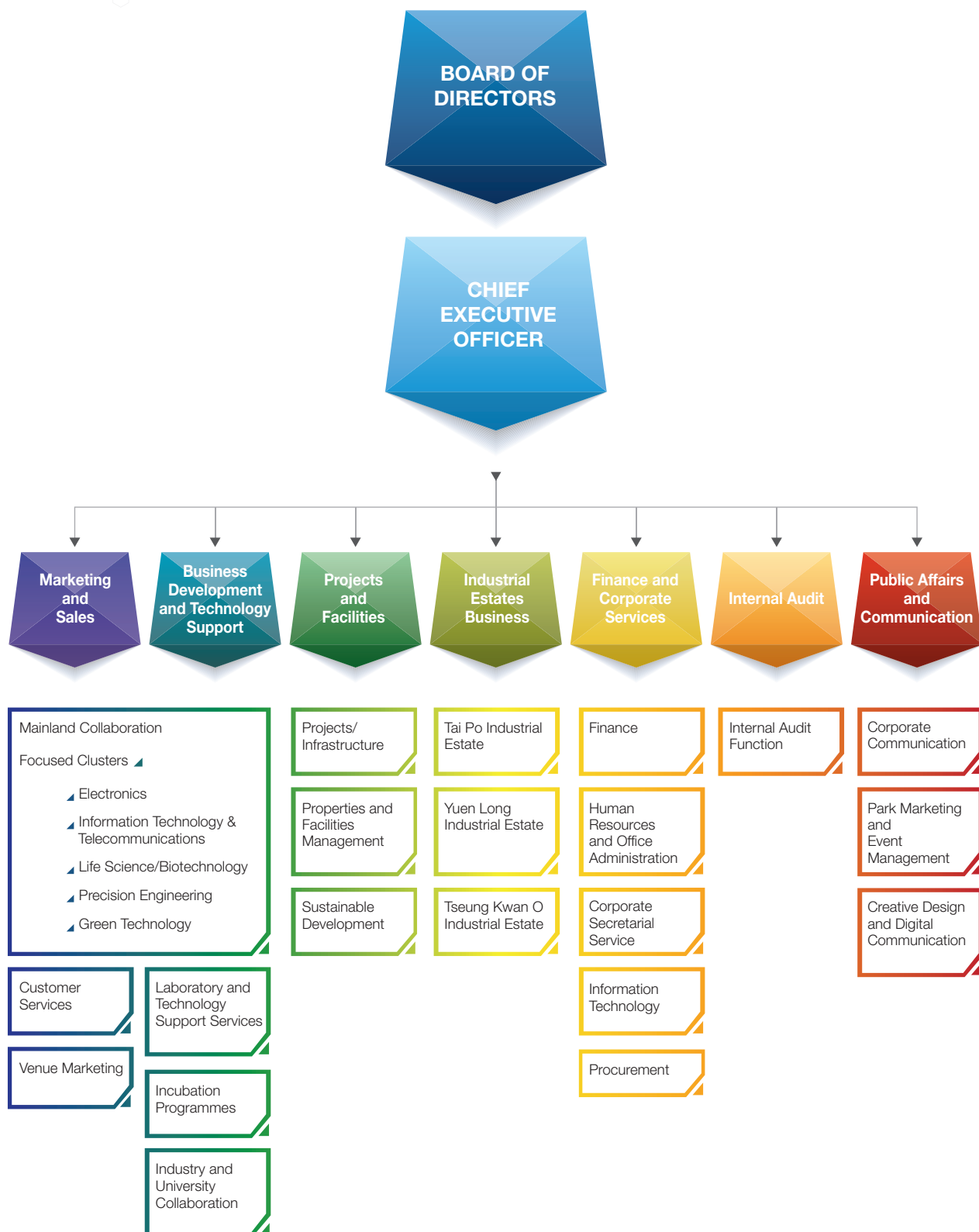
Mr. Lui is responsible for developing and managing the infrastructure which aims to attract, nurture and retain enterprises and start-ups in the targeted clusters. He serves to facilitate developing Hong Kong Science Park Phase 3 into a sustainable development incorporating the latest green technologies and sustainable building design.

He liaises and cooperates with all related government agencies and bodies to ensure the standards and procedures of the development. His responsibilities also cover management of facilities and properties in Science Park.

Mr. Lui has over 25 years of solid experience in managing large scale multi-disciplinary development projects spanning both the private and public sectors. Before joining the Corporation in May 2011, he worked for the Shangri-la International Hotel Management Limited.

The Corporation

Corporate Structure



ADDRESS

Head Office

8/F, Bio-Informatics Centre
No. 2 Science Park West Avenue
Hong Kong Science Park
Pak Shek Kok, New Territories
Hong Kong
Telephone: (852) 2629 1818
Facsimile: (852) 2629 1833
Website: www.hkstp.org

InnoCentre Office

Unit 129, 1/F, InnoCentre
No. 72 Tat Chee Avenue
Kowloon Tong
Hong Kong
Telephone: (852) 2784 2666
Facsimile: (852) 2778 4183
Website: www.innocentre.org.hk

Industrial Estate Office

Tai Po Industrial Estate

Tel/Fax: (852) 2665 6755

Yuen Long Industrial Estate

Tel/Fax: (852) 2479 0224

Tseung Kwan O Industrial Estate

Tel/Fax: (852) 2623 9619

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited

Agricultural Bank of China, Hong Kong Branch
Australia and New Zealand Banking Group Limited, Hong Kong Branch
Bank of China (Hong Kong) Limited
China Construction Bank Corporation, Hong Kong Branch
DBS Bank (Hong Kong) Limited
Industrial and Commercial Bank of China (Asia) Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation Limited
United Overseas Bank Limited, Hong Kong Branch
Wing Hang Bank, Limited
Wing Lung Bank Limited

Solicitors

Deacons

Mayer Brown JSM

Auditors

Ernst & Young

Performance

Hong Kong Science Park



Hong Kong Science Park provides world-class Research and Development (R&D) infrastructure to our business partners and visitors alike. Our 22-hectare waterfront site consists of three phases, including the two Phase 3 buildings to be completed in 2016, Science Park boasts a total of 25 state-of-the-art buildings and 330,000 square metres of office and ancillary space. More than 440 companies of all sizes and maturity now call Science Park their home.



18 food and beverage (F&B) outlets in the Park

Science Park offers R&D offices, laboratories and MICE (meetings, incentives, conferences and exhibitions) venues to suit individual business needs. It also contains a wide variety of shops, food and beverage (F&B) outlets and a clubhouse, ensuring companies in the Park and visitors can enjoy easy access to everything they may need on-site. To cope with the increasing demand of F&B outlets at Science Park, five new restaurants opened their outlets at the Park, bringing the total number of F&B outlets to 18 for the year. With the new F&B outlets, the average number of meals served per day had greatly increased from 6,800 last year to over 8,200 this year for the park community, representing more than 20% year on year increase.

Travel to Science Park is convenient and accessible by various transport options. We provide over 1,500 on-site parking spaces, public transportation to and from Diamond Hill, Shatin and University MTR stations as well as a range of shuttle bus services are provided among districts.

Following the success of Phases 1 and 2, the highlight of the year in review was the opening of the first three buildings in Phase 3. This new development comprises a dedicated facility for nurturing environmental and renewable energy technologies. As a green hub, Phase 3 will offer the 150 businesses located there one of the best R&D ecosystems in the region for developing and commercialising their products. The development, scheduled for full completion in 2016, is itself one of the largest showcases of sustainable construction practices in Hong Kong.



Throughout the year, HKSTPC stepped up its efforts to work with Mainland partners to foster closer collaboration and leverage business advantages of both parties through several initiatives and joint events. In 2013, Science Park was recognised as “Hong Kong National Modern Services Industrialisation (Partner) Base” by China’s Ministry of Science and Technology. This will help drive the development of new technologies and business models for focused industries and applications, including digital culture, e-health, e-living, e-commerce, e-logistics, e-social service and technology services. HKSTPC also signed a Strategic Partnership Agreement with the People’s Government of Shunde to establish the “Guangdong-Hong Kong Innovation Centre” in Phase 3 allowing Shunde-based companies to develop products for world markets at the Park.

Meanwhile, under the support of the General Support Programme under the Innovation and Technology Fund, HKSTPC now provides a soft-landing platform for overseas universities and R&D institutes and helps to foster collaboration with our local industries to develop innovation and technology.

As of March 2014, Science Park had engaged 45 new partner companies for Phase 3, spanning our five defined clusters of Biotechnology, Electronics, Green Technology, Information Technology and Telecommunications and Precision Engineering.

This “Five Clusters Strategy” continues to prove its value by offering something ‘greater than the sum of its parts’ and provide a stimulating environment in which our business partners can realise their ideas and commercialise their products. These clusters not only provide opportunities for the exchange of ideas and expertise, they are at the heart of megatrends where Hong Kong has the potential to become a world leader.

The Information Technology & Telecommunications (IT&T) cluster had an exceptional year, boosting its total number of partner companies and incubatees by almost 30% to 198, while employing over 3,000 professionals. IT&T partner companies now make up 26% of Phase 1 and 2 and are already having a big impact on the newly-opened Phase 3 development, where 19 companies (including 13 new and 6 existing) have opted to set up or expand their R&D facilities. During the year, the IT&T cluster continued to develop the Internet of Things sector, promote cloud computing and mobile internet development in Hong Kong while enhancing the communications sector. With a particular emphasis on sensor technologies, data analytics, next generation networks and ubiquitous computing, the cluster organised various events to promote the development and application of technologies across different sectors to reinforce Hong Kong’s position as a Smart City.

The Green Technology cluster benefitted greatly from the inauguration of Science Park’s Phase 3 development, which is designed to help Hong Kong develop as a green technology hub and build up its Smart City capabilities. The cluster signed a Memorandum of Understanding (MoU) with Scottish Enterprise to facilitate knowledge transfer between Scotland and Hong Kong by prompting leading Scottish organisations to collaborate with businesses in Science Park.



IT & T Cluster

Boosting its total number of partner companies and incubatees by almost

30% to **198**



Green lighting was a high priority in 2013 with HKSTPC joining the Guangzhou International Lighting Exhibition and working with Guangzhou and Taiwan partners towards the formation of a platform for the green lighting industry in the coming year. HKSTPC also took part in the Smart City Expo in Barcelona 2013 and was one of the finalists for the Smart Cities Award at the event. HKSTPC led a delegation of industry players to the Cleantech Forum San Francisco 2014 where cleantech CEOs, government agencies, investors, and corporate visionaries across 18 primary cleantech sectors met to discuss developments of clean technologies.

The Biotechnology cluster was able to leverage the growing global interest in biotechnology and the huge impact it will have on mankind. Biotech companies now make up about 13% of Science Park's partner companies, a number which is expected to grow rapidly as more local and international companies discover the benefits of conducting biotech R&D in Hong Kong. In 2013 the cluster renewed its landmark agreement with the Guangzhou High Tech Park (HuangPu) to



More than
90

companies in the Park are
designing electronic products
or providing solutions for
electronic products

operate the pilot Green Channel through which human tissue specimens and other research material can be transported between the Mainland China and Science Park tenants. The Corporation led a delegation of biotech companies to participate in the renowned JP Morgan HealthCare Conference 2014 in San Francisco where one company successfully obtained investment in its liver cancer drug that was under clinical trial. The biotech cluster also signed a MoU with the Belgium government to assist innovative medical device companies from Brussels to expand into the Asian markets.

The Electronics cluster had a busy year collaborating with industry bodies and other organisations to host a number of notable events, taking advantage of the continued growth and innovations in the industry, particularly in the Pearl River Delta. The future of electronic such as smart devices, wearable devices and robotics are shaping our mobile internet life-style. Smart electronic products now require higher performance, lower power, lower cost, and most importantly, better user experience.

HKSTPC continuously enhances the technology development platform to allow partner companies to integrate cross-disciplinary requirements such as

integrating electronic products with softwares/solutions as well as unique industrial/experience designs for new products. Partner companies can develop more advanced and innovative designs in the Park without concern of IP protection issues.

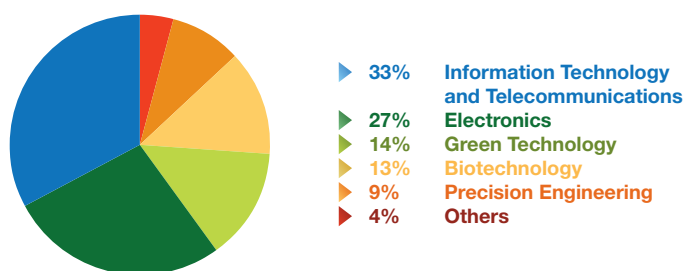
Among the 90 plus companies in the Park engaging in electronic product designs or solution development for the sector, half of them are involved in IC design/development.

During the year, the Electronics cluster worked with various industry bodies to co-organise seminars and symposiums for partner companies on the latest trends in areas such as wireless charging, green power electronics, 3D packaging, acoustic technology and TSV (Through-Silicon Via) manufacturing.

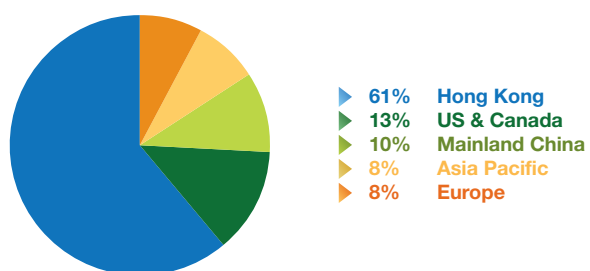
The Precision Engineering cluster welcomed four new companies setting up R&D operations in Science Park, with three of them to be located in Phase 3. This brings the total number of precision engineering companies in the Park to 28 with a total workforce of 700. In addition, two existing tenants expanded their operations by taking up an additional 12,000 square feet of R&D space.



Distribution of partner companies by clusters

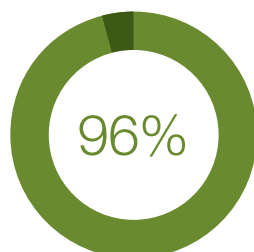
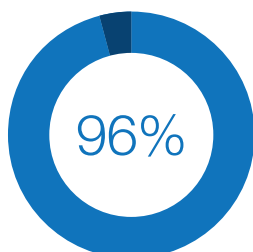


Distribution of partner companies by places of origin



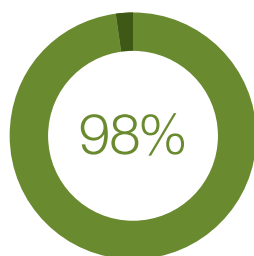
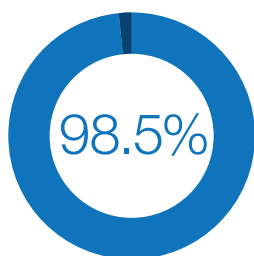
KEY STATISTICS

Overall Occupancy Rate

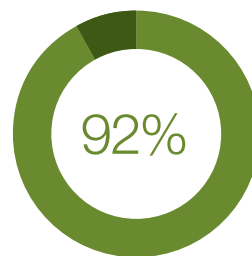
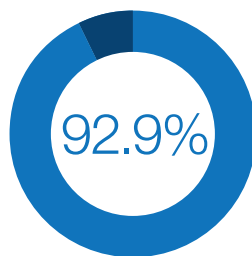


Phase 1 and Phase 2 Occupancy Rate

Phase 1



Phase 2



Number of Partner Companies

Phase 1

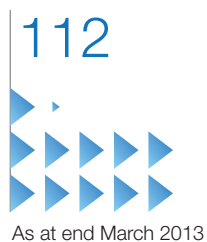


Phase 2

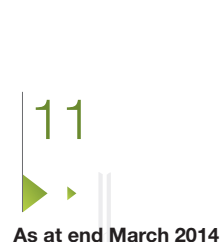
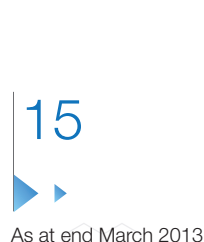


Number of Incubatees

Phase 1



Phase 2



Remark: The occupancy rate represents the area currently leased over the total available area for leasing

Performance

Industrial Estates

HKSTPC believes that the broadening of Hong Kong's industrial base and upgrading of our innovation and technology level are key to building a diversified economy, which will help propel the city into a regional technological hub and ensure its long-term success. As part of this conviction, HKSTPC continues to offer fully serviced land at the three Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long to assist companies engaged in skill-intensive manufacturing and service industries. In order to expand Hong Kong's industrial base, HKSTPC enables diverse business operations such as data centres, pharmaceutical processing, recycling, and multimedia industries to leverage the Industrial Estates for development. We are constantly looking for new economy innovators in order to revitalise the Industrial Estates and energise Hong Kong's innovative industries.

As at 31st March 2014, the 75-hectare Tai Po Industrial Estate remained 100% occupancy, the 67-hectare Yuen Long Industrial Estate was 99% full while the 75-hectare Tseung Kwan O Industrial Estate stood at 90%. We also processed 11 cases for extended development time during the year.

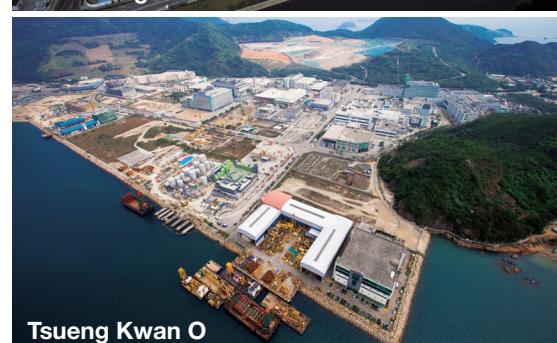
During the period, HKSTPC granted a site of 1.49 hectare in Tseung Kwan O Industrial Estate and completed three assignments, one involving 0.37 hectare in Tai Po Industrial Estate and another two with a combined total area of 1.85 hectare in Yuen Long Industrial Estate.

New projects admitted in 2013-14 include the following:

Industry	Partner Company	Total	Location
Metal parts and products	Royal Hill International Ltd	0.37 hectare	Tai Po Industrial Estate
Service and support	Vogue Laundry Services Ltd	1.03 hectare	Yuen Long Industrial Estate
Pharmaceutical	Bright Future Pharmaceutical Laboratories Ltd	0.82 hectare	Yuen Long Industrial Estate
Telecommunications	China Unicom (Hong Kong) Operations Ltd	1.49 hectare	Tseung Kwan O Industrial Estate

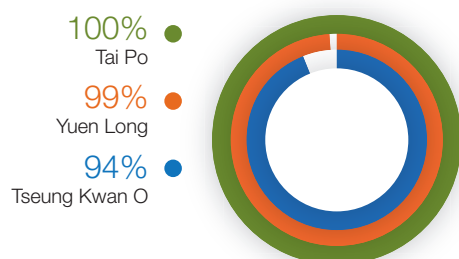
HKSTPC is reviewing the effectiveness and long-term development direction of the Industrial Estates. Whilst waiting for the result of the review, we have temporarily put the granting vacant sites in the Industrial Estates on hold.

Meanwhile, with a view to build up our land bank, we have completed the first phase of the feasibility study on the extension of Yuen Long Industrial Estate at Wang Chau. We have also started a consultancy study to look into technical feasibilities of establishing a Satellite Industrial Estate in Tuen Mun.

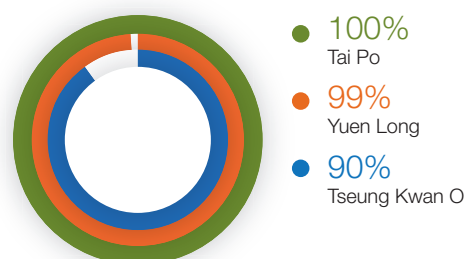


KEY STATISTICS

Occupancy Rate



As at end March 2013



As at end March 2014

Available Land (ha)

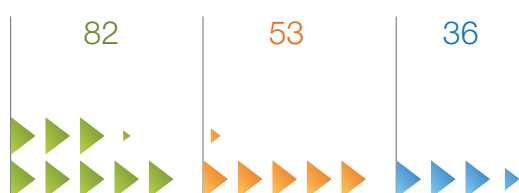


As at end March 2013

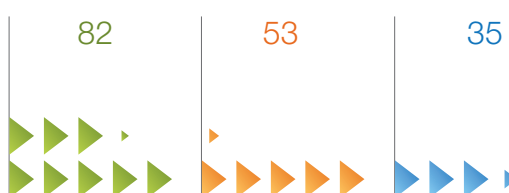


As at end March 2014

Number of Factories



As at end March 2013



As at end March 2014

Remark: The occupancy rate represents the area currently leased over the total available area for leasing

Performance

InnoCentre

2014 HONG KONG AWARDS FOR INDUSTRIES TECHNOLOGICAL ACHIEVEMENT
香港工商業獎 科技成就
RECOGNIZE TECHNOLOGY EXCELLENCE & IP INVENTION
表揚卓越科技及知識產權的開發
CALL FOR PERIOD ENTRIES
13 MAR 2014 - 23 MAY 2014
ENQUIRY
2629 6697
WWW.HKSTP.ORG

 香港工商業獎
2014 HONG KONG AWARDS FOR INDUSTRIES
 25th ANNIVERSARY
二十五周年紀念
 Hong Kong Science & Technology Parks
Science & Technology Parks
Making things happen

INNOCENT

InnoCentre is a modern building which offers six storeys of premier office space in the heart of Hong Kong's urban centre of Kowloon Tong. It provides a perfect purpose-designed home for design companies and incubatees. With spacious exhibition halls, training and meeting facilities as well as a wide array of promotional activities and support services all at finger tips, InnoCentre enables companies to exchange knowledge, collaborate and develop their businesses. Since its inauguration in 2006, InnoCentre has helped hundreds of design companies realise their dreams, and bring new creative and design-related innovations to the market.



During the last fiscal year, Over 61,000 people attended more than 600 events, conferences and seminars held at the state-of-the-art facility, an increase of 13% over the previous year.

Some of the significant events included:

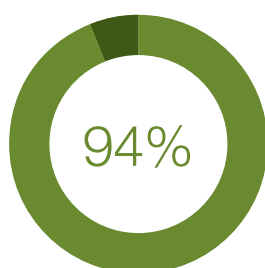
1	Creating New Business Opportunities through Innovation by the Hong Kong General Chamber of Commerce
2	A Brand New Page Antalis HK x Tommy Li by Antalis (Hong Kong) Ltd
3	2013 Cross Matching Showcase presented by the Innovative Entrepreneur Association
4	Opening ceremony of "2013 Hong Kong-Shenzhen Culture and Creative Forum" by the Hong Kong Federation of Design Associations
5	Opening cum orientation of "World Design Summer Camp Associations 2013" by the Hong Kong Design Centre
6	Tamashii Feature's Vol 6 Act 2 Hong Kong by Bandai (Hong Kong) Ltd
7	Arup East Asia Region's Graduate Induction Programme 2013
8	Plastic Conference 2013 — Innovative 3D Printing from Design to Manufacturing hosted by the Hong Kong Plastics Manufacturing Association
9	Art Plantae by the Children Art Centre
10	User Experience Design Hong Kong 2014 by Apogee Communications Ltd.

OVER
61,000
visitors attended events
held at InnoCentre

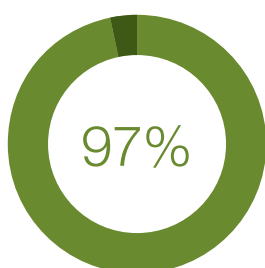


KEY STATISTICS

Occupancy Rate



As at end March 2013



As at end March 2014

Number of Partner Companies



As at end March 2013



As at end March 2014

InnoCentre was also the venue for several notable judging and awards events including the Hong Kong Design Centre's Design for Asia Award 2013 and Hong Kong Young Design Talent Award 2013; the Hong Kong Arts Development Awards - Award for Arts Education, organised by the Hong Kong Arts Development Council; the Hong Kong Designers Association's Global Design Awards 2013; the South China Morning Post-sponsored Macau World Heritage Drawing Competition Award Ceremony; and the Hong Kong Society of Illustrators' 3rd Greater China Illustration Awards.

As in past years, InnoCentre continued to support a range of tertiary institutions graduation shows including:

- | | |
|---|--|
| 1 | CUSCS Fashion Exhibition 2013 organised by School of Continuing & Professional Studies, The Chinese University of Hong Kong |
| 2 | Differ Angles – 2013 A Space Odyssey presented by the School of Professional and Continuing Education, the University of Hong Kong |
| 3 | BA Graduate Fashion Show and Exhibition by LiPACE, the Open University of Hong Kong |
| 4 | Design Incubation Programme Graduation Ceremony by the Hong Kong Design Centre |
| 5 | Design Acts – Higher Diploma Programme in Commercial Design Graduation Exhibition 2013 organised by School of Continuing & Professional Studies, The Chinese University of Hong Kong |



More than
600 events,
conferences and seminars
were held in the fiscal year
2013

Services

Incubation Programmes



The fully-service Incubation Programmes of HKSTPC aim to provide local technology start-ups and entrepreneurs with the essential skills and services required to establish successful businesses. They include an 18-month Incu-App Programme for mobile and web applications developers; a three-year Incu-Tech Programme for new technology companies; and a four-year Incu-Bio Programme for those involved in biotechnology.



AN ESSENTIAL ROLE IN SUPPORTING NEW BUSINESSES

All incubatees benefit from subsidised R&D fitted offices at Science Park and our financial aid package. In addition, HKSTPC provides a comprehensive range of support services, including training and talent development through forums, seminars and workshops; management support via mentorship and consultancy services; introduction to angel investors and venture capitalists by way of investment matching events; the opportunity to test trial products at Hong Kong Science Park prior to officially launching to the market via the First@SciencePark initiative; and product promotion by means of assistance in marketing, participation in exhibitions and business matching. Technology support is also a crucial area that HKSTPC addresses by providing advanced laboratories and test centres that are staffed by highly experienced engineers.

Well aware that stable and continuous funding is paramount to the survival of start-ups, for the fourth consecutive year, HKSTPC provided Business Plan Consultancy Service to assist incubatees to present their business proposals to potential investors.

This fiscal year, 199 milestone assessment meetings were conducted to measure incubatees' progress against their business plans, as well as providing specific services to foster their growth.

The Incubation Programmes have successfully nurtured 451 start-ups since 1992, nearly 75% of which continue to thrive today.

The Incubation Programmes
have nurtured

451

start-ups since 1992

AN ARRAY OF NEW INITIATIVES

Launch of LEAP

In addition to the three existing Incubation Programmes, HKSTPC introduced LEAP (Leading Enterprises Acceleration Programme), a new initiative to further support the development of incubatees and graduates.

LEAP is designed to help nurture selected current and graduated members of our Incubation Programmes into regional or global companies by providing assistance in business development, fund raising, corporate structuring as well as other key factors in their development. Unlike the Incubation Programmes in which the companies focus on product and service commercialisation, LEAP is geared towards companies with available products or services looking for further business development.

- ▶ Access to well-connected industry leaders (recruited as Honorary Programme Advisors by HKSTPC) to assist in regional or global business development.
- ▶ Matching with a partner from one of the Big Four accounting firms to assist with corporate structuring in preparation for IPO, Mergers and Acquisitions (M&A) and fund raising.
- ▶ Recruitment of a subsidised domain expert as consultant to advise on business development matters.
- ▶ Access to a dedicated professional panel with consultation on financial, tax, legal and capital raising matters.
- ▶ Access to international network of Science Parks to assist in regional or global business development.
- ▶ Business development assistance for Mainland China and overseas markets leveraging extensive network of HKSTPC.
- ▶ Local and international publicity planning and support.

The length of the Programme varies depending on the type of companies — 18 months for mobile and web applications developers, 24 months for new technology companies and 30 months for biotechnology companies.

LEAP was opened for application in January 2014. After a rigorous screening process, four companies were selected as inaugural inductees in March 2014 by an admission panel including investment professionals representing the Hong Kong Venture Capital Association and the Hong Kong Business Angel Network (HKBAN).

The programme is dependant upon the collaborative support of Hong Kong's industrial, professional and investment communities, and HKSTPC is honoured to have obtained the support of a number of organisations as partners, including: the Federation of Hong Kong Industries; the Chinese General Chamber of Commerce; the Chinese Manufacturers Association; the Hong Kong General Chamber of Commerce; Deloitte Touche Tohmatsu; PriceWaterhouseCoopers; Jones Day; Paul Hastings; and Arbour Ventures.



Science Park Venture Capital Partnership Programme

To provide a unique platform to bridge venture capital firms and investment-ready technology enterprises, HKSTPC established the Hong Kong Science Park Venture Capital Partnership Programme, marking another milestone to reinforce the position of Hong Kong as the regional hub of innovation and technology.

This Programme connects partner venture capital firms with selected enterprises at Science Park. Programme partners include renowned venture capital firms and corporate ventures such as:

- | | |
|-----------------------------|----------------------------------|
| ▶ Arbor Ventures | ▶ Kyrion |
| ▶ Aster Capital | ▶ Mitsui & Co. Global Investment |
| ▶ BASF Venture Capital | ▶ Orchid Asia Group |
| ▶ China Healthcare Venture | ▶ Perfect Eagle Capital |
| ▶ Comba Telecom | ▶ RB Group |
| ▶ DMP | ▶ Regatta Capital |
| ▶ Dow Chemical | ▶ Sequoia Capital |
| ▶ FUEL Capital | ▶ Spring Capital |
| ▶ Future Architect | ▶ Sumitomo |
| ▶ IDG Capital Partners | ▶ SWK Capital |
| ▶ Intel Capital | ▶ Telefield International |
| ▶ Kingcraft Venture Capital | ▶ Tsing Capital |

AWARD HIGHLIGHTS

In 2013/14, our incubatees won 28 local, regional and international awards; some of which are highlighted in the following table:

Company	Award
One Earth Group Limited	Gold Medal and the PRIX DU PUBLIC Award, the 41 st International Exhibition of Inventions of Geneva
Playnote Limited	AABI Torch Award for Internationalization
Liricco Technologies Limited	Good Design Award — Japan Institute of Design
Rehab-Robotics Company Limited	Hong Kong Awards for Industries — Machinery and Machine Tools Design
QBS System Limited	HKRFID Award 2013 — Best EPC/RFID Implementation Gold Award
Cenique Infotainment Group Limited	Red Herring Asia Top 100

For further details, please visit the Incubation Programmes website: <http://www.hkstp.org/incubation>



STRATEGIC PARTNERS FOR INCU-APP PROGRAMME

To step up support for the web/mobile industry, HKSTPC collaborated with 13 strategic partners to provide specialised services in application development,

testing, infrastructure support and publishing, which are essential to the growth of app start-ups:

- ▶ 6 waves
- ▶ Amazon Web Services Inc., (New Partner since 2013)
- ▶ CITIC Telecom International Holdings Ltd.
- ▶ Cluster Technology Ltd.
- ▶ Google Hong Kong Limited (New Partner since 2013)
- ▶ Hong Kong Applied Science and Technology Research Institute Co., Ltd.
- ▶ Hong Kong Business Angel Network Ltd.
- ▶ Hong Kong Wireless Technology Industry Association
- ▶ Microsoft Hong Kong Ltd.
- ▶ Nokia (H.K.) Ltd.
- ▶ Outblaze Ltd.
- ▶ BlackBerry Ltd.
- ▶ Samsung Electronics HK Co., Ltd

HKBAN AND RELATED ACTIVITIES

As at 31 March 2014, Hong Kong Business Angel Network (HKBAN), an angel investment matching platform initiated by HKSTPC, has gathered 80 individual and corporate members. During the year, the organisation increased the number of partners from 12

to 15 adding Cocoon, The Indus Entrepreneurs and SOW Asia as new entrepreneur partners to increase deal flow. In addition, HKBAN has opened its services to all companies at Science Park. The 15 partner organisations are:

1.	CoCoon
2.	Hong Kong Baptist University
3.	Hong Kong Cyberport Management Company Ltd.
4.	Hong Kong Design Centre
5.	Hong Kong ICT Awards Steering Committee
6.	Hong Kong Information Technology Joint Council Ltd.
7.	Hong Kong Science & Technology Parks Corporation
8.	Hong Kong University of Science and Technology
9.	SOW Asia
10.	The Chinese University of Hong Kong
11.	The Entrepreneurs Club
12.	The Entrepreneurs' Network
13.	The Hong Kong Polytechnic University
14.	The Indus Entrepreneurs
15.	The University of Hong Kong





HKBAN held 21 Investment Matching Gatherings (IMGs) and facilitated 19 angel investment deals since 2010, 13 of which involved Science Park partner companies, incubatees and graduates. The 19 deals raised a total of HK\$87.44M, four of which occurred in the fiscal year 2013/14 totalling \$37.98M.

NETWORKING ACTIVITIES

Seven gatherings, dubbed MINGLE (Mingling of Incubatees/Graduates Network Gathering Luncheon

Event), were organised for incubatees and graduates, enabling the exchange of information and experience, as well as the possibility of future collaboration. The events were highly popular, each attracting an average of 38 companies and 77 participants.

In addition, four Afternoon Tea Gathering events were held, each inviting a strategic partner of the Incu-App Programme as featured speaker to share their industry knowledge with our incubatees.

INCUBATEES AND GRADUATES STATISTICS

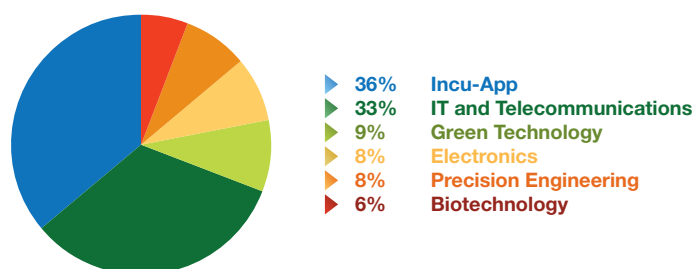
	Cumulative 2003/04 - 2013/14 (unless specified)
Incubatee graduates since the programmes' inception	309
Incubatee graduates still in business since the programmes' inception	233
Number of Angel/Venture capital investment	140
IP registration applications filed	732
Technical/design and management awards obtained	257
IPO/Merger & Acquisition/Joint venture/Spin-off transactions since the programmes' inception	20

As at 31st March 2014

	Incu-Tech/ Incu-Bio	Incu-App	Total
Current Incubatees	91	51	142
Incubatees admitted to the Programmes during this fiscal year	27	33	60
Amount of Angel/Venture capital investment [Number of Incubatees & graduates]	HK\$28.53M [7]	0	HK\$28.53M [7]
Technical/design and management awards obtained	36	1	37
IP registration applications filed	106	0	106

DISTRIBUTION OF INCUBATEES BY TECHNOLOGY CLUSTER

Total 142 incubatees





Research and development (R&D) is vital to technology companies as they travel along the transformational journey from fledgling start-ups to mature commercial enterprises. To ensure our partner companies have access to robust R&D and testing platforms, HKSTPC maintains 11 state-of-the-art fully equipped laboratories/support centres, staffed with experienced engineers ready to assist technology-related projects.

During the year, our laboratories and technical support centre service teams carried out a series of programmes to advance the innovations of both local and overseas companies throughout the product development cycle, from design to production. These included:

- ▶ 3D WLP Lab (phase 2 of the IC packaging labs) is scheduled for launch in late 2014. This leading-edge packaging laboratory will complement existing services in providing complete IC development logistics to partner companies as well as overseas tenants.

- ▶ Seminars were held throughout the year covering “New Generation Smart, Auto and Green Product Development”, “Semiconductors and Packaging” and “Application and Testing on Advanced Materials” for Lab Test One, all of which received positive feedback from participants. Lab Test One members will be expanded to include academic institutions and other non-profit-making organisations.

- ▶ Internet of Things (IoT) Test Laboratory will be ready in Q3 2014 to provide IoT technology sensors and solutions support for eHealth, logistics, controls/monitoring and big data analytics.

- ▶ Rapid Prototyping (RP) Laboratory is planned for Q2 2014 to provide fast turnaround 3D printing and sample prototyping services for partner companies. 3D printing or rapid prototyping will facilitate the production of actual products directly from 3D designs. This drastically changes conventional business models by extending the boundary of design and production to quickly respond to the dynamic change in customer demands.

Laboratory Services User Distribution

	2013-14
Total Number of Users Supported	240
Partner Companies	54%
Local Companies	41%
Mainland China & Overseas Companies	5%



IC Testing Partnerships with Mainland China Companies from 2004 to 2014

	Completed		Ongoing		Under Development	
	Companies	Projects	Companies	Projects	Companies	Projects
Total	86	441	1	1	1	2

LABORATORY SERVICES AND SUPPORT

Integrated Circuits (IC) Design Centre (ICDC) and Intellectual Property (IP) Servicing Centre (IPSC)

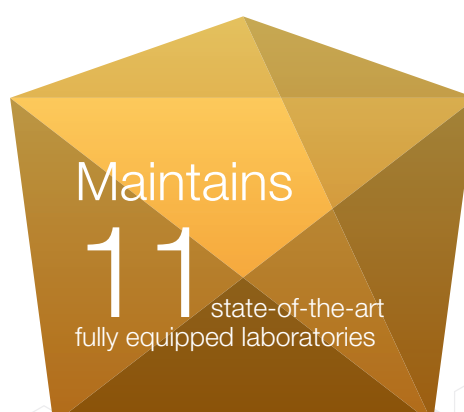
- ▶ ICDC offers cost-effective EDA tool licensing and Secure Virtual IP Chamber services to facilitate design hosting, development and IP evaluation, which comply with the international standards of the Information Security Management System (ISO27001), all within the highly Secure Virtual IP Chamber (SVIPC).
- ▶ During the year, the IPSC completed three designs for partner companies requiring multi-project wafer shuttle service (MPW), one engineering lot and low volume production using process technologies from IBM and TSMC.
- ▶ The IPSC offers a wide range of IP services including licensing, hardening and integration at the prototyping stage of IC development.

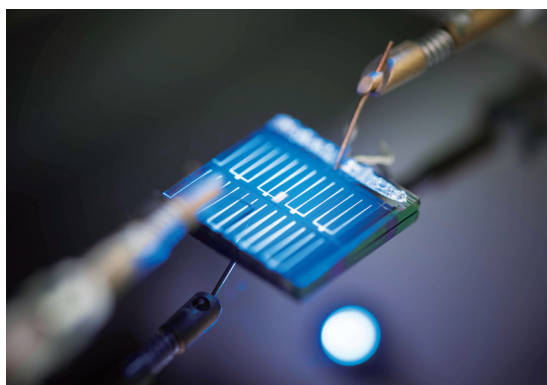
Probe and Test Development Centre (PTDC)

- ▶ PTDC has advanced automatic test systems and experienced engineers to support IC industries in bringing new products to market. Customers served were not limited to companies in Science Park but also from Mainland China and Europe.

3D System in Package (SiP) Laboratory

- ▶ 3D SiP Laboratory (phase 1) was launched in mid-2013 providing advance IC packaging R&D and small volume pilot production to the industry, in partnership with Applied Science and Technology Research Institute.





Integrated Circuits Failure Analysis Laboratory (ICFAL)

- ▶ ICFAL is equipped with sophisticated analytical equipment including Focused Ion Beam (FIB), Emission Microscope (EMMI), Laser Scanning Microscope (LSM), ESD/Latch-up Tester, Scanning Acoustics Microscope and Reactive Ion Etcher.
- ▶ New FIB for circuit editing of 28nm technology was made available for service in 2013. The FIB supports circuit editing of full thickness silicon backside and low resistivity metal molybdenum deposition with accurate resistance.

Reliability Laboratory (RL)

- ▶ RL provides complementary IC product qualification support, and environmental qualification tests for electronic products. It also supports local PCB companies with temperature stress tests.
- ▶ The acquisition of a new temperature cycle chamber extended the support to local IC design companies for testing needs.



Material Analysis Laboratory (MAL) and Solid-State Lighting Laboratory (SSL)

- ▶ MAL and SSL continue to provide service support in Lithium battery testing and analysis for EV and other green energy development areas.
- ▶ The laboratories also continue to support the development of the LED/solid-state lighting industries in the region. The facility is also working to strengthen the collaboration between Hong Kong, Guangdong, China (GZ-OME) and Taiwan (ITRI) in this area.

Wireless Communications Test Laboratory (WCTL)

- ▶ Collaboration with LSCM continued in order to expand the service scope in cutting-edge RFID testing support.
- ▶ Collaborated with Beijing BII to offer the IPv6 certification testing service and establish enquiry services for local companies.
- ▶ Expanded the LTE Joint Service to include Zigbee, WiFi and Bluetooth technology testing.
- ▶ Collaborated with partner companies to roll out seminars in Science Park to increase knowledge in the new technologies including advanced testing technology in both RF and mobile device testing.



Biotechnology Support Centre (BSC)

- ▶ HKSTPC continues to invest in new advanced life science instruments to support the rapid growth of the biotechnology cluster, including Fast Protein Liquid Chromatography System, Flow Cytometer (Analyzer), Liquid Chromatography Mass Spectrometry System — Triple Quadrupole/Ion Trap, Carbon dioxide incubator, Roller Culture Incubator, Shaking Carbon Dioxide Incubator, Capillary Electrophoresis System, Electro-hydrodynamic Jet Printing System and Preparative Membrane Ultrafiltration System.

Solar Energy Technology Support Centre (SETSC)

- ▶ Photovoltaic Test Laboratory (PVT) at SETSC supports the R&D for partner companies and customers to fine tune the conversion efficiency and cost in the development of new generation of PV modules. Testing support includes multi-junctions thin film, CIGS thin film, OPV, LED and gemstone industry.

Services

Industry & University Collaboration



FOSTERING BUSINESS AND ACADEMIC COLLABORATIONS FOR GROWTH

In the innovation ecosystem, the interaction with academia, private industry and public sector is essential for innovators to transform their businesses to success. From the outset and to this day, HKSTPC works closely with universities, industry leaders, business establishments and public organisations on a global basis to create collaborative platforms from which our partner companies can leverage the latest expertise and resources to grow their businesses and prepare for their journey to the future.

These collaborations offer the best opportunities to accelerate the development of innovative ideas and products, and prepare them for commercialisation, while extending entrepreneurs' outreach to a network of business partners and affiliates. Over 90 partner companies participated in our business collaboration activities throughout the fiscal year of 2013/14.

BRINGING PARTNERS TOGETHER TO EXPAND OPPORTUNITIES

To bring our partner companies to the regional market, we have collaborated with Asian Science Park Association (ASPA) to host the Business Meeting ASIA as part of our signature event "InnoAsia 2013". Being first of its kind in Hong Kong, Business Meeting ASIA, held on 4 December 2013, attracted a total of 36 companies from Japan, Korea, Thailand and Hong Kong looking to develop business relationships and expand their markets. The day kicked off with a



celebratory signing of a MOU between our partner company, AppoTech Ltd and a Korean enterprise, Hikari Innovision Co., Ltd., which resulted from their first introduction at Business Meeting ASIA in Kyoto. A total of 40 meetings were lined up between prospective business partners to explore potential collaboration at Business Meeting ASIA 2013.

Apart from its association with ASPA, HKSTPC has long established international networks with various science parks, incubators, industry associations, technology transfer offices and government units. Throughout the fiscal year, we have linked our partner companies with organisations such as Technology Park Malaysia (TPM), the Asian-Oceanian Computing Industry Organization (ASOCIO) and Hong Kong Young Industrialists Council (HKYIC) to expand their horizons and opportunities. These business meetings and networking opportunities have borne myriad fruits for our partner companies including sales, exclusive distribution agreements as well as enhanced international exposure.

The international reputation of HKSTPC has attracted many large and prestigious organisations to source business solutions from Science Park partner companies. These range from smart facility management, software and mobile applications to technology licensing partnership agreements. During the fiscal year, HKSTPC facilitated technology matching for our partner companies with the MTR Corporation, HKSAR Government district committee and locally listed companies involved in electronics manufacturing, media production, and IT solutions for augmented reality. An online open business collaboration platform was also launched in January 2014 to connect companies along the supply chain and to facilitate search for business partners from within the ecosystem.

COLLECTING FIRSTHAND FEEDBACK FOR PARTNER COMPANIES

The First@SciencePark programme has continued to serve as a channel for partner companies to showcase their innovations and gain direct feedback which helps them further refine their products. Over 40 companies

have successfully completed their trial at Science Park since First@SciencePark was launched in 2011. Some of the successful cases are highlighted below:

Company Name	Category	Business Nature	Project
Optical Sensing Ltd	Incubatee	Distributed Temperature Sensing System	Installed as a trial and demo site for real-time temperature monitoring
Creaxon Ltd	Incubatee	Industrial Wireless Sensor Network	Set up to serve as a test bed to improve the product features
Smart Cities (HK) Ltd	Tenant	Surveillance Patrol Robot	Operated at car park to evaluate and promote its functionality
Sengital Ltd	Tenant and graduated incubatee	Innovative system for turning a TV screen into a tablet	Showcased its Android-based platform and introduced the Apps of Science Park companies
BasicElements Ltd	Graduated incubatee	Retail system for customer notification and promotion via mobile app	Set up in a Science Park restaurant to test its reliability and features



The Surveillance Patrol Robot of Smart Cities (Hong Kong) Limited operated at Car Park Building for functionality testing



Optical Sensing Ltd's Distributed Temperature Sensing System was installed at Energy Tower 1 for real-time temperature monitoring



SHOWCASING HOME-GROWN ACHIEVEMENTS

HKSTPC has been helping to raise the business profile of incubatees and partner companies through various promotional campaigns and award competitions. In 2013/14, we organised the “Top 10 Like Technology Applications” campaign to arouse public interest in innovations from our incubatees. The featured applications included a noise cancellation headset, a medical device for stroke victims, a taxi-booking mobile app and an A.I. (artificial intelligence) music teacher. The campaign was widely promoted through social media and attracted over 25,000 “Likes” from the community.

We continuously encourage and assist partner companies to participate in renowned regional and international competitions to enhance their reputation. The “Hong Kong Awards for Industries: Technological Achievement” (HKAIT) is one of our annual initiatives, to recognise excellence in technology and intellectual property development.

In the international arena, we set up Science Park pavilions at overseas exhibitions to assist partner companies penetrate global markets and compete in international award competitions. One Earth Group Limited scooped the Gold Medal and “The Prize of the Public” at the 41st International Exhibition of Inventions of Geneva with its novel home energy system “SolSource”, while two other partner companies brought home gold/silver medals and other accolades from the judges.

In the fiscal year 2013/14, 15 partner companies won a total of 23 prestigious awards or recognitions, including the International Exhibition of Inventions of Geneva, AABI Torch Entrepreneur Award 2013, Ernst & Young Entrepreneurship of the Year (EOY) 2013 China Program and Guangdong-Hong Kong RFID Awards. The prestigious awards that our partner companies have won in the local, regional and international arena are on display for public viewing in the Science Park’s Award Showcase.





In the fiscal year, our Hong Kong Science Park Career Fair attracted more than 2,500 job seekers in one day, of whom 54% held Bachelor's degrees and 37% held postgraduate degrees. 412 job opportunities were offered in the fair by nearly 40 partner companies.

Companies in Science Park offered about 380 student internships serving in a variety of disciplines. In addition to recruiting local talent, HKSTPC also helped partner companies identify international talents of different disciplines through career events jointly organised with overseas universities, including the United Kingdom Career Fair and Shenzhen Postgraduate Career Day. In 2013/14, 22 summer interns from the United States, Canada and some European countries were arranged for partner companies in the Park.

RECRUITING THE BRIGHTEST TALENTS

People are the cornerstone of the success of a company. HKSTPC strives to sustain a continuous influx of talent to fuel the development of innovation and technology in Hong Kong. Through networking with industry and academia, we continuously seek out the best and brightest talent globally.

More than 1,000 new openings had been featured at the Talent Pool Online Platform in 2013/14, for our partner companies to strengthen their talent pool.

To gain access to university brain power, we worked with MBA students to offer business consultancy services to our partner companies. Collaborating universities during the year included: Babson University (ranked No. 1 in entrepreneurship for 21 consecutive years by U.S. News & World Report), The Hong Kong University of Science and Technology (ranked No.14 in the Financial Times Global MBA Rankings 2014) and The Chinese University of Hong Kong.



NURTURING ENTREPRENEURSHIP

The leadership and vision of entrepreneurs is crucial to the success of enterprises. To connect our partner companies with the global network of technology entrepreneurship and knowledge, we launched the MIT Enterprise Forum (MITEF) in the first quarter of 2014. HKSTPC and the MITEFHK co-hosted a series of high-powered sharing sessions, in which stakeholders in the entrepreneurial ecosystem, such as leaders from the academic and business field, were invited to share their insights. Top-tier speakers such as Ms Josephine Cheng, IBM Fellow, GCG CTO and VP, Greater China Group and Korea and Mr Po Chung, co-founder of DHL International, shared their leadership insights at the first two forums in February and March 2014 respectively, covering topics of technology and entrepreneurship.

During the year, HKSTPC has also organised and co-organised over 40 training sessions and seminars with reputable industry partners and universities such as Deacons, Ernst & Young, Hogan Lovells, PricewaterhouseCoopers, Princeton University, The Entrepreneurs' Network (TEN) and The Indus Entrepreneurs (TiE). The events covered five topics, namely Entrepreneurship, Accounting and Financing,

Marketing and Management, Legal and Intellectual Property, and Technology. They were well received by the participants, and over 10,000 participation hours were recorded.

With strong belief in the value of people, HKSTPC will continue to work with academia and industry to bring the know-how, research efforts and talents to the Hong Kong Science Park community and foster continued development of science and technology.



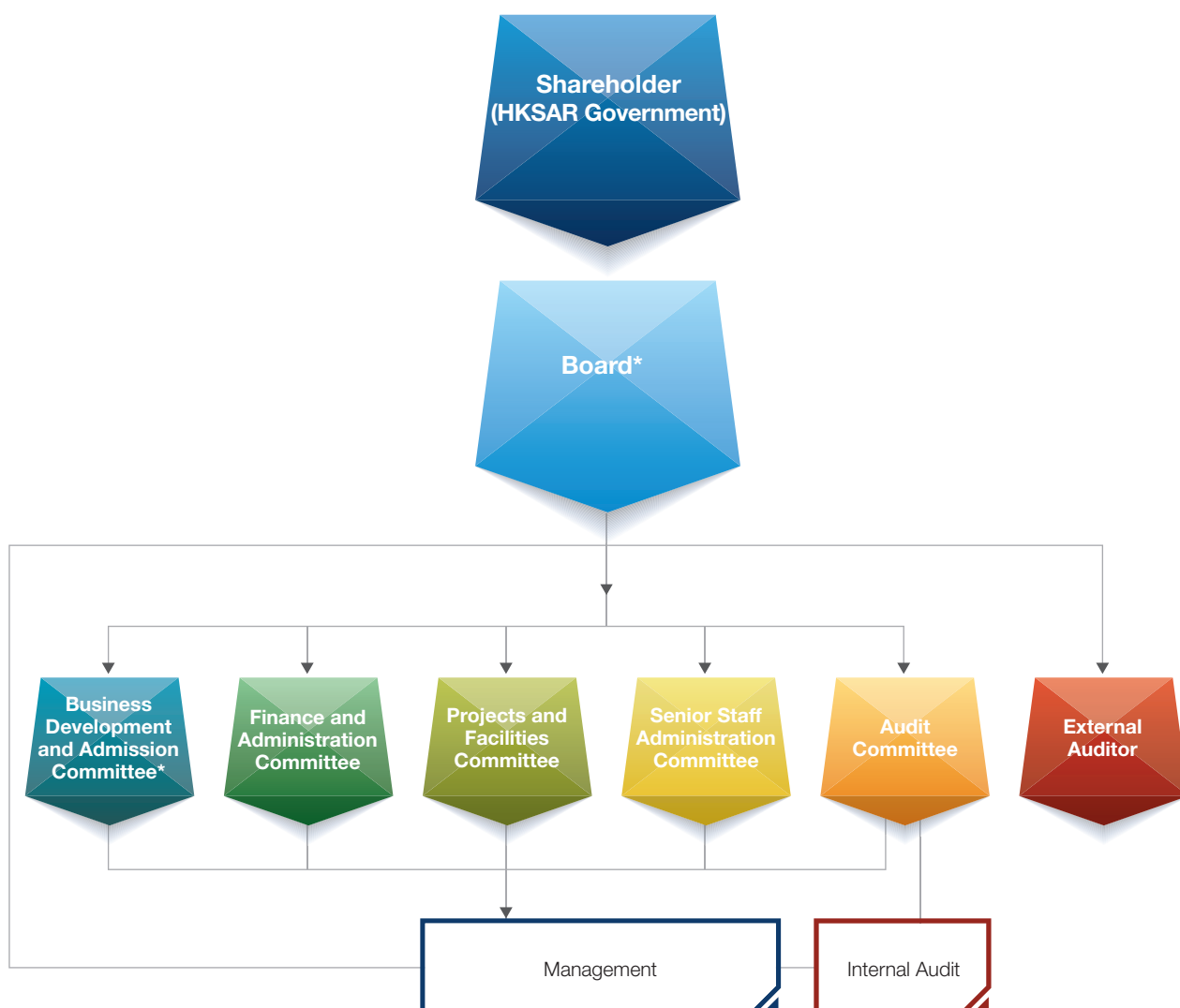
EXCELLENCE IN MANAGEMENT

Our dedication to superlative governance

Our Corporation is a statutory body incorporated under the Hong Kong Science and Technology Parks Corporation Ordinance. For this reason, we are aware of our obligation to follow best practices and

conduct our business according to the most prudent commercial principles. To achieve this, the Corporation has adopted all applicable aspects of the Corporate Governance Code and Corporate Governance Report as set out by Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. We believe accountability, transparency, fairness and ethics are the key principles which will enable all our stakeholders to build up trust that we will meet their needs.

CORPORATE GOVERNANCE STRUCTURE



* Task Forces are formed on an ad hoc basis to oversee major projects and make recommendations to the Board or relevant Committees for approval. Please refer to pages 73 to 74 of this report.

THE BOARD

The Board governs and leads the Corporation by establishing the strategic direction of the Corporation and monitoring its performance. Since 1 July 2013, it has been made up of 17 Non-Executive Directors: a Chairman and 16 Members. The Chairman is appointed by the Chief Executive of HKSAR Government, and the Board Members are appointed by the Financial Secretary. All Board Members are appointed without honorariums, generally for two-year terms, and can be re-appointed upon expiry of their terms. The Corporation's Chief Executive Officer (CEO) is appointed by the Board as a remunerated full-time employee of the Corporation. The roles and responsibilities of the Chairman of the Board and the CEO are separate, enhancing independence and accountability.

CHARACTERISTICS OF THE TEAM

Board Members come from varied but relevant backgrounds with a wide range of skills and experience, originating from industry, finance, investment, trading, property, legal and academia. One Member is a public officer: the Permanent Secretary for Commerce and Economic Development (Communications and Technology). Biographical details of the directors are set out in the section of "Board of Directors" of the Annual Report on pages 28 to 33.

CODE OF CONDUCT

Members of the Board of Directors go through an induction programme and are given a *Director's Manual* which consists of the founding ordinance and other key documents, including the Shareholding Agreement, the Terms of Reference of Committees, the Schedule of Delegated Authorities, a Guide to Handle Corporate Governance Matters, and records of the Corporation's policies. Members are made aware of their responsibilities in managing and monitoring the affairs of the Corporation, and the importance of always acting in good faith and in its best interests.

DECLARATION OF INTERESTS

Once a year, Board Members are required to declare their proprietorships, partnerships or directorships of local and overseas public or private companies, as well as paid jobs, offices, trades, professions or vocations and interests in shareholdings in any public or private companies. They are also required to inform the Board Secretary within 14 days of any changes. A register of Board Members' declarations of interest is made available for public inspection on request.

CONFLICTS OF INTEREST

The Ordinance under which the Corporation was founded requires Members to declare their direct or indirect interests in any contracts or proposals considered by the Board or its Committees. Those with any conflict of interest must withdraw from the approval process. Board Members are made aware that they should avoid entering into any business contract with the Corporation in their personal capacity as a matter of principle: that is, they should not be personally involved in the bidding process or in the supply of goods or paid services. Where it is unavoidable that a Member will bid for a contract with the Corporation in his or her personal capacity, he or she should adhere to the guidelines on managing possible conflict of interest stipulated in the *Guide to Handle Corporate Governance Matters*.

WHAT THE BOARD DOES

As well as formulating strategic plans, the Board of Directors approves the annual budget and 10-year financial projection. It also approves the appointment of external auditors and their remuneration. During the period under review, the Board was chaired by Mr. Nicholas Brooke. It met six times during the year with an average attendance rate of 77%.

The Chairman frequently meets with the Permanent Secretary for Commerce and Economic Development (Communications and Technology), the Commissioner for Innovation and Technology, the Chairmen of the Corporation's own Committees, and the CEO, to review business plans and future development.

The Corporation makes available to Members of the Board of Directors a list of professional advisers. Procedures are in place to enable Directors to seek independent professional advice at the Corporation's expense on matters relating to their roles and responsibilities.

RESPONSIBILITY FOR ACCOUNTS

The Directors acknowledge their responsibility for ensuring that the preparation of the annual accounts of the Corporation is in accordance with statutory requirements and applicable accounting standards. The statement of the auditors of the Corporation about their reporting responsibilities is set out in the Independent Auditors' Report on page 5 of the *Report of Directors and Financial Statements*.

KEEPING MEMBERS UP TO DATE

Continuous professional training programmes are arranged for Members of the Board of Directors to further develop and refresh their knowledge and skills. For example, a lunch talk on "Board Effectiveness and Board Evaluation" was delivered by the Chairman of the Hong Kong Institute of Directors. Following the last review in 2010, a Strategic Planning Brainstorming Workshop for Board Members and Management was held in April 2013 to review strategic directions and funding initiatives.

REVIEW STUDY

In October 2013, the Board established a Steering Committee (SC) and 2 Working Groups on "Innovation and Technology Ecosystem" (EWG) and "Optimising the Role and Responsibilities and the Potential of the Assets under HKSTPC" (AWG) to review the role of HKSTPC in Hong Kong's innovation and technology (I&T) ecosystem and development potential of the existing sites of HKSTPC respectively to map out its future strategic directions to support I&T. SC and 2 WGs are chaired by Mr. Nicholas Brooke comprising current and past Board Members and industry experts.

STANDING COMMITTEES

The Board oversees five standing Committees:

- ▶ Business Development and Admission Committee
- ▶ Finance and Administration Committee
- ▶ Projects and Facilities Committee
- ▶ Audit Committee
- ▶ Senior Staff Administration Committee

Terms of Reference of the Committees set out the function, membership, quorum, Management's representatives, frequency of meeting, duties, voting and reporting procedures of the Committees. These Committees are accountable to the Board for their recommendations and decisions.

Attendance records of each individual member of the Board of Directors are shown on pages 76 of this report.

TASK FORCES FOR SPECIFIC PROJECTS

Task Forces have also been set up to handle specific projects, and experts in the related industries have been appointed as co-opted members.

The Task Force for Phase 3 steers the new development project including the review of the design content, procurement methodology, development cost and timeline. It reports directly and makes recommendations to the Board for approval.

- ▶ Chair: Mr. Nicholas Brooke
- ▶ Members: 10 (including co-opted members and senior management staff)
- ▶ Meetings: 4
- ▶ Average Attendance of Board Members: 90%

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE

The Business Development and Admission Committee (BDAC) reviews applications for admission as tenants and grantees into the Corporation's premises. It recommends overall marketing strategies and plans to the Board of Directors, and approves the implementation of major marketing programmes and activities in accordance with plans approved by the Board. The Committee also keeps under review the Corporation's admission criteria, terms of admission, land premium and rental guidelines and recommends major changes to the Board for consideration and approval.

- ▶ Chair: Mr. Nicholas Brooke
- ▶ Members: 9
- ▶ Meetings: 9
- ▶ Average Attendance of Members: 73%

Two Task Forces have been formed under the auspices of the BDAC. The Task Force for Rental Review revisits the rental guidelines on an annual basis with reference to the market analysis report from an independent property consultant.

- ▶ Chair: Mr. Nicholas Brooke
- ▶ Members: 4
- ▶ Meeting: 1
- ▶ Average Attendance of Members: 60%

The Task Force for Green Technology steers the development of the green tech cluster and establishment of green tech lab facilities at Science Park.

- ▶ Chair: Professor John Chai
- ▶ Members: 11 (including co-opted members and senior management staff)
- ▶ Meetings: 2
- ▶ Average Attendance of Board Members: 100%

FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee approves accounting policies and recommends the annual budget and the 10-year financial projection to the Board for consideration and approval. It reviews the financial performance and quantitative KPI results of the Corporation on a quarterly basis. It makes recommendations to the Board regarding major changes in staff job grading, compensation and benefits policy and salary adjustment. It also advises the Board on human resources, procurement and IT policies.

- ▶ Chair: Mr. Richard Sun
- ▶ Members: 5
- ▶ Meetings: 6
- ▶ Average Attendance of Members: 79%

PROJECTS AND FACILITIES COMMITTEE

The Projects and Facilities Committee monitors the construction and property and facilities management of Hong Kong Science Park, InnoCentre and Industrial Estates. It recommends to the Board new developments, re-development and capital works projects to be undertaken by the Corporation and the modality for facilities management. It also approves or recommends to the Board the awarding of contracts for capital works, facilities management and related consultancy services.

- ▶ Chair: Mr. Billy Wong
- ▶ Members: 5
- ▶ Meetings: 4
- ▶ Average Attendance of Members: 86%

AUDIT COMMITTEE

The Audit Committee oversees the internal audit function and considers the appointment, re-appointment and removal of the external auditor, the scope of service and the audit fee. It reviews findings set out in both the internal audit reports and external auditor's management letters and the management's responses to them, and monitors the implementation of agreed actions. It also reviews the annual audited accounts, significant accounting policies, corporate governance practices, financial controls, internal controls and risk management systems with a view to complying with recognised standards and to achieving continuous improvement. In 2013, it met the external auditors and internal auditor without management presence and conducted a self-evaluation of its effectiveness and concluded that its performance was effective.

- ▶ Chair: Dr. Eliza Chan
- ▶ Members: 2
- ▶ Meetings: 3
- ▶ Average Attendance of Members: 100%



SENIOR STAFF ADMINISTRATION COMMITTEE

The Senior Staff Administration Committee comprises the Board's Chairman, all committee chairmen and the government member of the Board. This Committee is responsible for setting performance targets and assessing performance of the senior executives (first three tiers – CEO, VP and GM) of the Corporation on an annual basis. It also recommends remuneration policies and contract renewal of them. It also determines variable remuneration rewards for senior executives and recommends variable remuneration rewards of the CEO to the Board. In July 2013, a new CEO was hired to replace the retired predecessor.

- ▶ Chair: Nicholas Brooke
- ▶ Members: 4
- ▶ Meeting: 1
- ▶ Average Attendance of Members: 80%.

MEETING PROCEDURES

The Board, Committees and Task Forces convene meetings on a regular basis, with extra meetings held when necessary.

Management circulates papers seven days prior to meetings in general. They may also circulate Board or Committee papers in lieu of meetings to seek Members' approval of their proposals. Board or Committee papers are not circulated to those Board Members who have a related conflict of interest.

Board/Committee Secretaries record the major points of discussions, recommendations, decisions and action items arising from the meetings and submit Committee reports to the Board for information. Outstanding matters are followed up by the relevant divisions and progress updates are reported at subsequent meetings.

MEETING ATTENDANCE

Below is a summary of meeting attendance of Board Members for the financial year from 1 April 2013 to 31 March 2014.

MEETINGS

BOARD MEMBERS	Board of Directors	BDAC	FAC	PFC	AC	SSAC
Mr. Nicholas BROOKE	6 / 6	9 / 9	–	–	–	1 / 1
Permanent Secretary for Commerce and Economic Development (Communications and Technology) or her alternate	6 / 6	9 / 9	6 / 6	4 / 4	3 / 3	1 / 1
Professor John CHAI Yat Chiu	6 / 6	6 / 9	–	–	–	–
Dr. Eliza CHAN Ching Har	6 / 6	–	–	–	3 / 3	1 / 1
Mr. Raymond CHENG Siu Hong (Appointed on 1 July 2013)	3 / 4	–	4 / 4	–	–	–
Mr. Tony CHOI Siu Chow	6 / 6	8 / 9	–	3 / 4	–	–
Mr. David FONG Man Hung	2 / 6	–	–	–	–	–
The Hon. Mrs. Fanny LAW Fan Chiu Fun (Appointed on 1 July 2013)	4 / 4	2 / 2	2 / 2	–	–	–
Miss Nisa LEUNG Wing Yu	4 / 6	4 / 9	–	–	–	–
Ir Dr. Hon. LO Wai Kwok (Retired from PFC on 12 August 2013)	4 / 6	3 / 9	–	0 / 1	–	–
Mr. Joseph PANG Yuk Wing (Retired on 30 June 2013)	2 / 2	–	2 / 2	–	1 / 1	–
Professor SHYY Wei	3 / 6	6 / 9	–	–	–	–
Mr. Richard SUN Po Yuen	4 / 6	–	6 / 6	–	3 / 3	1 / 1
Professor Paul TAM Kwong Hang	4 / 6	–	–	4 / 4	–	–
Mr. Billy WONG Wing Hoo	5 / 6	–	1 / 6	4 / 4	–	0 / 1
Ms. Winnie YEUNG Cheung Wah (Retired from FAC on 12 August 2013)	3 / 6	–	1 / 2	–	–	–
Professor Kenneth YOUNG	6 / 6	7 / 9	5 / 6	–	–	–
Professor Albert YU Cheung Hoi	3 / 6	7 / 9	–	3 / 4	–	–

BDAC	–	Business Development and Admission Committee
FAC	–	Finance and Administration Committee
PFC	–	Projects and Facilities Committee
AC	–	Audit Committee
SSAC	–	Senior Staff Administration Committee

MANAGEMENT AND STAFF

Under the leadership of the CEO, Management and staff are responsible for managing the Corporation's day-to-day operations and implementing strategies as determined by the Board of Directors. They must comply with the Corporation's *Employee Code of Conduct* and apply prudent commercial principles as required under the Hong Kong Science and Technology Parks Ordinance.

ETHICAL BEHAVIOR AND CULTURE

Guidance on the ethical behaviour of the Corporation has been well defined in the *Employee Code of Conduct*, which is reviewed on a regular basis. The Code of Conduct has been updated in 2013/14 and is pending approval by the Board. It covers issues such as prevention of bribery, conflicts of interest, acceptance of gifts and advantages, handling of confidential information and preservation of secrecy, intellectual property, outside business or employment, financial issues, operational and administrative transactions, and intellectual property. The ICAC is invited to give briefing on the prevention of bribery and conflicts of interest to employees on a regular basis. Staff members are also reminded every six months of the importance of compliance.

INTERNAL CONTROL AND RISK MANAGEMENT

The Corporation aims to maintain a high standard of corporate governance and enhance public transparency and accountability. The system of internal controls has been designed to provide reasonable assurance to the Board regarding the effectiveness and efficiency of operations, the reliability of financial reporting, and compliance with relevant laws and regulations.

Management has put in place a *Governance Improvement Programme* (a “whistle blowing policy”) whereby employees and external parties may raise concerns, in strict confidence, about possible improprieties in matters of financial reporting or other matters. The objective of this arrangement is to ensure independent review of such matters. Information on this programme can be found on the Corporation’s website.

INTERNAL AUDIT

The internal audit function was established in November 2004 as part of the ongoing commitment on the part of the Board and the management to improve the Corporation’s corporate governance. The Internal Audit function reports directly to the Audit Committee. Internal Audit plays an important role in monitoring the Corporation’s internal governance and strives to provide objective assurance to the Board that a sound risk management and internal control system are maintained and operated by the management.

Using risk-based methodology, Internal Audit plans its work schedule in consultation with, but independent of management, and the audit plan is submitted to the Audit Committee for approval.

Independent reviews of financial, business and functional operations and activities are conducted with audit resources focusing on the higher risk areas. Ad hoc reviews have also been conducted on areas of concern identified by the Audit Committee and management. Audit findings and recommendations arising from different assignments are reported to the respective heads of divisions for action, and Internal Audit follows up with the implementation of the agreed actions. Significant issues are brought to the attention of the Audit Committee and the Board.

ANNUAL REVIEW OF INTERNAL CONTROL SYSTEM

With the help of the Internal Audit function, management performs an annual review of the Corporation’s internal control system in accordance with the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework as recommended by the Hong Kong Institute of Certified Public Accountants. The COSO framework comprises five main components: control environment, risk assessment, control activities, information and communication, and monitoring. The review is designed to assess the risks associated with the key processes and the effectiveness of the controls in mitigating those identified risks. Independent verification of the effectiveness of controls is performed by the Internal Audit function.

During the year under review, Management had reviewed the internal control system and concluded that it was effective and adequate. The internal control review report was submitted to the Audit Committee for review and the result was reported to the Board.

EXTERNAL AUDIT

Ernst & Young was appointed as the Corporation’s external auditor to conduct an audit of its financial statements. The external auditor plays an important role in reviewing the truth and fairness of the financial statements as well as enhancing the system of internal controls of the Corporation. The external auditor meets with the Audit Committee at least twice a year to discuss the scope of the audit (prior to commencement of work) and to report findings. In order to be effective, the external auditor has to maintain total independence. The Audit Committee reviews each year a letter from the auditors confirming their independence and objectivity and discusses with the auditors the scope and appropriate fees for any non-audit services requested by the Corporation. The Audit Committee and management are responsible for ensuring that the external auditor is not engaged by the Corporation on any other assignments that may compromise the external auditor’s independence.

The auditor’s remuneration in respect of audit and non-audit services provided to the Corporation was \$429,000 and \$720,000 respectively for the year ended 31 March 2014.



ACCOUNTABILITY

The Board and Finance and Administration Committee review the quarterly financial and operational performance of the Corporation as well as its half-yearly performance in terms of mission, financial and operational targets and organisation development goals set in the *Corporate Performance and Measures Scorecard*. A full-year performance report is submitted to various committees and the Board of Directors for review.

DELEGATION OF AUTHORITY

The authority of the Board and the levels of authority delegated to the Committees and the Management are clearly defined and documented in the *Schedule of Delegated Authorities* (SDA). A comprehensive review of the SDA was conducted in Q3 2013 and the Board in December 2013 agreed to increase the approval authorities of Committees and Management to ensure that they are appropriate to support the future business needs and operations in an efficient and effective manner.

COMPLIANCE

As mentioned earlier, the Corporation is a statutory organisation established under its own Ordinance. Section 7 of the Ordinance provides that the Corporation shall conduct its business according to prudent commercial principles. Taking this into account, the Corporation follows applicable compliance standards applicable to major commercial organisations in Hong Kong.

The Corporation has adopted the principles set out in the Code issued by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules, except those which are set out in this chart.

Code provision		Reason for deviation
A.4.1, A.4.2	Non-executive directors should be appointed for a specific term, subject to re-election. Directors appointed to fill a casual vacancy should be elected by shareholders at the next annual general meeting. Directors should be subject to retirement by rotation at least once every three years.	This provision is not applicable to the Corporation since the Chairman is appointed by the Chief Executive of HKSAR Government and other directors are appointed by the Financial Secretary. A director's term of office is stipulated in Schedule 2 to the HKSTPC Ordinance.
A 5.1 to A 5.5	These code provisions deal with the Nomination Committee	These provisions are not applicable to the Corporation since the Chairman is appointed by the Chief Executive of HKSAR Government and other directors are appointed by the Financial Secretary.
A.6.4	Directors must comply with obligations under the Model Code for Securities Transactions and the Board should establish guidelines for employees dealing in the securities of the company.	This provision is not applicable because all of the Corporation's shares are held by the Financial Secretary Incorporated and are not publicly traded.
B.1.2	The Remuneration Committee should make recommendation to the board on policy and package for all remuneration of directors and senior management.	The Directors do not receive any remuneration. The remuneration package of the Corporation's senior management is recommended by the Senior Staff Administration Committee to the Board.
C.1.2	Management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the issuer's performance, position and prospects in sufficient detail to enable the board as a whole and each director to discharge their duties.	Taking into account the nature of business of the Corporation, management provides financial update to Board of Directors at its bi-monthly meeting.
E.1.1 to E.1.4 E2.1	These code provisions deal with the proceedings for annual general meetings	These provisions are not applicable as the Corporation has only one shareholder and is not required to hold annual general meetings.

TRANSPARENCY

The Corporation reports annually to the Secretary for Commerce and Economic Development the remuneration arrangements for the top three tiers of senior management, including the CEO, Vice Presidents and the General Managers.

For purposes of full transparency, the annual emoluments of the Corporation's five highest paid employees are disclosed under note 9 to the financial statements on page 24 of the Report of the Directors and Financial Statements.

The attendance of Directors at meetings is reported on page 76 of this report.

COMMUNICATION

With a view to maintaining open and transparent communication with our stakeholders, the Corporation continues to reach out to and connect with the community by taking advantage of multiple channels and tools to ensure easy and direct communication. These include the corporate website, a mobile app, a monthly e-newsletter, numerous press briefings and interviews, and participation in a wide range of local and overseas exhibitions and conferences. Annual reports and information on our programmes and offerings are available on our website for public access.



PUBLIC ENGAGEMENT

A series of events were organised to attract young students to explore how science and technology are related to everyday life and to arouse their interests in these subjects. Explore the Fun of Science hosted fun workshops, while Explore the Magic of Science leverage magic shows to demonstrate the wonders of science. During InnoCarnival 2013 organised by the HKSAR Government, over 200,000 visitors were attracted to Science Park, the Corporation showcased the latest developments of the Park and provided a platform for incubatees to promote their R&D innovations. We also received delegates from industry associations, and government bodies to the Park to facilitate their understanding of our work.

PARK COMMUNITY ENGAGEMENT

To uphold our commitment in building an ecosystem for collaboration between the working population within Science Park, a Happy Hour gathering was held every month with live band for the park community to mingle and exchange exciting ideas. The park community membership programme 'SPARK' was launched in February 2014 to engage the community through a range of activities which include sports and recreation, social entertainment, knowledge enhancement, special privileges and community outreach programmes.

DIGITAL MEDIA

With the rapid growth and adoption of digital communication, we have launched the revamped corporate website in June 2013 by enhancing the content architecture, navigation flow and user-friendliness. To ensure web accessibility of the corporate website, it was redesigned to the web accessibility standards of the World Wide Web Consortium (W3C WCAG 2.0 Level AA) with content accessible by persons with visual, physical, hearing, or cognitive impairment.

With the ever-changing and rapid growth of digital communication, we continued to contribute much effort to enrich the content and usability of the corporate website. For example, we launched the business collaboration platform, which offered the opportunities to accelerate the development of innovation ideas, products and commercialization. We also improved the search function of the company directory to enable greater ease for visitors to locate the information of our partner companies.

We also continued to employ social media to sustain our innovative image and to engage different stakeholders. Over the financial year 2013/14, we have launched Facebook game for promoting InnoCarnival, voting for Top 10 "Like" technology applications and various events. Through these social media promotions, our number of Facebook fans doubled over the past 12 months.

HONG KONG INNOVATIONS

To raise market awareness of the Corporation's support to nurture start-ups and facilitate local innovations, a series of mini drama was created for radio broadcast to reach the mass market audience. Each mini drama highlighted a unique invention that was researched and developed within Science Park to reinforce the position that the Park as the hub for technological innovations that will make Hong Kong proud.

CORPORATE CITIZENSHIP

The Corporation is striving towards building and maintaining an accountable, responsible and sustainable organisation. Resources are being allocated for enhancing corporate sustainability and social responsibility.

This is the sixth consecutive year that the Corporation has been recognised as a Caring organisation under the Hong Kong Council of social service Caring Company scheme. The Corporation was commended for its dedication and achievement in the areas of giving, mentoring, caring for employees and caring for the environment.

SPONSORSHIP

During the year of 2013/14, the Corporation provided venue sponsorship to 23 initiatives from non-government organisations which promote innovation and technology. These activities were related to technology, innovation, environmental sustainability, or charity, and attracted over 8,000 participants from the general public, academia, and business associations. For example The Hong Kong Federation of Youth Groups, supported by the Corporation, organised the annual "Hong Kong Student Science Project Competition" at Science Park to foster young people's interests in innovation and technology. While the "Opportunity Conference" organised by The Chinese University of Hong Kong provided students and professionals a valuable opportunity for knowledge transfer.

FESTIVE EVENTS

A series of festive celebration events with themed activities were organised during the Easter holiday, Mother's Day and Father's Day weekends, as well as during the Mid-Autumn and Christmas holidays, which attracted more than 40,000 visitors to come and experience the innovative environment of Science Park. Such activities provided a good educational platform

to facilitate these visitors to check out the various exhibitions like Charles K. Kao Showcase and Science Explorer facilities, and help them better familiarise with the contribution that science and technology brings to the community.

ANNUAL REPORT

The annual report is one of the principal documents to deliver and disclose corporate information and achievements to their stakeholders. We have developed our annual report in an open and transparent way. As a socially responsible corporation, we have reduced 50% of printing copies as compared to the prior year annual report and used soy ink and paper from responsible sources to protect our environment. We have also taken into the consideration the needs of visually impaired community and developed web access version of the report to ensure wider access to the Corporation's information.

STAFF ENRICHMENT

To be sustainable, the Corporation continues to support programmes for skills management and lifelong learning of employees. With the support of the Corporation, employees have achieved skills certification in areas of laboratories testing, safety and qualities management. In addition to professional and management skills training workshops, stress management and staff engagement trainings were also provided to all levels of staff.

Apart from promoting work-life balance among staff through various activities organised and sponsored by its Sports and Recreation Working Group, the Corporation also encourages staff to participate in various community services and charity events, including Clothing Donation organised jointly with St. James' Settlement and various Community Chest events such as Green Day, Skip Lunch Day & Love Teeth Day.

Furthermore, the Corporation offers Internship Programme to provide opportunities for local and overseas university students to gain hands-on work experiences.

SUSTAINABLE DEVELOPMENT

The Corporation's commitment to sustainable development is driven by the Sustainability Working Group, comprising the CEO (as chair), all four Vice Presidents, and senior representatives from key functional departments. The Sustainability Working Group regularly reports progress to, and also receives guidance from, the Task Force for Green Technology.

Supported by an in-house Sustainability Team, the Working Group meets on a quarterly basis to review, approve and monitor the implementation of the Corporation's sustainability roadmap – an eight-year plan from 2013 to 2021 which includes targets in the areas of energy, waste, water, transportation, health & safety, green purchasing, staff satisfaction and community engagement.

Sustainability for the Corporation extends beyond just its own operations, facilities and personnel. We advocate a partnership approach to help extend our reach and introduce best practice across our broader value chain of occupants, customers, suppliers, contractors and service providers.

SAFETY, HEALTH AND ENVIRONMENTAL (SHE) GOVERNANCE

Health, safety and environmental protection are of paramount importance to the Corporation. Our SHE management system adopts a risk assessment approach to help identify and eradicate the potential for health, safety and environmental incidents, and to mitigate their consequences. Day-to-day implementation of the SHE management system is overseen by the Central SHE Working Group.

Simple-to-follow procedures and guidelines are in place both for our employees and also – where relevant – to our occupants, contractors and service providers. We provide general awareness and more specific technical training on a regular basis to ensure that our SHE requirements are well understood.

INTERNATIONAL MANAGEMENT STANDARDS

The Corporation takes a comprehensive, systematic and risk-based approach to its health, safety and environmental aspects, in accordance with ISO and similar internationally recognised standards.

Throughout 2013/14 we maintained our external, 3rd party certification of three related management systems by accredited certification bodies:

- ▶ OHSAS 18001 – occupational health & safety management system
- ▶ ISO 50001 – energy management system
- ▶ ISO 14001 – environmental management system

INFLUENCING OUR VALUE CHAIN

With close to 40,000 employees working at the Science Park, InnoCentre and three Industrial Estates, the potential for collaboration on sustainability is high. The Corporation plays an active role in engaging its key stakeholders in the priority areas of greatest concern.

With respect to our tenants at the Science Park and InnoCentre, for instance, our lease agreements include requirements for annual SHE inspections of all tenants with laboratory facilities and quarterly food hygiene tests for all food and beverage operators. We also maintain a series of SHE handbooks, available in both Chinese and English, that we provide to our tenants, contractors, incubatees and laboratory users.

We have also continued to work closely with our service providers, particularly in property and facility management, to extend the reach of our programmes.

SUSTAINABILITY IN PHASE 3

As in Phases 1 and 2 of Science Park, sustainability has been integrated throughout the planning, design and construction of Phase 3 using a systematic and multi-disciplinary approach. Our fundamental philosophy has been one of holistic design, with a focus on each building's functional needs embracing three core principles:

- ▶ Reduction – by going “back-to-basics”, reducing heat gain to the buildings so as to avoid the over-provision of excessive and unnecessary building services and equipment.
- ▶ Efficiency – ensuring the specification, installation and proper commissioning of best in class technologies and energy recovery systems.
- ▶ Generation – exploiting the potential for the storage and generation of energy, heat and water within the site.

All in all, no less than 39 different kinds of sustainable design and technology innovations have been integrated into Phase 3. The anticipated whole-life savings from these approaches are expected to be significant compared to Hong Kong industry norms; all whilst providing a high quality, state of the art, healthy and productive workplace for our occupants.

MEETING THE CHALLENGES OF THE FUTURE

A wide range of risks needs careful management

Science Park is not just a large infrastructure. It's a community, a workplace, an idea and an experiment - one which thankfully has turned out to be highly successful. To keep this mini-city and its satellite villages running smoothly involves being constantly aware of a wide range of potential risks.

These risks range from ensuring that our corporate long-term goals are met, to keeping an eye on the minutiae of dealing with the needs and aspirations of every one of the thousands of individuals who use the facilities.

The Corporation is delighted to have enjoyed particular success with our improvement programmes, and in the coming year intend to further increase our focus on sustainability.

THREE KEY ELEMENTS

As well as the high profile Science Park, the Corporation also manages InnoCentre in Kowloon Tong and a set of Industrial Estates at three locations in Hong Kong: Tai Po, Tseung Kwan O and Yuen Long.

While Hong Kong Science Park is a centre for research and development, InnoCentre is a hub for design technology and the Industrial Estates provide high quality facilities for manufacturing and services industries.

Each has its own focus, but feed into the activities of the other two, triggering the benefits of synergy, and enabling the entire system to be worth more than the sum of its parts.

STAYING ON TOP OF CHALLENGES

Our risk management framework falls into two natural divisions: an overall general strategy and policy, and a set of detailed rules and procedures (supported by monitoring and reporting mechanisms) which ensure the best possible responses.

Once a year, we have an internal control review. This evaluates our major operations and processes based on the five main components of the COSO (Committee of Sponsoring Organizations) framework: control environment, risk assessment, control activities, information and communication, and monitoring.

For this process, all divisions assess the risks associated with their key processes, and review the effectiveness of the controls in place to mitigate them. An independent verification of the controls' effectiveness is conducted and presented to the Audit Committee and the Board.

ENTERPRISE RISK MANAGEMENT

In the annual review for 2013/14, key enterprise risks were identified and controls put in place. At the top were strategic and operational risks. Then there were other challenges focussed on specific areas, such as safety risks, financial risks, IT security risks, and so on. All are reviewed below.

STRATEGIC AND OPERATIONAL RISKS

At the top level, the Corporation's main challenge is always the same: to make sure we fulfil our vision and mission, which is to transform innovation and technological advancement into value creation that benefits Hong Kong, Mainland China, and the world.

In particular, our aim is to make a significant contribution to the process of turning Hong Kong into a world-class hub for targeted technologies. At a practical level, we fulfill this goal by providing facilities, services and a dynamic environment to enable companies to nurture ideas, create innovations, develop new products and services, and succeed in business.

THE NUMBERS

Today, over 440 technology companies are based at Science Park. This futuristic microcosm has close to 10,500 working population, including scientists, engineers and technicians. With current facilities close to full capacity, we need to grow physically.

To that end, the Phase 3 development will accommodate about 150 more companies, creating a further 4,000 jobs related to R&D.

WHAT ARE OUR OPERATIONAL RISKS?

Several very real challenges were identified.

- ▶ What if the current technology clusters are not supportive of the Hong Kong long term economic development?
- ▶ What if we fail to retain and attract quality R&D tenant companies? Or run out of space for them?
- ▶ What if we are unable to achieve financial self-sustainability with the current business model?

HOW WE DEAL WITH THEM

To ensure our supply of quality R&D tenant companies, and ensure we don't run out of space, we:

- ▶ REVIEW the development direction of Science Park and Industrial Estates to ensure they are aligned with the Hong Kong's economic strategy.
- ▶ DRIVE a cluster management structure to focus on building the soft infrastructure needed to support cluster-building strategies.
- ▶ OBTAIN regular updates on industry development through close relationships with existing tenant companies and industry groups.
- ▶ CONDUCT regular marketing activities globally, regionally and in Mainland China to attract quality companies.
- ▶ LIAISE with the government for additional land on which we can expand.

To ensure that we don't miss our goal of achieving financial self-sustainability, we:

- ▶ UNDERTAKE the annual rental review exercise and align the headline rate with market conditions.
- ▶ CONTINUE to expand the operating model of the Technology Support Centre through partnerships with universities and industry.
- ▶ SEEK technology development funds for new infrastructure establishment.

To ensure that infrastructure projects don't fail to meet expectations, we:

- ▶ ENGAGE potential tenant companies and stakeholders in the design process to ensure the infrastructure meets future user requirements.
- ▶ STEER infrastructure project design development robustly through Task Forces of industry experts.

ENVIRONMENTAL, SAFETY AND HEALTH RISKS

Safety remains a priority. To ensure that we best handle environment, health and safety risks in relation to the welfare of our occupants and visitors, we:

- ▶ EXAMINE lab-related safety practices and ensure all recommended improvements are followed up on and implemented in a timely manner.
- ▶ MEASURE the effectiveness of our SHE procedures and practices through regular inspections and audits and monitoring of incidents so that we can determine the root cause and minimise reoccurrences.
- ▶ UNDERTAKE measures to make sure that long-term considerations in this area are covered.
- ▶ PURSUE international standard certifications to identify and manage safety, health and environment risks systematically.
- ▶ INITIATE knowledge exchange with our tenant companies on their own operations, particularly related to their laboratories.

FINANCIAL RISK

As with any large organisation, the Corporation faces exposure to interest rate risks, credit risks and liquidity risks. These are managed by adherence to the Corporation's financial management policies and practices.

INFORMATION TECHNOLOGY RISK

To ensure safety of critical and confidential information, and avoid network security breaches, we:

- ▶ IMPLEMENT security measures and data loss prevention solutions for critical information and remind users of safe computing practices.
- ▶ CONTINUE to review and improve IT infrastructure and network in view of ever-changing threats.
- ▶ APPOINT professional security consultants to assess network vulnerability and enhance information security protection.
- ▶ EMPLOY solutions and procedures to improve security surrounding the use of mobile devices and to closely monitor removable storage protection oriented organisations.

HUMAN RESOURCES RISKS

To ensure that we do not fail to recruit and retain competent and quality staff, we:

- ▶ IMPLEMENT a focused employee development programme as part of our human resources plan.
- ▶ CONTINUE to maintain the employers' branding to attract quality staff.

REPUTATION RISKS

To ensure that the Corporation's image is not tarnished by negative publicity, we:

- ▶ CONTINUE to maintain a close relationship with the press and the media, and regularly share success stories of R&D development.
- ▶ COMMUNICATE honestly and effectively with the public when handling negative publicity.
- ▶ PREPARE key managers on how to respond in the event of a crisis situation through workshops and the production of a crisis communication manual.

RISK MANAGEMENT AT OTHER OPERATIONS

As mentioned above, the Corporation manages Science Park, InnoCentre in Kowloon Tong and a set of Industrial Estates at three locations in Hong Kong: Tai Po, Tseung Kwan O and Yuen Long. All three have also benefited from our activities in risk management analysis.

THE DESIGN HUB

For InnoCentre, the main challenge is to continue to grow its reputation as a design hub, and to further increase its contribution to the Corporation's activities as a whole. To achieve this, we:

- ▶ RECRUIT a steady stream of top level design-oriented organisations as partner companies.
- ▶ BOLSTER the potential synergy between InnoCentre, Science Park and the Industrial Estates.

THE MANUFACTURING HUB

For the Industrial Estates, the challenge is to maintain their position as major Asian hubs for data centres, advanced manufacturing, as well as typical urban processes, such as food processing, laundry and newspaper printing. The Industrial Estates are tasked to attract high value clean tech industries, environment services, and more, to enhance the ecosystem. It is also vital to ensure that supply of space stays in line with demand. To ensure this, we:

- ▶ MAINTAIN the wide range of activities in the premises and excellent partner relationships.
- ▶ SEEK government support in land supply to maximise the benefits for the estates.

HIGHER GOAL FOR THE COMMUNITY

To all of us at HKSTPC, sustainability is much more than a popular buzzword. We see it as a key process in which our vision is balanced with our stakeholders' interests within a holistic management framework.

In the coming year, we want to make sure that sustainability becomes even more integral to the workings of the Corporation.

To this end, we are preparing our first sustainability report. This will benchmark our performance against the best practices. Furthermore, we are working towards formulating our own detailed corporate sustainability roadmap.

WAY FORWARD

As our operations have been growing, the risk management framework is being reviewed from time to time and the control measures are being strengthened to ensure their effectiveness and robustness which is vital to fulfilling the objectives of the Corporation.



SUSTAINABILITY IS IN OUR DNA

At HKSTPC, sustainability is at the root of everything we do and produce. It is in the very DNA of the Corporation and provides a guiding light to help us in our day-to-day activities as we continue to develop Science Park's facilities for its ever-growing population of partner companies and supporting services.

The ultimate goal is for Science Park to become a "living laboratory" which showcases environmentally sustainable and socially responsible best practices for the benefit of Hong Kong's community at large.

In July 2013, we established our Sustainability Working Group, chaired by our CEO, to define our agenda, monitor our progress and engage partners and stakeholders. The first step was to introduce our Sustainability Policy which defines priorities and provides a more coherent and systematic management framework:

HKSTPC'S SUSTAINABILITY POLICY

Hong Kong Science and Technology Parks Corporation aspires to advance innovation and technological development in the most sustainable manner. To this end, we are committed to:

- ▶ Achieving the highest standards of corporate governance
- ▶ Being recognised as a socially responsible employer of choice
- ▶ Becoming a role model for safety and health in the workplace
- ▶ Embracing best practice in environmental stewardship
- ▶ Engaging our stakeholders and reporting on our sustainability progress



Reduce
Office
paper
27%



Dedicate
200 m²
of space for organic
gardening



ENVIRONMENTAL STEWARDSHIP

HKSTPC achieved independent 3rd party certification of its ISO14001 Environmental Management System in early 2013 and its ISO50001 Energy Management System in September 2011. These certifications help us prioritise our most significant aspects for focused development, identify areas for improvement and monitor our progress, with accomplishments such as:

- ▶ Progressive introduction of energy conservation measures such as variable speed drives, destination control for lift system, improved zoning lighting controls.
- ▶ Installation of water conservation devices in common washrooms, including dual flush toilets, infrared sensors and aerator taps.
- ▶ Dedicate 200m² of space for organic gardening in Phase 3 for the use of our tenants and partners.
- ▶ Pilot food waste composting trials with our RFB service providers to reduce waste sent to landfill and create organic soil supplements for landscaping.
- ▶ Trial installation of solar-powered air-conditioning in our Science Park – InnoCentre shuttle bus.
- ▶ Significant reduction in paper consumption through smart office practices and replacement of washroom towels with energy efficient hand dryers.
- ▶ Incorporation of 39 green building design and construction practices into Phase 3; several of them are not commonly employed in Hong Kong.

WORKPLACE HEALTH & SAFETY

HKSTPC achieved independent 3rd party certification of OHSAS 18001 Occupational Health & Safety Management System in January 2010.

Our procedures and practices are implemented around the clock and reviewed continuously to identify areas to further reduce risks. Highlights include:

- ▶ More than a dozen training and awareness seminars were held for our staff and partners, covering issues such as “Handling Occupational Stress”, “Sports Safety” and “5S Best Practice” (76% of our staff attended 3 or more sessions).
- ▶ Regular H&S inspections of our laboratories, and annual visits to our tenant’s laboratories (more than 70 in number) so to identify and help minimise EHS risks.



- ▶ Over a dozen large-scale emergency response drills at Science Park, InnoCentre and our three Industrial Estates (for fire, gas leakage, and chemical spillage, etc), with close liaison with Government's Fire Services Department and our key tenants.
- ▶ Ongoing liaison with our tenants and service providers to ensure the highest safety standards in terms of food hygiene, dangerous goods management and chemical waste.
- ▶ Initiation of a H&S community and further sharing of best practice H&S with our tenants, partners and service providers via HKSTPC Health & Safety Guidelines.
- ▶ Close tracking of even the smallest H&S related incidents so that we can determine the root cause of each one and identify how future incidents can be minimised.



STAFF AND COMMUNITY ENGAGEMENT

In recognition of the United Nation's World Environment Day, Green Week 2013 events at Science Park included visits by Polar Explorer Dr. Rebecca Lee, local singer Mr. Lowell Lo and local environmental activist Dr. Simon Chau who came along to share their green lifestyle experiences.

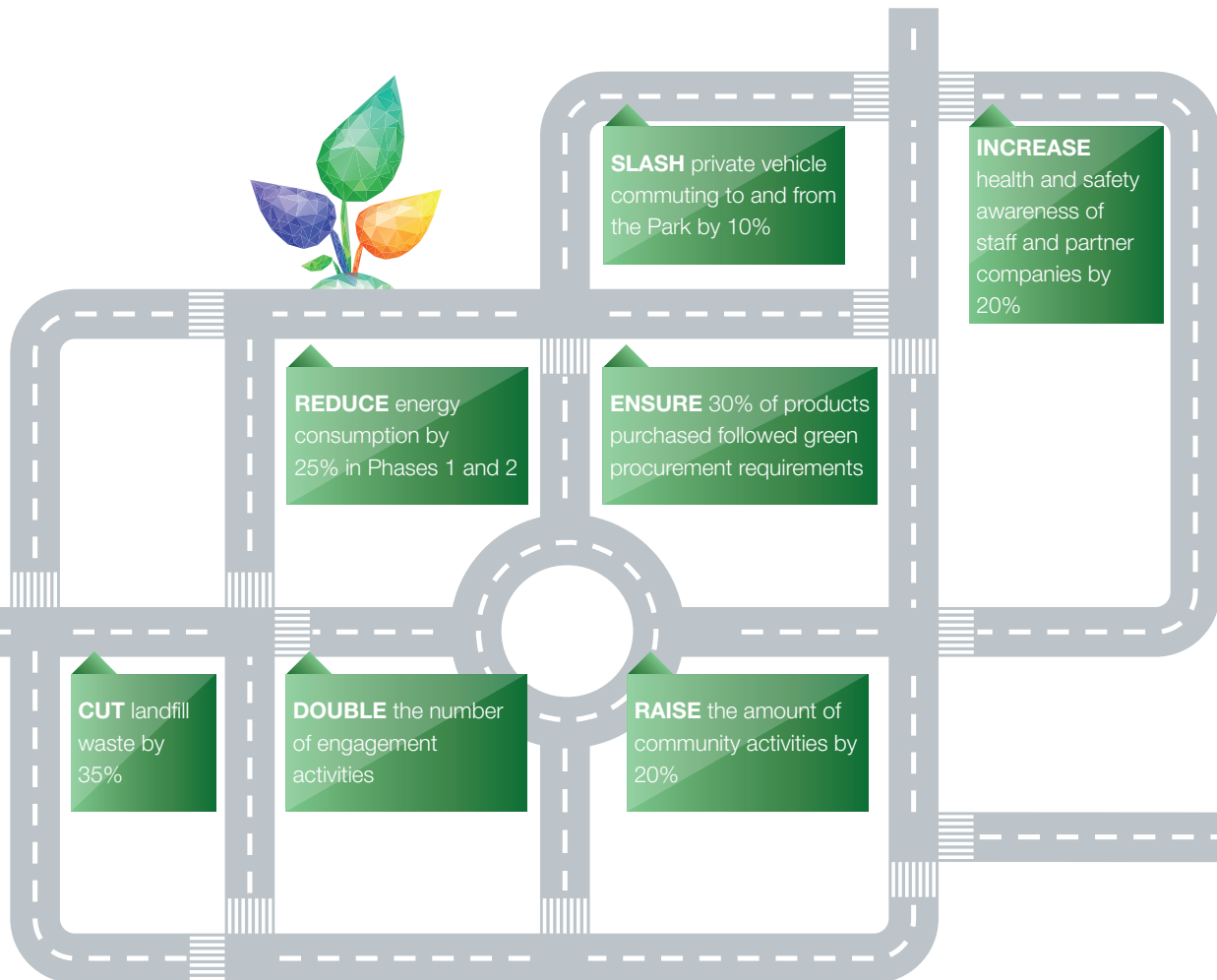
We also organised a staff tour to the Mai Po Nature Reserve, an internationally-recognised wetland which is also one of the most significant wetlands in South China.



DRIVING WITH A MAP

Most importantly, we have drawn up a sustainability policy, commissioned a sustainability team, and are creating a detailed road map that will lead us a long way along the path to becoming a model development for Hong Kong and the region.

These goals will not be generalised points, but will have specific and written targets. By 2021, we will:



FINANCIAL SUMMARY

In HK\$' million	2013/14	2012/13	% ¹
Income	735	796	-7.7%
Operating expenses before interest and depreciation	(447)	(478)	-6.5%
Operating surplus before interest and depreciation (EBID)	288	318	-9.5%
Depreciation (net of deferred income)	(228)	(211)	8.0%
Net interest income	8	27	-68.4%
Surplus for the year	68	134	-49.1%

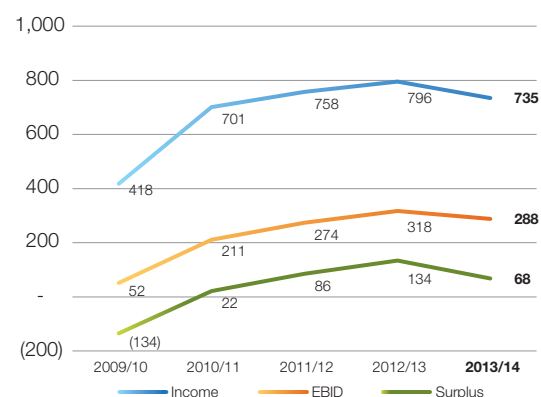
¹ Subject to rounding differences.

OVERVIEW

The financial performance of HKSTPC for 2013/14 fiscal year was satisfactory.

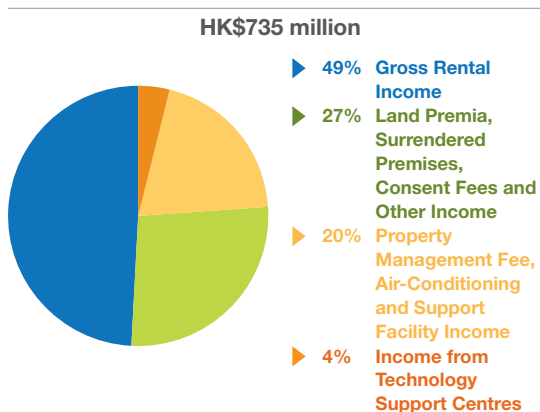
HKSTPC reported an operating surplus before interest and depreciation (EBID) of \$288 million and the surplus for the year of \$68 million, compared to \$318 million and \$134 million, respectively, from the previous fiscal year.

Financial Performance in HK\$ million



INCOME

Income by Source (for the year ended 31 March 2014)



Total income decreased by 7.7% to \$735 million in 2013/14 mainly due to lower income from Industrial Estates which was partly offset by higher gross rental income.

Industrial Estates land premia, re-grant of surrendered premises, consent fee and other income decreased by 33.0% to \$194 million. With the nearly full occupancy of the Industrial Estates, the land premia and re-grant of surrendered premises income will decrease in the coming years.

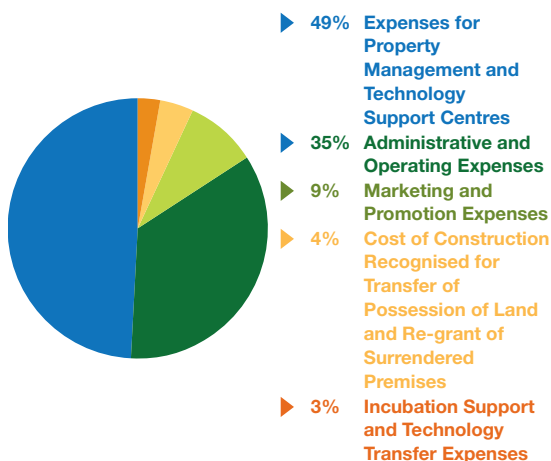
Gross rental income grew by 10.2% to \$362 million mainly attributed to the improved occupancy rate at Science Park and annual rental rates review which took place during the year. Property management fee, air-conditioning and support facility income also rose by 4.0% to \$145 million.

HKSTPC's technology support centres develop and provide research and development support services to assist technology companies and industries. Income from technology support centres amounted to \$29 million, comparing to \$36 million last year.

OPERATING EXPENSES

Operating Expenses by Category (for the year ended 31 March 2014)

HK\$447 million



HKSTPC conducts its business according to prudent commercial principles. It continues to maintain a stringent control on its operating expenses while extending its support to technology companies and industries. Operating expenses decreased by 6.5% to \$447 million in 2013/14 mainly due to lower cost of Industrial Estates transactions which was offset by increased expenses on operation.

Cost of construction recognised for transfer of possession of Industrial Estates land and re-grant of surrendered premises decreased by 74.3% to \$20 million. The decrease was attributed to lower sales of land and surrendered premises during the year.

Expenses for property management and technology support centres slightly increased by 1.7% to \$219 million.

Administrative and operating expenses (including staff costs) rose by 19.3% to \$156 million. The increment was mainly due to professional fees incurred for the review studies on Science Park and Industrial Estates. Manpower also increased to cope with the expanded operation.

With our stringent cost control, marketing and promotion expenses maintained at \$40 million.

DEPRECIATION

Depreciation (net of deferred income) rose by 8.0% to \$228 million. The increase was mainly due to higher depreciation of equipment and facilitation addition in technology support centres.

FINANCIAL POSITION

Fixed assets amounted to \$8,707 million, which accounted for 88.2% of total assets. HKSTPC incurred capital expenditure of \$1,647 million during 2013/14, mainly related to Science Park Phase 3 development.

Industrial Estates land premia receivable decreased by 66.3% to \$6 million, mainly due to repayment from lessees during the year. The amount was expected to decrease gradually.

Accounts receivable increased to \$20 million, primarily attributed to increased income.

Accrued charges and other payables increased by 31.9% to \$637 million, mainly as a result of higher payables related to Phase 3 capital expenditure.

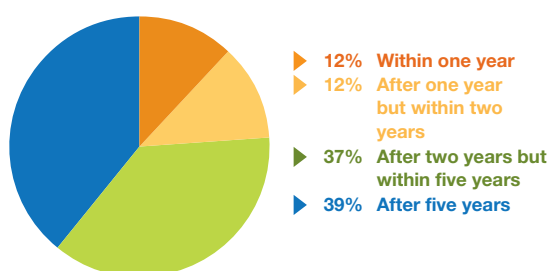
CASH FLOW

Net cash flow from operating activities amounted to \$299 million for the year, mainly attributable to the EBID generated.

FINANCING

Loan Maturity Profile as at 31 March 2014

HK\$779 million



HKSTPC's borrowing was from the Government of the Hong Kong Special Administrative Region. The government loan for Phase 2 development decreased by \$91 million to \$779 million due to repayment during the year.

CASH, BANK BALANCES AND DEPOSITS

As at 31 March 2014, cash, bank balances and deposits amounted to \$979 million, compared to \$2,242 million from the previous fiscal year. The decrease was attributed to the progress payment for the Phase 3 capital expenditure.

FINANCIAL RISK MANAGEMENT

HKSTPC runs its operations with transactions denominated in Hong Kong dollars. It has minimal currency exposure because income, operating expenses and capital expenditure are largely denominated in Hong Kong dollars.

OUTLOOK

The completion of Phase 3 of Science Park by stages from early 2014 to 2016 is expected to increase the rental income and depreciation expenses for HKSTPC from 2014/2015 onwards. To finance the Phase 3 development, HKSTPC is planning to issue Notes under a Medium Term Notes Programme, followed by drawdown of government loan. Higher borrowings in the foreseeable future may increase relevant financing costs. As a result, financial performance of HKSTPC could be affected in short to medium term. However, the situation will improve following the full occupancy of Phase 3 of Science Park.

HKSTPC is reviewing the effectiveness and long-term development direction of the Science Park and Industrial Estates.

With its financial discipline and continued development of technology clusters, HKSTPC will continue to bring value to the technology industries and fulfill its mission to develop Hong Kong as a leading hub for targeted technologies.

Social Sustainability

Five-year Financial and Operational Summary

(In HK\$' million)	2013/14	2012/13	2011/12	2010/11	2009/10
Comprehensive Income					
Income	735	796	758	701	418
Operating expenses before interest and depreciation	(447)	(478)	(484)	(490)	(366)
Operating surplus before interest and depreciation	288	318	274	211	52
Depreciation (net of deferred income)	(228)	(211)	(212)	(189)	(188)
Net interest income	8	27	24	-	2
Surplus/(Deficit) for the year	68	134	86	22	(134)
Financial Position					
Non-current assets	8,803	7,492	6,807	6,696	6,779
Current assets	1,069	2,305	2,075	2,134	742
Current liabilities	(937)	(769)	(512)	(451)	(532)
Net current assets	132	1,536	1,563	1,683	210
Total assets less current liabilities	8,935	9,028	8,370	8,379	6,989
Non-current liabilities	(2,853)	(3,015)	(2,491)	(2,586)	(2,681)
Net assets	6,082	6,013	5,879	5,793	4,308
Share capital	5,734	5,734	5,734	5,734	4,271
Reserves	348	279	145	59	37
Total equity	6,082	6,013	5,879	5,793	4,308
Key operation statistics as at year end					
Number of tenant companies	384	382	361	319	285
Number of incubatees	142	127	132*	123*	108*
	526	509	493	442	393
Number of Industrial Estate grantees	170	171	168	169	157
Occupancy rates:					
Science Park	95.6%	96.0%	94.8%	90.4%	86.5%
InnoCentre	96.6%	94.3%	96.1%	94.5%	86.5%
Industrial Estates	96.4%	97.7%	95.1%	95.9%	90.4%

* Including incubatees under design incubation programme



Hong Kong 香港科技園
Science & Technology Parks



Journey of Transformation

2013-2014 Report of the Directors and Financial Statements
Hong Kong Science and Technology Parks Corporation

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7	Statement of Financial Position
8	Statement of Changes in Equity
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Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

The purposes of the Hong Kong Science and Technology Parks Corporation (the "Corporation") are to facilitate the research and development and application of technologies in manufacturing and service industries in Hong Kong; to support the development, transfer and use of new or advanced technologies in Hong Kong; and to establish or develop any premises where activities related to the purposes prescribed above are, or are to be, carried out, and to manage and control the land and other facilities comprised in such premises.

RESULTS

The Corporation's surplus for the year ended 31 March 2014 and the state of affairs of the Corporation at that date are set out in the financial statements on pages 6 to 36.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment, and investment properties of the Corporation during the year are set out in notes 11 and 14 to the financial statements, respectively.

SCIENCE PARK UNDER CONSTRUCTION

Details of movements in the Science Park under construction of the Corporation during the year are set out in note 12 to the financial statements.

INDUSTRIAL ESTATES

Details of movements in the industrial estates of the Corporation during the year are set out in note 13 to the financial statements.

DIRECTORS

In accordance with section 1(1)(a) of Schedule 2 to the Hong Kong Science and Technology Parks Corporation Ordinance (the "Ordinance"), the following director, who was appointed as the Chairman with effect from 1 July 2007 to 30 June 2009, was re-appointed with effect from 1 July 2009 to 30 June 2011 and from 1 July 2011 to 30 June 2013 and further re-appointed with effect from 1 July 2013 to 30 June 2014.

Mr. Charles Nicholas BROOKE, SBS, JP – Chairman

In accordance with section 1(3)(b) of Schedule 2 to the Ordinance, the following director, who was appointed with effect from 1 July 2007 to 30 June 2009, was re-appointed with effect from 1 July 2009 to 30 June 2011 and further re-appointed with effect from 1 July 2011 to 30 June 2013. He retired on 30 June 2013.

Mr. Joseph PANG Yuk Wing, BBS, JP

In accordance with section 1(3)(b) of Schedule 2 to the Ordinance, the following directors, who were appointed with effect from 1 July 2008 to 30 June 2010, were re-appointed with effect from 1 July 2010 to 30 June 2012 and further re-appointed with effect from 1 July 2012 to 30 June 2014.

Professor John CHAI Yat Chiu

Dr. Eliza CHAN Ching Har, BBS, JP

Mr. Tony CHOI Siu Chow

DIRECTORS (continued)

In accordance with section 1(3)(b) of Schedule 2 to the Ordinance, the following director, who was appointed with effect from 1 July 2009 to 30 June 2011, was re-appointed with effect from 1 July 2011 to 30 June 2013 and further re-appointed with effect from 1 July 2013 to 30 June 2015.

Professor Kenneth YOUNG

In accordance with section 1(3)(b) of Schedule 2 to the Ordinance, the following director, who was appointed with effect from 1 July 2010 to 30 June 2012, was re-appointed with effect from 1 July 2012 to 30 June 2014.

Mr. David FONG Man Hung, BBS, JP

In accordance with section 1(3)(b) of Schedule 2 to the Ordinance, the following directors, who were appointed with effect from 1 July 2011 to 30 June 2013, were re-appointed with effect from 1 July 2013 to 30 June 2015.

Miss Nisa Bernice LEUNG Wing Yu

Professor Paul TAM Kwong Hang

Ms. Winnie YEUNG Cheung Wah

Professor Albert YU Cheung Hoi

In accordance with section 1(1)(b) of Schedule 2 to the Ordinance, the following directors were appointed with effect from 1 July 2012 to 30 June 2014.

Ir Dr. Honourable LO Wai Kwok, BBS, MH, JP

Professor SHYY Wei

Mr. Richard SUN Po Yuen, JP

Mr. Billy WONG Wing Hoo, JP

In accordance with section 1(1)(b) of Schedule 2 to the Ordinance, the following directors were appointed with effect from 1 July 2013 to 30 June 2015.

Mr. Raymond CHENG Siu Hong

The Honourable Mrs. Fanny LAW FAN Chiu Fun, GBS, JP

In accordance with section 1(1)(b) and (2) of Schedule 2 to the Ordinance, the following public officer was appointed by the Financial Secretary of the Government of the Hong Kong Special Administrative Region (the "Government") on an ex-officio basis with effect from 20 January 2003:

Permanent Secretary for Commerce and Economic Development (Communications and Technology) (with Commissioner for Innovation and Technology, Deputy Commissioner for Innovation and Technology or Assistant Commissioner for Innovation and Technology as alternate member)

DIRECTORS' INTERESTS

At no time during the year was the Corporation a party to any arrangement to enable the Corporation's directors to acquire benefits by means of the acquisition of shares in or debentures of the Corporation or any other body corporate.

DIRECTORS' INTERESTS IN CONTRACTS

No director had a material interest, either directly or indirectly, in any contract of significance to the business of the Corporation to which the Corporation or any of its holding companies or fellow subsidiaries was a party during the year.

AUDITORS

The financial statements of the Corporation for the year ended 31 March 2014 have been audited by Ernst and Young. Ernst & Young retire and their re-appointment as auditors of the Corporation is approved by the Board of Directors at its meeting on 19 June 2014.

ON BEHALF OF THE BOARD

Charles Nicholas BROOKE, SBS, JP

Chairman

Hong Kong

19 June 2014

Independent Auditors' Report



Ernst & Young
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To the Board of Directors of Hong Kong Science and Technology Parks Corporation

(Incorporated in Hong Kong under the Hong Kong Science and Technology Parks Corporation Ordinance)

We have audited the financial statements of Hong Kong Science and Technology Parks Corporation (the "Corporation") set out on pages 6 to 36, which comprise the statement of financial position as at 31 March 2014, and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors of the Corporation are responsible for the preparation of financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the Hong Kong Science and Technology Parks Corporation Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the Corporation as at 31 March 2014, and of the Corporation's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Science and Technology Parks Corporation Ordinance.

Certified Public Accountants
Hong Kong
19 June 2014

Statement of Comprehensive Income

Year ended 31 March 2014

	Notes	2014 HK\$	2013 HK\$
INCOME			
Gross rental income	5(a)	362,162,094	328,709,399
Property management fee, air-conditioning and support facility income		145,020,347	139,427,442
Income from technology support centres		29,416,579	36,069,114
Land premia		51,284,250	123,760,800
Premia from re-grant of surrendered premises		–	73,521,325
Consent fee and other income		143,006,231	92,572,544
Miscellaneous income		3,695,131	1,841,134
Total income before deferred income and interest income		734,584,632	795,901,758
EXPENDITURE			
Expenses for property management and technology support centres	6(a)	(218,719,516)	(214,997,268)
Cost of construction recognised for transfer of possession of land and re-grant of surrendered premises		(20,337,897)	(79,049,902)
Administrative and operating expenses		(155,756,598)	(130,607,479)
Marketing and promotion expenses		(40,317,544)	(39,900,331)
Incubation support and technology transfer expenses		(11,825,563)	(13,444,695)
Operating expenses before interest and depreciation		(446,957,118)	(477,999,675)
OPERATING SURPLUS BEFORE INTEREST AND DEPRECIATION		287,627,514	317,902,083
Depreciation	7	(304,476,439)	(287,169,892)
Deferred income	22	76,478,833	76,028,834
SURPLUS BEFORE INTEREST		59,629,908	106,761,025
Interest income	5(b)	21,271,696	36,105,652
Interest expenses	6(b)	(12,555,077)	(8,521,827)
SURPLUS FOR THE YEAR	7	68,346,527	134,344,850

Statement of Financial Position

31 March 2014

	Notes	2014 HK\$	2013 HK\$
NON-CURRENT ASSETS			
Property, plant and equipment	11	5,807,563,004	6,045,125,328
Science Park under construction	12	2,899,095,185	1,317,070,092
Industrial estates	13	75,924,279	96,262,176
Investment properties	14	20,148,711	22,362,231
Land premia receivables	15	–	11,256,542
Total non-current assets		8,802,731,179	7,492,076,369
CURRENT ASSETS			
Surrendered premises held for re-grant		49,291,260	5,823,923
Land premia receivables	15	6,481,772	7,950,475
Accounts receivable, prepayments, deposits and other receivables	16	34,337,559	48,723,601
Bank deposits with maturities of more than three months	17	160,000,000	1,568,935,832
Cash and cash equivalents	18	819,248,297	673,069,859
Total current assets		1,069,358,888	2,304,503,690
CURRENT LIABILITIES			
Accrued charges and other payables	19	637,061,398	482,914,070
Deposits received in advance	20	206,698,790	195,125,068
Government loan	21	92,761,799	90,418,041
Total current liabilities		936,521,987	768,457,179
NET CURRENT ASSETS		132,836,901	1,536,046,511
TOTAL ASSETS LESS CURRENT LIABILITIES		8,935,568,080	9,028,122,880
NON-CURRENT LIABILITIES			
Deferred income	22	2,166,823,939	2,234,302,772
Government loan	21	686,594,072	780,016,566
Total non-current liabilities		2,853,418,011	3,014,319,338
Net assets		6,082,150,069	6,013,803,542
EQUITY			
Issued capital	23	5,734,397,594	5,734,397,594
Accumulated surplus		347,752,475	279,405,948
Total equity		6,082,150,069	6,013,803,542

Charles Nicholas BROOKE, SBS, JP
Director

Eliza CHAN Ching Har, BBS, JP
Director

Statement of Changes in Equity

Year ended 31 March 2014

	Issued capital HK\$	Accumulated surplus HK\$	Total equity HK\$
At 1 April 2012	5,734,397,594	145,061,098	5,879,458,692
Surplus for the year	–	134,344,850	134,344,850
At 31 March 2013 and 1 April 2013	5,734,397,594	279,405,948	6,013,803,542
Surplus for the year	–	68,346,527	68,346,527
At 31 March 2014	5,734,397,594	347,752,475	6,082,150,069

Statement of Cash Flows

Year ended 31 March 2014

	Notes	2014 HK\$	2013 HK\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		68,346,527	134,344,850
Adjustments for:			
Depreciation	7	304,476,439	287,169,892
Deferred income recognised	22	(76,478,833)	(76,028,834)
Interest expenses	6(b)	12,555,077	8,521,827
Interest income	5(b)	(21,271,696)	(36,105,652)
Loss/(gain) on disposal of items of property, plant and equipment	7	(1,536,373)	393,865
		286,091,141	318,295,948
Decrease in industrial estates		20,337,897	47,813,018
Decrease/(increase) in surrendered premises held for re-grant		(43,467,337)	25,393,415
Decrease in land premia receivables		12,293,277	1,601,359
Increase in accounts receivable, prepayments, deposits and other receivables		(2,323,323)	(8,399,960)
Increase in accrued charges and other payables		14,028,674	17,583,570
Increase/(decrease) in deposits received in advance		11,573,722	(14,534,514)
Interest received from land premia receivables		431,968	942,431
Net cash flows from operating activities		298,966,019	388,695,267
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(55,715,712)	(53,374,811)
Construction cost paid in respect of Science Park under construction		(1,441,906,378)	(789,312,521)
Decrease in bank deposits with maturities of more than three months when acquired		1,408,935,832	100,305,920
Interest received from bank deposits		37,981,000	38,334,664
Proceeds from disposal of items of property, plant and equipment		1,551,490	1,300
Net cash flows used in investing activities		(49,153,768)	(704,045,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government loan drawn down		–	767,689,000
Repayment of government loan		(91,078,736)	(96,467,290)
Interest paid		(12,555,077)	(8,521,827)
Net cash flows from/(used in) financing activities		(103,633,813)	662,699,883

Statement of Cash Flows (continued)

Year ended 31 March 2014

	Notes	2014 HK\$	2013 HK\$
NET INCREASE IN CASH AND CASH EQUIVALENTS		146,178,438	347,349,702
Cash and cash equivalents at beginning of year		673,069,859	325,720,157
CASH AND CASH EQUIVALENTS AT END OF YEAR		819,248,297	673,069,859
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	67,107,585	51,163,900
Bank deposits with maturities of less than three months when acquired	18	752,140,712	621,905,959
Cash and cash equivalents as stated in the statement of financial position		819,248,297	673,069,859

1. CORPORATE INFORMATION

The Hong Kong Science and Technology Parks Corporation (the "Corporation") was incorporated under the Hong Kong Science and Technology Parks Corporation Ordinance (the "Ordinance"). The Corporation was incorporated on 7 May 2001 by vesting of all rights, obligations, assets and liabilities of Provisional Hong Kong Science Park Company Limited, Hong Kong Industrial Estates Corporation and Hong Kong Industrial Technology Centre Corporation. The address of the principal place of business of the Corporation is 8/F, Bio-Informatics Centre, No. 2 Science Park West Avenue, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

The purposes of the Corporation are to facilitate the research and development and application of technologies in manufacturing and service industries in Hong Kong; to support the development, transfer and use of new or advanced technologies in Hong Kong; and to establish or develop any premises where activities related to the purposes prescribed above are, or are to be, carried out, and to manage and control the land and other facilities comprised in such premises.

The entire issued capital of the Corporation was registered under The Financial Secretary Incorporated, a corporation solely established under the Financial Secretary Incorporation Ordinance (Chapter 1015 of the Laws of Hong Kong) which is wholly owned by the Government of the Hong Kong Special Administrative Region (the "Government").

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the Hong Kong Science and Technology Parks Corporation Ordinance. They have been prepared under the historical cost convention and are presented in Hong Kong dollars ("HK\$"), which is also the Corporation's functional currency.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Corporation has adopted the following new and revised HKFRSs for the first time for the current year's financial statements.

HKFRS 1 Amendments	Amendments to HKFRS 1 <i>First-time Adoption of Hong Kong Financial Reporting Standards – Government Loans</i>
HKFRS 7 Amendments	Amendments to HKFRS 7 <i>Financial Instruments: Disclosures – Offsetting Financial Assets and Financial liabilities</i>
HKFRS 10	<i>Consolidated Financial Statements</i>
HKFRS 11	<i>Joint Arrangements</i>
HKFRS 12	<i>Disclosure of Interests in Other Entities</i>
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – <i>Transition Guidance</i>
HKFRS 13	<i>Fair Value Measurement</i>
HKAS 1 Amendments	Amendments to HKAS 1 <i>Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income</i>
HKAS 19 (2011)	<i>Employee Benefits</i>
HKAS 27 (2011)	<i>Separate Financial Statements</i>
HKAS 28 (2011)	<i>Investments in Associates and Joint Ventures</i>
HKAS 36 Amendments	Amendments to HKAS 36 <i>Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets</i> (early adopted)
HK(IFRIC)-Int 20	<i>Stripping Costs in the Production Phase of a Surface Mine</i>
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012

The adoption of these new and revised HKFRSs has had no significant financial effect on these financial statements and there have been no significant changes to the accounting policies applied in these financial statements.

31 March 2014

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

The Corporation has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	<i>Financial Instruments</i> ³
HKFRS 9, HKFRS 7 and HKAS 39 Amendments	<i>Hedge Accounting and amendments to HKFRS 9, HKFRS 7 and HKAS 39</i> ³
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – <i>Investment Entities</i> ¹
HKAS 19 Amendments	Amendments to HKAS 19 <i>Employee Benefits – Defined Benefits Plans: Employee Contributions</i> ²
HKAS 32 Amendments	Amendments to HKAS 32 <i>Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities</i> ¹
HKAS 39 Amendments	Amendments to HKAS 39 <i>Financial Instruments: Recognition and Measurement – Novation of Derivations and Continuation of Hedge Accounting</i> ¹
HK(IFRIC)-Int 21	<i>Levies</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2014

² Effective for annual periods beginning on or after 1 July 2014

³ No mandatory effective date yet determined but is available for adoption

The Corporation is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Corporation considers that these new and revised HKFRSs are unlikely to have a significant impact on the Corporation's results of operations and financial position.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of comprehensive income in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Corporation recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Science Park	Over the unexpired terms of the leases or 6.67%*
InnoCentre	Over the unexpired terms of the leases
Estate centre building	Over the unexpired terms of the leases
Laboratories equipment and facilities	8.33% to 33 $\frac{1}{3}$ %
Leasehold improvements	Over the shorter of lease term or 8.33% to 33 $\frac{1}{3}$ %
Furniture, fittings and equipment	5% to 33 $\frac{1}{3}$ %
Motor vehicles	25%

* Depreciation rate of 6.67% is applied to certain significant electrical and mechanical equipment inside the Science Park and the remaining premises and others are depreciated over the unexpired terms of the leases.

31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Science Park

The Science Park is developed for the purpose of leasing for rental and providing infrastructure to tenants for innovation and technology development. The Science Park is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses.

InnoCentre

The InnoCentre is developed for the purpose of supporting design development by providing design infrastructure and facilities and leasing office space for tenants engaged in design and display activities. The property is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses.

Estate centre building

The Estate centre building is used for administrative purposes. The property is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses.

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of comprehensive income in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Science Park under construction

Science Park under construction is being constructed for the purpose of leasing for rental and providing infrastructure to tenants for innovation and technology development. Science Park under construction is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated impairment losses.

No depreciation is provided in respect of Science Park under construction until it is completed and is ready for its intended use. On completion, the amounts are reclassified to appropriate categories of assets within property, plant and equipment.

Construction in progress represents buildings, machinery and equipment and moulds under construction, which are stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct and indirect costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

31 March 2014

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Industrial estates

Industrial estates are shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated impairment losses. Included in the cost of each estate is the cost of land and certain construction costs related to the estate centre. The construction cost of the estate centre building has been excluded from the cost of the estate and is shown separately as above described.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. Depreciation is charged so as to write off the cost of investment properties using the straight-line method at 5% per annum.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of comprehensive income in the year of the retirement or disposal.

Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Corporation, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to the statement of comprehensive income so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Corporation is the lessor, assets leased by the Corporation under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the statement of comprehensive income on the straight-line basis over the lease terms. Where the Corporation is the lessee, rentals payable under operating leases net of any incentives received from the lessor are charged to the statement of comprehensive income on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than financial assets, investment properties and non-current assets, the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of comprehensive income in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of comprehensive income in the period in which it arises (only if there are revalued assets in the financial statements), unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Corporation commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest income in the statement of comprehensive income. The loss arising from impairment is recognised in the statement of comprehensive income.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Corporation's statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Corporation has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Corporation has transferred substantially all the risks and rewards of the asset, or (b) the Corporation has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Corporation has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Corporation continues to recognise the transferred asset to the extent of the Corporation's continuing involvement. In that case, the Corporation also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Corporation has retained.

Impairment of financial assets

The Corporation assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Corporation first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Corporation determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account the loss is recognised in the statement of comprehensive income. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Corporation.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of comprehensive income.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Corporation's financial liabilities include accrued charges and other payables, deposits received in advance and government loan.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of comprehensive income when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in interest expenses in the statement of comprehensive income.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Surrendered premises held for re-grant

Surrendered premises held for re-grant are land and factories situated in the industrial estates held for the purpose of re-grant for a premium and accordingly no amortisation has been provided on these assets.

Surrendered premises held for re-grant are stated at the lower of cost and net realisable value.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Corporation's cash management.

For the purpose of the statement of financial position, cash and cash equivalents comprise cash at banks and on hand, including bank deposits, which are not restricted as to use.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in interest expenses in the statement of comprehensive income.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of comprehensive income over the expected useful life of the relevant asset to match with the depreciation of the relevant asset.

Where the Corporation receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to the statement of comprehensive income over the expected useful lives of the relevant assets to match with the depreciation of the relevant assets.

Where the Corporation receives government loans granted with no or at a below-market rate of interest for the construction of a qualifying asset, the initial carrying amount of the government loans is determined using the effective interest rate method, as further explained in the accounting policy for "Financial liabilities" above. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to the statement of comprehensive income over the expected useful life of the relevant asset by equal annual instalments.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Corporation and when the revenue can be measured reliably, on the following bases:

- (a) rental income, on a time proportion basis over the lease terms of the agreements signed between the Corporation and the tenants;
- (b) management fee, air-conditioning and support facility income, when the services are rendered to the tenants;
- (c) income from technology support centres including (i) equipment leasing and service fee income, when the services are rendered to the tenants; and (ii) procurement sales income when the laboratories materials are consumed by the tenants;

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

- (d) land premia from transfer of possession of land and premia from re-grant of surrendered premises, on the date of completion of transfer as stated in the relevant agreements for transfer of possession signed between the Corporation and the grantees;
- (e) consent fee income from grantees of the Corporation in relation to the premises granted to them, when the transfer of title of the premises from the grantees to other parties are completed;
- (f) recognition of deferred income in the statement of comprehensive income arising from assets granted by the Government and a third party, over the unexpired terms of the leases of the related assets and in accordance with the depreciation policies of the related assets; and
- (g) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Retirement scheme

The Corporation operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of comprehensive income as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Corporation in an independently administered fund. The Corporation's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Corporation provides employer's contribution to the mandatory provident fund scheme for all qualifying employees at the following rates:

1-5 years of service	5% of basic salary
6-10 years of service	10% of basic salary
Over 10 years of service	15% of basic salary

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Corporation if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control over the Corporation;
 - (ii) has significant influence over the Corporation; or
 - (iii) is a member of the key management personnel of the Corporation or of a parent of the Corporation;
- or
- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Corporation are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Corporation are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Corporation or an entity related to the Corporation;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Corporation's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

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4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of property, plant and equipment

The Corporation determines whether the property, plant and equipment is impaired at least on an annual basis. This requires an estimation of the value in use. The value in use calculation requires the Corporation to estimate the future cash flows expected to arise from its use. A discount rate of 1.40% (2013: 1.67%) is used to calculate the present value. Where the actual future cash flows are less than expected, material impairment loss may arise. As at 31 March 2014, the carrying amount of the property, plant and equipment is HK\$5,807,563,004 (2013: HK\$6,045,125,328). No impairment loss has been recognised in respect of the property, plant and equipment (2013: Nil) (note 11).

Land premia receivables

Land premia receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised when there is objective evidence that the receivables are not recoverable.

In making the estimates, detailed procedures have been in place to monitor this risk as a significant proportion of the Corporation's working capital is devoted to land premia receivables. In determining whether allowances is required, the Corporation takes into consideration the aging status, likelihood of collection and discounted future cash flows which are determined based on uncertain estimations. The actual result thus may significantly differ from the estimations made and may lead to additional allowances or reversals to be made and charged or credited as expense or income, as appropriate. As at 31 March 2014, the carrying amount of land premia receivables is HK\$6,481,772 (2013: HK\$19,207,017) (note 15).

Impairment of accounts receivable

Accounts receivable represent rental income receivable from tenants. Where there is objective evidence of impairment loss, the Corporation takes into consideration the estimation of future cash flows. The amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). As at 31 March 2014 and 2013, the carrying amounts of accounts receivable are HK\$20,157,276 (net of allowance for doubtful debts of HK\$115,096) and HK\$7,475,571 (net of allowance for doubtful debts of HK\$193,146), respectively (note 16).

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5. GROSS RENTAL INCOME AND INTEREST INCOME

(a) Gross rental income

The amount represents gross rental income in respect of Science Park, InnoCentre and investment properties situated in industrial estates.

(b) Interest income

	2014 HK\$	2013 HK\$
Interest income on		
– bank deposits	20,507,489	34,895,638
– land premia receivables	764,207	1,210,014
	21,271,696	36,105,652

6. EXPENSES FOR PROPERTY MANAGEMENT AND TECHNOLOGY SUPPORT CENTRES AND INTEREST EXPENSES

(a) Expenses for property management and technology support centres

Amount includes expenses for property management of HK\$183,412,566 (2013: HK\$167,762,525) and expenses for technology support centres of HK\$35,306,950 (2013: HK\$47,234,743). Included in expenses for property management were salaries and other benefits of HK\$52,390,752 (2013: HK\$48,342,779) and contribution to the defined contribution retirement scheme of HK\$2,440,919 (2013: HK\$2,141,615) that the management companies paid to its staff and employees.

(b) Interest expenses

	2014 HK\$	2013 HK\$
Interest expenses on government loan	12,555,077	8,521,827

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7. SURPLUS FOR THE YEAR

The Corporation's surplus for the year is arrived at after charging/(crediting):

	Notes	2014 HK\$	2013 HK\$
Depreciation charged for property, plant and equipment	11	302,262,919	284,956,372
Depreciation charged for investment properties	14	2,213,520	2,213,520
Auditors' remuneration		429,000	482,500
Employee benefit expenses (excluding staff cost of property management, as set out in note 6(a)):			
– Wages and salaries		128,722,831	118,425,328
– Retirement scheme contribution		8,172,665	7,566,662
Reversal of provision for impairment of accounts receivable, net	16	(78,050)	–
Loss/(gain) on disposal of items of property, plant and equipment		(1,536,373)	393,865

8. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Corporation during the year (2013: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five non-director and highest paid employees for the year are as follows:

	2014 HK\$	2013 HK\$
Salaries and other benefits	10,717,060	11,175,112
Performance related incentive payments	2,105,113	2,888,630
Retirement benefit scheme contributions	69,250	72,500
	12,891,423	14,136,242

The number of non-director and highest paid employees whose remuneration is within the following bands is as follows:

	2014	2013
HK\$1,500,001 to HK\$2,000,000	–	–
HK\$2,000,001 to HK\$2,500,000	2	2
HK\$2,500,001 to HK\$3,000,000	2	1
HK\$3,000,001 to HK\$3,500,000	1	1
HK\$3,500,001 to HK\$4,000,000	–	–
HK\$4,000,001 to HK\$4,500,000	–	1
	5	5

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10. TAXATION

No provision for Hong Kong profits tax has been made as the Corporation is exempt from Hong Kong taxation in accordance with section 25 of the Ordinance.

11. PROPERTY, PLANT AND EQUIPMENT

31 March 2014	Properties		Estate centre building*	Laboratories equipment and facilities	Leasehold improvements	Furniture, fittings and equipment	Motor vehicles	Total
	Science Park*	InnoCentre*						
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 31 March 2013 and 1 April 2013								
Cost	6,749,374,454	204,970,122	938,009	451,435,704	430,433,910	91,258,676	1,547,920	7,929,958,795
Accumulated depreciation and impairment	(1,192,530,774)	(55,524,774)	(302,528)	(321,016,797)	(239,817,384)	(74,167,090)	(1,474,120)	(1,884,833,467)
Net carrying amount	5,556,843,680	149,445,348	635,481	130,418,907	190,616,526	17,091,586	73,800	6,045,125,328
At 1 April 2013, net of accumulated depreciation and impairment	5,556,843,680	149,445,348	635,481	130,418,907	190,616,526	17,091,586	73,800	6,045,125,328
Additions	-	-	-	28,189,902	17,930,851	17,225,967	1,368,992	64,715,712
Disposals	-	-	-	(12,207)	(2,910)	-	-	(15,117)
Depreciation provided during the year	(174,470,626)	(4,670,167)	(25,419)	(68,392,817)	(42,897,229)	(11,703,960)	(102,701)	(302,262,919)
At 31 March 2014, net of accumulated depreciation and impairment	5,382,373,054	144,775,181	610,062	90,203,785	165,647,238	22,613,593	1,340,091	5,807,563,004
At 31 March 2014								
Cost	6,749,374,454	204,970,122	938,009	460,447,553	447,757,509	106,660,119	2,776,905	7,972,924,671
Accumulated depreciation and impairment	(1,367,001,400)	(60,194,941)	(327,947)	(370,243,768)	(282,110,271)	(84,046,526)	(1,436,814)	(2,165,361,667)
Net carrying amount	5,382,373,054	144,775,181	610,062	90,203,785	165,647,238	22,613,593	1,340,091	5,807,563,004

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11. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2013	Properties		Estate centre building*	Laboratories equipment and facilities	Leasehold improvements	Furniture, fittings and equipment	Motor vehicles	Total
	Science Park*	InnoCentre*						
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
At 1 April 2012								
Cost	6,749,762,100	204,970,122	938,009	444,313,908	384,825,579	86,923,869	1,474,120	7,873,207,707
Accumulated depreciation and impairment	(1,018,169,982)	(50,854,607)	(277,108)	(275,465,004)	(194,381,779)	(63,627,054)	(1,432,496)	(1,604,208,030)
Net carrying amount	5,731,592,118	154,115,515	660,901	168,848,904	190,443,800	23,296,815	41,624	6,268,999,677
At 1 April 2012, net of accumulated depreciation and impairment	5,731,592,118	154,115,515	660,901	168,848,904	190,443,800	23,296,815	41,624	6,268,999,677
Additions	–	–	–	9,423,657	38,237,742	5,639,612	73,800	53,374,811
Disposals	(251,970)	–	–	–	(126,542)	(16,653)	–	(395,165)
Depreciation provided during the year	(174,496,468)	(4,670,167)	(25,420)	(47,957,386)	(45,459,563)	(12,305,744)	(41,624)	(284,956,372)
Transfer from Science Park under construction	–	–	–	103,732	7,521,089	477,556	–	8,102,377
At 31 March 2013, net of accumulated depreciation and impairment	5,556,843,680	149,445,348	635,481	130,418,907	190,616,526	17,091,586	73,800	6,045,125,328
At 31 March 2013								
Cost	6,749,374,454	204,970,122	938,009	451,435,704	430,433,910	91,258,676	1,547,920	7,929,958,795
Accumulated depreciation and impairment	(1,192,530,774)	(55,524,774)	(302,528)	(321,016,797)	(239,817,384)	(74,167,090)	(1,474,120)	(1,884,833,467)
Net carrying amount	5,556,843,680	149,445,348	635,481	130,418,907	190,616,526	17,091,586	73,800	6,045,125,328

* At 31 March 2014, the Corporation's leasehold properties with aggregate carrying amount of HK\$5,527,758,297 (2013: HK\$5,706,924,509) are situated in Hong Kong under medium term leases.

During the year, management conducted an impairment review of the Corporation's property, plant and equipment and no impairment has been recognised (2013: Nil) based on its value in use. The discount rate used in measuring the value in use was 1.40% (2013: 1.67%).

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12. SCIENCE PARK UNDER CONSTRUCTION

	2014 HK\$	2013 HK\$
Carrying amount at beginning of year	1,317,070,092	353,191,450
Additions	1,582,025,093	971,981,019
Less: Cost of construction recognised and transferred to property, plant and equipment	–	(8,102,377)
Carrying amount at end of year	2,899,095,185	1,317,070,092

Science Park under construction, including Phase 3 development, is being constructed for the purpose of leasing for rental and providing infrastructure to tenants for innovation and technology development.

13. INDUSTRIAL ESTATES

	2014 HK\$	2013 HK\$
Carrying amount at beginning of year	96,262,176	144,075,194
Direct costs incurred during the year	–	3,500
Less: Cost of construction recognised for transfer of possession of land	(20,337,897)	(47,816,518)
Carrying amount at end of year	75,924,279	96,262,176

14. INVESTMENT PROPERTIES

	2014 HK\$	2013 HK\$
Carrying amount at beginning of year	22,362,231	24,575,751
Depreciation for the year	(2,213,520)	(2,213,520)
Carrying amount at end of year	20,148,711	22,362,231

In the opinion of the directors, the fair value of the investment properties situated in industrial estates cannot be reliably measured as there are no active market prices for similar properties.

The Corporation's investment properties are held under medium term leases and are situated in Hong Kong.

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15. LAND PREMIA RECEIVABLES

Land premia receivables are repayable as follows:

	Minimum payments 2014 HK\$	Minimum payments 2013 HK\$	Present value of minimum payments 2014 HK\$	Present value of minimum payments 2013 HK\$
Within one year	6,535,539	8,795,708	6,481,772	7,950,475
In the second to fifth years, inclusive	–	11,157,147	–	9,669,062
After five years	–	1,635,237	–	1,587,480
	6,535,539	21,588,092	6,481,772	19,207,017
Less: Future interest income	(53,767)	(2,381,075)	–	–
	6,481,772	19,207,017	6,481,772	19,207,017
Less: Amounts due within one year included under current assets			(6,481,772)	(7,950,475)
Amounts due after one year			–	11,256,542

Land premia receivables represent the premia from transfer of possession of land and re-grant of premises which are receivable by instalments. The land premia receivables bear interest at the average floating rate of 6.00% (2013: 6.00%) with reference to the prime rates determined by banks in Hong Kong.

Management closely monitors the credit quality of land premia receivables and considers, based on, including but not limited to, historical information and background of the counterparties, that the land premia receivables are neither past due nor impaired to be of a good credit quality. On default of payment, the Corporation may reclaim the premises granted to the grantees and management considers there are no significant credit risks.

16. ACCOUNTS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2014 HK\$	2013 HK\$
Accounts receivable	20,272,372	7,668,717
Impairment	(115,096)	(193,146)
	20,157,276	7,475,571
Prepayments	6,546,959	5,571,690
Deposits and other receivables	7,633,324	35,676,340
	14,180,283	41,248,030
	34,337,559	48,723,601

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16. ACCOUNTS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

The Corporation allows an average credit period of 14 days to its tenants, extending up to 30 days. Before accepting any new tenant, the Corporation will internally assess the credit quality of the potential tenant and define appropriate credit limits. Overdue balances are regularly reviewed by senior management and collections are followed up regularly. The Corporation does not hold any collateral or other credit enhancements over these balances. Accounts receivable are non-interest-bearing.

The movements in provision for impairment of accounts receivable are as follows:

	2014 HK\$	2013 HK\$
At beginning of year	193,146	207,407
Reversal of provision for impairment losses, net (note 7)	(78,050)	–
Amounts written off as uncollectible [#]	–	(14,261)
At end of year	115,096	193,146

[#] Amounts were written off because the balances were due from certain tenants who had financial difficulties and the directors of the Corporation considered that the amounts were uncollectible.

Included in the above provision for impairment of accounts receivable is a provision for individually impaired accounts receivable of HK\$115,096 (2013: HK\$193,146) with carrying amounts before provision of HK\$115,096 (2013: HK\$193,146).

The aged analysis of accounts receivable that are not individually nor collectively considered to be impaired is as follows:

	2014 HK\$	2013 HK\$
Neither past due nor impaired	4,482,562	2,610,427
1-60 days past due	9,718,634	4,499,302
61-90 days past due	3,542,783	273,391
91-120 days past due	51,905	1,641
Over 120 days past due	2,361,392	90,810
	20,157,276	7,475,571

Receivables that were neither past due nor impaired relate to a large number of diversified tenants for whom there was no recent history of default.

Receivables that were past due but not impaired related to a number of independent tenants that have a good track record with the Corporation. Based on past experience, the directors of the Corporation are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

None of the prepayments, deposits and other receivables is either past due or impaired and there was no recent history of default among the tenants.

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17. BANK DEPOSITS WITH MATURITIES OF MORE THAN THREE MONTHS

Bank deposits represent cash placed with banks, with maturities of more than three months, but less than twelve months.

As at 31 March 2014, the bank deposits carried interests at the average of 1.50% (2013: 1.60%) per annum.

18. CASH AND CASH EQUIVALENTS

	2014 HK\$	2013 HK\$
Cash and bank balances	67,107,585	51,163,900
Short term time deposits	752,140,712	621,905,959
Cash and cash equivalents	819,248,297	673,069,859

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one month and three months depending on the immediate cash requirements of the Corporation, and earn interest at the respective short term time deposit rates. The bank balances and time deposits are deposited with creditworthy banks with no recent history of default.

19. ACCRUED CHARGES AND OTHER PAYABLES

	2014 HK\$	2013 HK\$
Accrued charges	522,398,901	308,073,663
Other payables	114,662,497	174,840,407
	637,061,398	482,914,070

Other payables are non-interest-bearing and are normally settled on 30-day terms.

20. DEPOSITS RECEIVED IN ADVANCE

Deposits received in advance from tenants are non-interest-bearing and are normally settled within one year.

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21. GOVERNMENT LOAN

	2014 HK\$	2013 HK\$
Government loan is repayable as follows:		
Current		
Amount due within one year	92,761,799	90,418,041
Non-current		
Amount due within second year	94,055,826	91,931,639
Amount due within third year	95,367,905	93,470,575
Amount due within fourth year	96,698,287	95,035,272
Amount due within fifth year	98,047,229	96,626,163
Amount due after five years	302,424,825	402,952,917
Amount due over one year	686,594,072	780,016,566
	779,355,871	870,434,607

Government loan was obtained from the Government from 2008 for the construction of the Science Park Phase 2.

Government loan is unsecured and bears interest rate at the 'no-gain-no-loss' floating interest rate of the Government at 1.40% (2013: 1.67%) per annum during the year. The loan is repayable to the Government by 15 annual instalments until 2022.

22. DEFERRED INCOME

	Notes	2014 HK\$	2013 HK\$
At beginning of year	(a)	2,234,302,772	2,310,331,606
Addition during the year	(b)	9,000,000	—
Transfer to the statement of comprehensive income		(76,478,833)	(76,028,834)
At end of year		2,166,823,939	2,234,302,772

Notes:

- (a) Balance represents the value of assets granted by the Government in respect of the set up of the Science Park with the corresponding assets capitalised as property, plant and equipment at the date of grant. Such deferred income is recognised as income in the statement of comprehensive income to match the charges of depreciation and amortisation of the relevant assets granted.
- (b) During the year, the Corporation entered into an arrangement with a company for a 10-year lease (renewable for another 10 years) at nil consideration in the area of Industrial Estate to construct cable landing facilities including 10 cable ducts for the Corporation. The Corporation did not incur any cost for the construction but granted the right to the company to construct the cable landing facilities for free use by the Corporation and in return, the company was given the right to use the cable landing facilities and 4 cable ducts.

The amount of HK\$9,000,000 represents the fair value of cable landing facilities determined with reference to the cost of construction of cable landing facilities including 6 cable ducts which was capitalised as property, plant and equipment. As the cable landing facilities may be leased to third parties for rental income and have a depreciable life of 20 years, the amount of HK\$9,000,000 is recognised as deferred income in the statement of comprehensive income. Deferred income is to be amortised to match the charges of depreciation and amortisation of the relevant assets granted.

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23. SHARE CAPITAL

	2014 HK\$	2013 HK\$
Authorised, issued and fully paid:		
5,734,397,594 ordinary shares of HK\$1 each	5,734,397,594	5,734,397,594

The Corporation was incorporated on 7 May 2001 by vesting of all rights, obligations, assets and liabilities of Provisional Hong Kong Science Park Company Limited, Hong Kong Industrial Estates Corporation and Hong Kong Industrial Technology Centre Corporation. The Corporation's initial capital of HK\$1,836,397,594 represented the net assets of the three entities vested in the Corporation on that day in accordance with section 17 of the Ordinance.

In prior years, on 15 January 2005, 2 April 2005, 5 October 2005, 6 April 2006, 5 October 2006 and 28 January 2011, 370,403,000, 322,095,000, 618,205,000, 758,522,000, 365,775,000 and 1,463,000,000 ordinary shares of HK\$1 each of the Corporation were issued to the Government for cash at par, respectively.

At the end of the reporting period, the entire amount of 5,734,397,594 shares of HK\$1 each of the Corporation were registered under The Financial Secretary Incorporated, a corporation solely established under the Financial Secretary Incorporation Ordinance (Chapter 1015 of the Laws of Hong Kong) which is wholly owned by the Government.

24. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Corporation leases its properties under operating lease arrangements, with leases negotiated for terms ranging from one to six years. The terms of the leases generally require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At 31 March 2014, the Corporation had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2014 HK\$	2013 HK\$
Within one year	285,388,058	276,699,542
In the second to fifth years inclusive	293,034,278	345,552,698
After five years	1,342,013	654,378
	579,764,349	622,906,618

(b) As lessee

The Corporation leases certain of its laboratories equipment under operating lease arrangements. Leases for equipment are negotiated for terms ranging from one to three years.

At 31 March 2014, the Corporation had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2014 HK\$	2013 HK\$
Within one year	4,437,888	7,079,491
In the second to fifth years inclusive	897,000	4,485,000
	5,334,888	11,564,491

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25. COMMITMENTS

In addition to the operating lease arrangements detailed in note 24(b) above, the Corporation had the following capital commitments at the end of the reporting period:

	2014 HK\$	2013 HK\$
Contracted, but not provided for:		
– construction of the Science Park	461,926,493	1,698,764,746
– others	42,124,209	41,244,725
	504,050,702	1,740,009,471
Authorised, but not contracted for:		
– construction of the Science Park	1,854,396,072	2,132,692,468
– others	236,825,901	213,802,481
	2,091,221,973	2,346,494,949

26. RELATED PARTY TRANSACTIONS

The Corporation is wholly owned by the Government. Transactions between the Corporation and Government departments, agencies or Government controlled entities are considered to be related party transactions pursuant to HKAS 24 (Revised) *Related Party Disclosures* and are identified separately in these financial statements.

- (a) In addition to the balances and transactions detailed elsewhere in these financial statements, the Corporation had the following material transactions with related parties during the year:

	Notes	2014 HK\$	2013 HK\$
The Government:			
Interest expenses on government loan	(i)	12,555,077	8,521,827
The Government's controlled-entities:			
Rental income	(ii)	24,247,201	19,819,739
Management fee and air-conditioning income	(iii)	11,640,015	10,252,785
Equipment rental and procurement sales income	(iv)	6,583,480	12,829,303

Notes:

- (i) Interest expenses on the government loan were charged at the 'no-gain-no-loss' floating interest rate of the Government.
- (ii) Rental income from the Government's controlled entities was determined according to terms similar to those offered to the Corporation's third party tenants.
- (iii) Management fee and air-conditioning income from the Government's controlled entities was determined according to terms similar to those offered to the Corporation's third party tenants.
- (iv) Equipment rental and procurement sales income from the Government's controlled entities was determined according to terms similar to those offered to Corporation's third party tenants.

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26. RELATED PARTY TRANSACTIONS (continued)

(b) Outstanding balance with the Government

The Government has agreed to make available a loan facility of up to HK\$1,043,000,000 to the Corporation to be repaid over 15 annual instalments according to the repayment schedule issued by the Government and bears interest at the Government's 'no-gain-no-loss' interest rate (note 21). The Corporation has not additionally drawn down any loans during the year (2013: drawn down loans of HK\$767,689,000). At 31 March 2014, the outstanding balance of the government loan amounted to HK\$779,355,871 (2013: HK\$870,434,607) (note 21).

(c) No directors received any remunerations in respect of their services rendered to the Corporation during the year (2013: Nil).

Details of the remuneration of the five non-director and highest paid employees are disclosed in note 9 to the financial statements.

27. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

Financial assets

	Loans and receivable	
	2014 HK\$	2013 HK\$
Land premia receivables	6,481,772	19,207,017
Accounts receivable (note 16)	20,157,276	7,475,571
Deposits and other receivables (note 16)	7,633,324	35,676,340
Bank deposits with maturities of more than three months	160,000,000	1,568,935,832
Cash and cash equivalents	819,248,297	673,069,859
	1,013,520,669	2,304,364,619

Financial liabilities

	At amortised cost	
	2014 HK\$	2013 HK\$
Accrued charges and other payables	637,061,398	482,914,070
Deposits received in advance	206,698,790	195,125,068
Government loan	779,355,871	870,434,607
	1,623,116,059	1,548,473,745

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28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation's exposure to interest rate risk, credit risk and liquidity risk arises in the normal course of its operations. These risks are managed by the Corporation's financial management policies and practices described below:

Interest rate risk

The cash flow interest rate risk relates primarily to the Corporation's variable-rate bank balances and deposits, land premia receivables and government loan. The Corporation currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

The Corporation's sensitivity to interest rate risk has been determined based on the exposure to interest rates for the above-mentioned financial instruments at the end of the reporting period. The analysis is prepared assuming the average amount of variable-rate bank balances and deposits, land premia receivables and government loan during the year was the amount for the whole year.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Corporation's surplus for the year ended 31 March 2014 would increase/decrease by HK\$7,985,173 (2013: increase/decrease by HK\$16,039,182).

Credit risk

The Corporation provided services only to recognised and creditworthy third parties. It is the Corporation's policy that all tenants who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Corporation's exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Corporation which mainly comprise cash and cash equivalents, the Corporation's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Further quantitative data in respect of the Corporation's exposure to credit risk arising from land premia receivables and accounts receivable are disclosed in notes 15 and 16, respectively to the financial statements.

Liquidity risk

In the management of the liquidity risk, the Corporation monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Corporation's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of loan.

The following table details the Corporation's remaining contractual maturity for its financial liabilities. The table has been drawn up to reflect the undiscounted cash flows of financial liabilities based on the earliest date on which the Corporation can be required to pay.

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28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

Liquidity and interest risk tables

	Interest rate	On demand or less than 3 months	Within 1 year	2 – 5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	%	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
2014							
Accrued charges and other payables	-	637,061,398	-	-	-	637,061,398	637,061,398
Deposits received in advance	-	-	206,698,790	-	-	206,698,790	206,698,790
Government loan *	1.40%	-	103,633,814	414,535,254	310,901,440	829,070,508	779,355,871
		637,061,398	310,332,604	414,535,254	310,901,440	1,672,830,696	1,623,116,059
2013							
Accrued charges and other payables	-	482,914,070	-	-	-	482,914,070	482,914,070
Deposits received in advance	-	-	195,125,068	-	-	195,125,068	195,125,068
Government loan *	1.67%	-	104,989,116	419,956,466	419,956,466	944,902,048	870,434,607
		482,914,070	300,114,184	419,956,466	419,956,466	1,622,941,186	1,548,473,745

* The interest rate applied to repayment projection of government loan is the latest Government's 'no-gain-no-loss' interest rate available at the end of the reporting period.

Capital management

The primary objectives of the Corporation's capital management are to safeguard the Corporation's ability to continue as a going concern and to maintain healthy capital ratios in order to support its operations and maximise stakeholders' value.

The Corporation manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Corporation may issue new shares or raising additional debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2014 and 2013.

The Corporation monitors capital by the use of funding from the Government. Accordingly, in the opinion of the directors, the presentation of the quantitative capital management analysis of the Corporation would provide no additional useful information to the users of the financial statements.

29. EVENT AFTER THE REPORTING PERIOD

The Corporation is planning to issue Notes of HK\$1,707,000,000 under Medium Term Notes Programme to finance the Science Park Phase 3 project development.

30. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 19 June 2014.