

For discussion
on 11 May 2015

**Legislative Council Panel
on Information Technology and Broadcasting**

Report on the Cyberport Project

This paper updates Members on progress of the Cyberport Project, highlighting major public mission activities delivered by Cyberport in the past year.

Cyberport's Public Missions

2. Cyberport's mission is to support and promote information and communications technology (ICT) in Hong Kong through the creation of a cluster of ICT companies and professionals as well as implementation of programmes to foster industry development and nurture ICT startups.

3. For the three-year period from 2014-15 to 2016-17, Cyberport has set aside \$200 million for public mission programmes, representing a 100% increase over the previous three years. The following paragraphs report the progress of its public mission programmes.

Inspiring the Next Generation

4. A key tenet of Cyberport's public missions is to groom local ICT talents and to inspire young people and students to pursue a future career in the ICT industry. To this end, Cyberport has organised and supported a number of programmes and events for young people.

Internship Programmes

5. Cyberport has organised a series of internship programmes to provide young people with practical working experience in the ICT industry. Under these internship programmes, ICT students work in ICT companies (e.g. Cisco, IBM, Microsoft and China UnionPay, etc.) in Silicon Valley and Shanghai for six to 12 weeks, with Cyberport subsidising transportation and accommodation. Both the participating students and employers find such exposure useful, with a number of students eventually receiving offers from their internship employers.

In 2014-15, 33 interns worked outside Hong Kong under these programmes, as compared with 29 in 2013-14.

6. Apart from internship with renowned corporations, Cyberport has also put in place an internship programme that provides students with the opportunity to work with startups in the Cyberport community, including incubatees, Cyberport Creative Micro Fund (CCMF) grantees and alumni. Through this programme, participating students acquire experience of working in fledgling startups. This instils in the students the interest and enthusiasm for entrepreneurship on the one hand, and provides much-needed manpower to startup companies which often have difficulties in recruitment on the other. In 2014-15, 20 interns were arranged to work in startups, as compared with seven in 2013-14.

7. Furthermore, Cyberport and the Hospital Authority launched the eHealth Record Internship Programme in 2014. 18 placements have been offered to fresh graduates in ICT and healthcare-related disciplines from local tertiary institutions to work on electronic medical record projects or take part in electronic health record-related activities. A total of 74 students have participated in Cyberport's internship programmes in 2014-15.

Competitions and Events for Students

8. To spur young people's creativity and arouse their interest in ICT, Cyberport has organised a wide range of activities and competitions. For example, in April 2015 Cyberport organised the Cyberport Youth Coding Jam 1 000 as the opening event of International IT Fest 2015 to promote coding education and arouse students' interest in coding. Over 1 000 secondary and primary school students participated in the event, setting a world record of "The Most Youngsters Perform Coding".

Hosting Premium ICT Events

9. To enable the Hong Kong ICT industry to stay at the forefront of technology development, Cyberport organised or supported 100 ICT events in 2014-15, some of which are international in nature, e.g. Digital Entertainment Leadership Forum 2014, International Conference on Information Security Standards, and Future Cities Asia. These events were well-received and attracted over 10 000 industry participants.

Nurturing ICT Startups and Entrepreneurs

10. One of Cyberport's public missions is to nurture ICT startups and entrepreneurs. Cyberport implements a number of public mission programmes to provide support for ICT startups in their different stages of development.

11. Over the years, participants of these programmes have made significant achievements and many have developed into successful businesses. Some of them have won awards in renowned international and local ICT competitions or pitching contests. For example, Cyberport startups won 23 awards in the Hong Kong ICT Awards 2014, accounting for 15% of all the awards presented. They have also received 12 awards in the Asia Pacific ICT Awards 2014. While some of them took root in Hong Kong with their products and services adopted by major local corporations, others have expanded into foreign markets. Cyberport startups have also successfully attracted funding from local and international investors. Since 2010, Cyberport incubatees, CCMF grantees and alumni have attracted over \$300 million of investment funding, 11 startups have attracted mergers and acquisitions, 32 expanded operations beyond Hong Kong and 15 joined various local, overseas and Mainland accelerator programmes. A list of these successful startups is detailed at [Annex A](#).

Cyberport Creative Micro Fund (CCMF)

12. Under the CCMF programme, Cyberport provides \$100,000 as seed funding for each selected project to turn innovative ideas into prototypes. The annual intake has increased from 40 to 54 from 2014-15. Since its inception in 2009 up to March 2015, CCMF has granted a total of \$16.2 million to 162 projects. To enable local tertiary students to acquire Mainland experience and encourage cross-fertilisation of innovative ideas, CCMF has been granted to Hong Kong-Shenzhen and Hong Kong-Guangdong collaboration projects since 2011 and 2012 respectively. In 2014-15, more than 247 participants from both Hong Kong and Mainland joined the boot camps and 64 teams had submitted proposals, of which 21 were selected.

Cyberport Incubation Programme

13. The Cyberport Incubation Programme provides comprehensive financial, technical and business advisory supports to ICT startups to help them turn their creative ideas into business undertakings or commercial products. The annual intake has increased from 30 to 51 in 2014-15. On-site incubatees are given rent-free accommodation in Cyberport for 24 months, and both on-site and off-site incubatees enjoy free use of shared meeting rooms and

demonstration areas in Cyberport. They are also given financial assistance of up to \$330,000 to cover expenses for marketing and promotion, professional services, training, hiring of interns and use of technology services provided by Cyberport during the incubation period. In addition, Cyberport organises a series of thematic workshops and training to equip startups with necessary business techniques, hone their pitching skills and help them catch up with fast-changing technologies.

14. Since its inception in 2005, the Cyberport Incubation Programme has admitted 270 ICT startups. 195 of these incubatees are still in business as at March 2015, with 73% of them having survived for 1.5 years after graduation, and 62% having survived for 3 or more years after graduation. Tech startups are innovative in nature, venturing into uncharted territory with novel products backed up by limited resources. They typically have a shorter lifespan than businesses in established domains. However, failure for a startup often translates into useful experience that helps it take off later. The performance of Cyberport's incubatees and graduates is on par with those of similar incubation programmes in Hong Kong and is well-regarded by many overseas counterparts. The innovative solutions and products of these incubatees have altogether won 160 industry awards and created 136 intellectual properties since 2005.

Cyberport Accelerator Support Programme

15. A startup's life cycle consists of various stages. After transforming creative ideas into prototype products, startups need to secure a firm footing in the market despite that they are still at an early age of development. To address this critical need, Cyberport has launched the Cyberport Accelerator Support Programme to support its incubatees and alumni to participate in local and overseas accelerator programmes, which offer valuable guidance on overseas expansion and fundraising. Upon successful application for an accelerator programme, Cyberport will provide financial assistance of up to \$300,000 to each recipient to cover programme fees, travel and accommodation and other relevant expenses.

Co-working Space for Startups

16. Having regard to the scale of operation and small space demand of ICT startups, Cyberport provides Smart-Space to enable companies to rent ready-built office units on a monthly basis for up to 12 months at an all-inclusive fixed price. This service is especially convenient and useful for startups seeking to launch their business with a smaller office space at first and then scale up as they grow. Since the opening of Smart-Space 1 with capacity

to serve 31 companies in 2009, the demand for such flexible and affordable accommodation has been surging. Four sets of Smart-Space have been opened successively in June 2013, October 2013, January 2014 and September 2014. Altogether, these have generated a capacity to accommodate 263 companies.

Leaping on Global Ambition

17. Cyberport builds partnerships with industry leaders and offers a broad range of services to connect the industry and help small and medium enterprises (SMEs) explore, establish a presence and capture emerging business opportunities in the Mainland and overseas markets. World-class conferences, training sessions and competitions are organised frequently to assist industry players in keeping abreast with latest ICT developments.

Promotion and Networking

18. As part of Cyberport's mission to facilitate collaboration between local ICT SMEs and their Mainland and overseas counterparts, Cyberport organised 10 delegations from April 2014 to March 2015 with encouraging feedback. To establish a global presence and to facilitate ICT SMEs to build up overseas network, Cyberport co-organised with Hong Kong Science Park a 50-strong ICT delegation to join "TechCrunch San Francisco 2014" in September 2014. In October 2014, it joined hands with Hong Kong Trade Development Council to lead 32 ICT companies to attend "Think Asia, Think Hong Kong" in Paris and meet with business partners in London. Cyberport also organised delegations to Tokyo, Osaka, Shanghai, Guangzhou, Beijing and Nanjing under various themes to foster technological exchange and explore collaborations at multiple levels. Through these delegations, some participants closed business deals with overseas and Mainland clients, while others expanded into overseas markets or took part in international startup competitions.

Partnership with Renowned Corporations

19. Cyberport strives to expand its partnership with renowned overseas and Mainland ICT enterprises to help its startups germinate and nurture vital global connections, thus facilitating them to raise funding and develop their business beyond Hong Kong. In 2014-15, Cyberport has formed partnerships with 46 organisations from different countries.

20. Cyberport and Lenovo Group entered into a strategic cooperation framework agreement in January 2015 to promote cloud computing service and big data development. Lenovo has set up a cloud services and ecosystem centre in Cyberport to promote research on cloud technology and explore possible collaboration with local universities and research institutes. Lenovo will also work with Cyberport to explore innovative incubation models to promote technological innovation and help Cyberport startups expand into the Mainland market, and invest in promising startups.

21. Riding on the booming development of mobile applications (apps) and online games in recent years, Cyberport entered into a Memorandum of Understanding (MoU) with NetDragon Websoft (NetDragon), a prominent Mainland online game and mobile app developer, and the Hong Kong Wireless Technology Industry Association Limited (WTIA) in September 2014 to assist Cyberport startups in accessing the online game and mobile internet market in the Mainland. In addition, NetDragon will also offer internship opportunities to local tertiary students.

22. From September to December 2014, Cyberport hosted the Accenture Fintech Innovation Lab, which is a world-renowned accelerator programme for financial technology startups with the aim to help early and growth stage innovators accelerate product development. Hong Kong is the third city for this much sought-after programme after New York and London. Eight startup companies from the Asia Pacific region, selected from 96 contestants, received mentorship from leading executives of banks and financial institutions for developing their applications and business strategies. The programme will continue to be hosted by Cyberport in the next two years.

23. With a shared vision for grooming local startups, Cyberport and Microsoft Ventures formed a strategic partnership in May 2014 to boost Cyberport startups' fundraising capabilities. Technical training, business mentorship and technical resources are provided to qualified local ICT startups.

24. In May 2014, Cyberport and Shanghai Technology Entrepreneurship Foundation for Graduates entered into an MoU to strengthen co-operation in fostering the development of Hong Kong's startup ecosystem. As part of the MoU, Cyberport organised the Global Entrepreneurship Week China — Hong Kong during 18-23 November 2014 in which a variety of events were held. Through these events, participants gained insights about the startup ecosystem in the Mainland as well as their skills on effective fundraising.

Championing State-of-the-art Technologies

25. Cyberport continues to champion state-of-the-art technologies and cutting-edge industry tools. These technologies are fundamental to ensuring a robust information highway for Cyberport users and developing a technology-oriented local industry with global outlook and network.

Cloud Computing Service

26. Cyberport operates the Cyberport Community Cloud (Cyberport Cloud) to provide user-friendly and self-provisioning infrastructure-as-a-service to all office tenants, incubatees, CCMF grantees, Smart-Space companies, alumni and Collaboration Centre subscribers. Users can leverage on Cyberport Cloud to deploy scalable and flexible computing resources having regard to their actual requirements. The collaborative effort has also facilitated users in other organisations to share mutual concerns, exchange ideas and drive cost efficiencies. To facilitate animation creators, the cloud platform also provides a new Software-as-a-Service application, "3D Cloud", to provide a cutting-edge 3D rendering platform to local production houses and local students. By March 2015, 393 companies have subscribed to the Cyberport Cloud.

Digital Entertainment

27. Cyberport is committed to enhancing its digital entertainment infrastructure and tools to facilitate industry players to reach their targeted audience in more innovative ways. The Digital Cinema Exchange (DCX) network and production services (e.g. 2D-3D real time conversion) bring the latest digital cinema technology to the local film industry, generating opportunities for cinema operators and enhancing the viewing experience of audiences. In 2014-15, 138 digital screens, representing 66% of 208 digital screens in Hong Kong, are connected to the DCX network with over 20 live events delivered.

28. Cyberport operates the Master Control Centre (MCC) which serves as a hub of all incoming and outgoing signal sources for live digital content in Hong Kong. In addition to facilitating film exhibitors, production houses and content distributors to enhance their digital output and live broadcasting service, the MCC also serves as a learning centre for visitors to learn about the latest digital media technology.

Wireless and Mobility

29. Set up by WTIA in close collaboration with Cyberport, the Mobility Experience Centre (MEC) offers opportunities for local developers to showcase their award-winning apps and for the public to gain first-hand experience in using ground-breaking mobile technologies. Over the past year, MEC organised over 100 sharing sessions to encourage ICT knowledge and skills exchange among mobile business entrepreneurs.

Corporate Governance

30. Cyberport is governed by the Hong Kong Cyberport Management Company Limited (HKCMCL) under the steer of an independent Board of Directors appointed by the Government. Under the Board, there are four standing Committees, namely the Executive Committee, the Audit Committee, the Remuneration Committee and the Entrepreneurship Committee. Since May 2012, HKCMCL has been designated as a public body under the Prevention of Bribery Ordinance. HKCMCL continues to maintain open and transparent communication with stakeholders by multiple channels and tools, including the publication of its annual report (cyberport.hk/en/about_cyberport/annual_report).

Cyberport's Occupancy and Financial Performance

31. Cyberport has maintained a healthy occupancy rate, standing at 90.9% as of March 2015, which is on par with 91.7% last year. There were 320 tenants, comprising 287 commercial organisations, five non-profit organisations, one government department and 27 on-site incubatees. Over the years, Cyberport has attracted many well-known multi-national corporations. About 30% of Cyberport's 287 commercial tenants have non-local origins, with 53.5% of them establishing their first foothold in Hong Kong in Cyberport. 89.2% of the commercial tenants are SMEs. Altogether Cyberport's office tenants employ a total of around 5 000 people.

32. The audited accounts of the Cyberport Companies¹ for the financial year ended 31 March 2014 (the 2013-14 Accounts) are set out at **Annex B**. For the 2013-14 financial year, the operating profit before depreciation and tax and excluding Project Income from the residential development was \$93.4 million² in 2013-14, compared with \$70.8 million in 2012-13 and \$72.5 million in 2011-12. Cyberport's contribution to public mission activities in 2013-14 was \$42.5 million, compared with \$32.4 million in 2012-13 and \$27.4 million in 2011-12.

Future Development

33. As Hong Kong's ICT flagship, Cyberport will focus on emerging technologies, including wearable computing, financial technologies and open data, in the days ahead. Through collaboration with other established ICT hubs, including London, Silicon Valley and Shanghai, Cyberport will continue to serve as a platform to groom ICT talents and to enable its startups to reach out to a more global audience.

**Office of the Government Chief Information Officer
Commerce and Economic Development Bureau
May 2015**

¹ Three private and wholly-owned companies, namely, Hong Kong Cyberport Development Holdings Limited, Hong Kong Cyberport Management Company Limited and Hong Kong Cyberport (Ancillary Development) Limited (collectively referred to as the "Cyberport Companies" in this paper) have been set up under the Financial Secretary Incorporated (FSI) to oversee the implementation of the Project.

² The "operating profit before depreciation and tax and excluding Project Income" does not include non-cash depreciation of fixed assets which are mainly Cyberport buildings and facilities. The operating profit shows a surplus and therefore has no adverse implication on the operation of HKCMCL or investment in public mission activities.

Successful Cyberport Startups

Startup Company	Nature of Business	Achievement
2006 Intake		
3 Dynamics	A mobile game and digital solution developer	<ul style="list-style-type: none"> • Acquired by China Oil Gangran Energy Group
Frenzoo	A mobile game developer	<ul style="list-style-type: none"> • Raised \$7.8 million from investors • Expanded into the US
2007 Intake		
Leovation	A company that provides interactive solutions for infotainment and edutainment	<ul style="list-style-type: none"> • Acquired by Leo Paper • Expanded into Mainland China
Mylamstudio	A multimedia production company	<ul style="list-style-type: none"> • Expanded into Japan
2009 Intake		
Art Group	A company that develops innovative business software and mobile apps	<ul style="list-style-type: none"> • Raised \$0.9 million from investors
Axiom Science	A company that develops human-computer interface for games and image browsing software	<ul style="list-style-type: none"> • Raised \$3.7 million from a matching fund
Bubblemon	An online intellectual property trading platform	<ul style="list-style-type: none"> • Expanded into Mainland China
HoHoJo.com	An online portal for rental properties	<ul style="list-style-type: none"> • Raised \$7.8 million from investors
Lakoo	A mobile game developer	<ul style="list-style-type: none"> • Expanded into Mainland China
MyDress	An online shopping platform for fashion and accessories	<ul style="list-style-type: none"> • Raised \$5 million from an investor
OX Workshop	A multimedia production company	<ul style="list-style-type: none"> • Raised \$2 million from an investor
2010 Intake		
3D Avatar School	A company that provides online learning programmes	<ul style="list-style-type: none"> • Raised \$20 million from investors
Aldiko	A mobile app for delivering and consuming digital content on mobile devices	<ul style="list-style-type: none"> • Acquired by French e-book retailer “Feedbooks” • Expanded into the US

Startup Company	Nature of Business	Achievement
Alivenotdead.com	An online platform for artists to showcase their works and connect with audience	<ul style="list-style-type: none"> • Raised \$4.5 million from investors in Hong Kong • Acquired by Mig33
Decision Fuel	A platform for marketing research through short, tailored consumer surveys over mobile devices	<ul style="list-style-type: none"> • Acquired by YouGov
DSP4You	A company that provides innovative audio-visual solutions by leveraging networks	<ul style="list-style-type: none"> • Raised \$1 million from an investor
Financial Engineering and Technology Corporation	A company that provides investment advisory services with data mining technology	<ul style="list-style-type: none"> • Raised \$2.5 million from investors
XNT	A creative digital entertainment mobile app developer	<ul style="list-style-type: none"> • Expanded into Japan and Mainland China
2011 Intake		
CoachBase	A mobile app that helps basketball teams improve their performance	<ul style="list-style-type: none"> • Raised \$2.57 million from investors • Expanded into the US • Joined Nike+ Accelerator Programme
Flipter	A social polling micro-blogging site for users around the world to share and gather opinions	<ul style="list-style-type: none"> • Acquired by 1World Online
Kaiheba	An online platform that provides customised innovative gifts	<ul style="list-style-type: none"> • Expanded into Mainland China
Live It China	A free social media platform for language learners	<ul style="list-style-type: none"> • Raised \$15.6 million
Openball	A sports game administration platform	<ul style="list-style-type: none"> • Raised \$5.85 million • Expanded into the US • Joined Plug and Play Startup Accelerator Programme
Socxcel	A social media developer	<ul style="list-style-type: none"> • Expanded into the US
Sparkinoo	A design studio that develops virtual characters for brands	<ul style="list-style-type: none"> • Expanded into Mainland China

Startup Company	Nature of Business	Achievement
Timable	An online platform that promotes leisure and cultural events	<ul style="list-style-type: none"> • Acquired by Green Tomato
Visual Squares	A company that provides marketing solutions on social networks	<ul style="list-style-type: none"> • Raised \$1.5 million from angel investors
YEPS Network	An online shopping platform that targets at young people	<ul style="list-style-type: none"> • Expanded into Mainland China
2012 Intake		
Aftership	A platform that helps online businesses to track packages and notifies customer of delivery updates	<ul style="list-style-type: none"> • Raised \$7.8 million from IDG Capital Partners • Expanded into Mainland China
EventXtra	A mobile app providing digital event registration and producing instant badges	<ul style="list-style-type: none"> • Raised \$1.5 million from investors • Expanded into Japan, Mainland China and Southeast Asia
Kowloonia	A mobile game developer	<ul style="list-style-type: none"> • Expanded into Taiwan
Luxurio	An online platform for members to express their personal styles and interests	<ul style="list-style-type: none"> • Raised \$1.25 million from an investor • Expanded into Mainland China
Project Oases	A mobile-connected planting service that encourages city farming	<ul style="list-style-type: none"> • Acquired by YUCO
Soforit	A company that provides social media solutions and social apps for businesses	<ul style="list-style-type: none"> • Raised \$2.52 million from angel investors • Expanded into Mainland China
Studio R	A multimedia studio specialised in interior design	<ul style="list-style-type: none"> • Raised \$2 million from the Small Entrepreneur Research Assistance Programme
T & T	A company that provides interactive media solutions	<ul style="list-style-type: none"> • Expanded into Mainland China
Teamnote	A mobile app for enterprise communication	<ul style="list-style-type: none"> • Joined Y Combinator Accelerator Programme
VXPLO	A company that provides interactive media solutions	<ul style="list-style-type: none"> • Expanded into Mainland China

Startup Company	Nature of Business	Achievement
2013 Intake		
AllMobilize	A company that creates mobile-friendly websites for businesses	<ul style="list-style-type: none"> • Raised \$4.7 million from investors • Expanded into Mainland China • Joined Microsoft Ventures Accelerator Programme
AnchorStream Computer	An IT solution provider that focuses on medical, financial, education and entertainment industries	<ul style="list-style-type: none"> • Raised \$3 million from a private medical practitioner investor in Hong Kong • Expanded into Mainland China
Apprendre Education	A platform that provides a comprehensive e-learning platform for students around the world	<ul style="list-style-type: none"> • Raised \$3.5 million from the Technology Start-up Support Scheme for Universities (TSSSU) Fund and investors in Singapore • Expanded into Taiwan
Four Directions	A company that provides mobile app and digital marketing solutions	<ul style="list-style-type: none"> • Expanded into Mainland China
GoGoVan	A mobile app that provides logistic services by matching customers and drivers	<ul style="list-style-type: none"> • Raised \$137.5 million from Archangels Access, Centurion Private Equity and Renren • Expanded into Southeast Asia
IP Nexus (IP Exchange)	An online exchange platform for innovation and intellectual property	<ul style="list-style-type: none"> • Expanded into the US and Japan
Ironfly Technologies	An online trading system for equities	<ul style="list-style-type: none"> • Raised \$2.5 million from investors
K.I.T. Network	An education intranet system to facilitate communication between parents, students and teachers	<ul style="list-style-type: none"> • Expanded into Mainland China and Taiwan
Kites	An online platform that allows users to convert a Hong Kong address into geographic coordinates	<ul style="list-style-type: none"> • Raised \$1.2 million from a private investor • Acquired by Asia Miles
Lattice	A financial software company that provides front-office portfolio decision-making systems with integrated risk and cost awareness and analytical precision	<ul style="list-style-type: none"> • Raised \$6 million from investors in Hong Kong
MailTime	A mobile app that summarises emails in an instant messaging format	<ul style="list-style-type: none"> • Raised \$3.9 million from investors • Expanded into the US

Startup Company	Nature of Business	Achievement
Surround App	A mobile app that provides real time translations on social media platforms	<ul style="list-style-type: none"> • Raised \$0.6 million from Telerik
Trinity	A cloud bidding and procurement platform that simplifies the procurement process	<ul style="list-style-type: none"> • Expanded into Mainland China • Joined Microsoft Ventures Accelerator Programme
Viss Me & Co	An online media and e-commerce platform	<ul style="list-style-type: none"> • Acquired by AID Partners
2014 Intake		
Affashion	An online platform that offers personalised recommendation on apparel choices	<ul style="list-style-type: none"> • Raised \$0.15 million from an investor
Blue Sky Energy Technology	A company that provides interactive energy management solutions that monitors and reduces energy consumption	<ul style="list-style-type: none"> • Joined Blue Print Accelerator Programme
Charles River Advisors	A company that develops algorithmic trading products	<ul style="list-style-type: none"> • Raised \$1 million from an investor
Codex Genetics	A company that provides ethnic-specific personalised genetic analysis services	<ul style="list-style-type: none"> • Raised \$1.9 million from Innovation Technology Support Programme and TSSSU Fund
English TV	An online educational entertainment video platform that provides English lessons	<ul style="list-style-type: none"> • Expanded into Mainland China • Joined InnoSpace Accelerator Programme
Heartisans	A health care technology product that provides automatic monitoring, analysis and recommendations to improve the users' cardiac health	<ul style="list-style-type: none"> • Joined AIA Accelerator Programme
Innohat	A digital agency that provides website and mobile app solutions	<ul style="list-style-type: none"> • Joined AppWorks Accelerator Programme
JobDoh	A mobile app that matches employers with jobseekers for casual work	<ul style="list-style-type: none"> • Joined Seedcamp Accelerator Programme • Joined Blue Print Accelerator Programme
Optica	A company that produces smart eyewear for visually impaired persons	<ul style="list-style-type: none"> • Joined Blue Print Accelerator Programme
Play2Focus	A mobile game that helps children with Attention Deficit Disorder learn improve their attention span	<ul style="list-style-type: none"> • Raised \$3.12 million from investors

Startup Company	Nature of Business	Achievement
Quantifeed	An online platform that provides wealth management solutions	<ul style="list-style-type: none"> • Raised \$12.5 million from investors
Sensbeat	An online music platform that allows users to share their locations and emotions associated with the music	<ul style="list-style-type: none"> • Raised \$10.1 million from Big Bloom Investment, PacificLink Capital, PYJ-Dynasty, Prado and other investors • Expanded into the US • Joined Plug and Play Startup Accelerator Programme
Shoptline	A platform that provides website building and mobile solutions for small and medium sized businesses	<ul style="list-style-type: none"> • Raised \$9.3 million from 500 Startups, SXE Ventures, Ardent Capital, East Ventures and COENT Venture Partners • Joined 500 Startups Accelerator Programme
Simple Wearables	A company that develops creative wearable devices for the elderly	<ul style="list-style-type: none"> • Joined AIA Accelerator Programme
Skytree Digital	A game studio that produces mobile games	<ul style="list-style-type: none"> • Raised \$2 million from an investor
Spottly	A mobile app that lets travellers share their travel itineraries and photos online	<ul style="list-style-type: none"> • Raised \$6.63 million from 500Startups, Cherubic Ventures, Gobi Partners and other investors • Joined 500 Startups Accelerator Programme
Umbrella Here	A mobile app that lets passersby know that there are umbrellas available for sharing	<ul style="list-style-type: none"> • Raised \$0.12 million from Kickstarter
WhoGotStuff	An online platform for sharing of second-hand items	<ul style="list-style-type: none"> • Expanded into the US

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2014**

	Note	2012 HK\$	2013 HK\$	2014 HK\$
Revenue	1	2,197,211,007	601,222,459	687,937,401
Other income	1	24,748,021	12,938,789	21,557,342
		<u>2,221,959,028</u>	<u>614,161,248</u>	<u>709,494,743</u>
Building management expenses		(121,889,427)	(131,267,585)	(124,618,766)
Staff costs		(86,907,181)	(92,683,234)	(93,309,082)
Information technology facilities maintenance fee		(23,014,667)	(19,031,834)	(18,398,690)
Government rent and rates		(10,779,479)	(12,664,674)	(14,142,630)
Other operating expenses	2	(97,669,610)	(93,712,692)	(113,201,951)
		<u>(340,260,364)</u>	<u>(349,360,019)</u>	<u>(363,671,119)</u>
Operating expenses before depreciation				
Operating profit before depreciation		1,881,698,664	264,801,229	345,823,624
Depreciation	4	(213,617,886)	(210,314,878)	(179,498,268)
		<u>1,668,080,778</u>	<u>54,486,351</u>	<u>166,325,356</u>
Profit before income tax				
Income tax expense	3	(297,973,713)	(31,450,389)	(41,065,124)
		<u>1,370,107,065</u>	<u>23,035,962</u>	<u>125,260,232</u>
Profit and total comprehensive income for the year				
Dividends		<u>1,500,000,000</u>	<u>162,000,000</u>	<u>210,000,000</u>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2014

	Note	2012 HK\$	2013 HK\$	2014 HK\$
<u>Non-current assets</u>				
Property, plant & equipment	4	3,451,254,538	3,289,057,471	3,176,167,571
Deferred rental receivable		6,250,265	8,148,959	12,718,015
Investments in securities		275,283,521	247,920,013	483,081,962
		<u>3,732,788,324</u>	<u>3,545,126,443</u>	<u>3,671,967,548</u>
<u>Current assets</u>				
Inventories, at cost	6	533,768	533,634	509,988
Trade and other receivables		26,683,937	26,769,349	30,116,627
Income tax recoverable		-	75,952,610	-
Investments in securities		179,713,926	180,118,919	491,013,163
Cash and bank balances		1,028,417,746	758,554,983	335,858,660
		<u>1,235,349,377</u>	<u>1,041,929,495</u>	<u>857,498,438</u>
<u>Current liabilities</u>				
Trade and other payables		67,770,455	76,713,566	84,531,401
Rental and other deposits		57,501,078	62,323,441	70,270,575
Tax payable		249,628,956	-	9,612,734
		<u>374,900,489</u>	<u>139,037,007</u>	<u>164,414,710</u>
Net current assets		<u>860,448,888</u>	<u>902,892,488</u>	<u>693,083,728</u>
Total assets less current liabilities		<u>4,593,237,212</u>	<u>4,448,018,931</u>	<u>4,365,051,276</u>
<u>Equity</u>				
Share capital	7	2	2	2
Capital reserve	8	5,286,767,502	5,299,662,553	5,307,289,804
Accumulated losses	9	(1,201,292,593)	(1,340,256,631)	(1,424,996,399)
Total equity		<u>4,085,474,911</u>	<u>3,959,405,924</u>	<u>3,882,293,407</u>
<u>Non-current liabilities</u>				
Development maintenance fund	5	451,000,000	438,104,949	432,698,309
Facilities maintenance fund	10	50,000,000	50,000,000	50,000,000
Deferred income	11	6,762,301	508,058	59,560
		<u>507,762,301</u>	<u>488,613,007</u>	<u>482,757,869</u>
		<u>4,593,237,212</u>	<u>4,448,018,931</u>	<u>4,365,051,276</u>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. Revenue and other income

	2012 HK\$	2013 HK\$	2014 HK\$
<u>Revenue</u>			
Rental income	156,642,796	172,130,420	188,294,356
Building management income			
- Management fee income	75,214,861	72,597,415	80,082,406
- Car park fee income	7,770,475	8,129,533	9,016,322
- Other facilities income	17,275,603	19,258,435	20,905,537
	100,260,939	99,985,383	110,004,265
Income from hotel operation	120,429,597	124,742,854	124,446,836
Information technology facilities income	3,709,063	4,183,815	5,012,696
Fees for usage of Technology Centre equipment and services	3,272,332	2,809,317	3,030,632
Broadband service and installation fees	1,655,932	1,700,186	2,603,177
Project income	1,809,204,329	193,996,182	252,374,550
Other incidental income	2,036,019	1,674,302	2,170,889
	<u>2,197,211,007</u>	<u>601,222,459</u>	<u>687,937,401</u>
<u>Other income</u>			
Interest income from held-to-maturity investments, net of amortisation of premium	7,266,212	5,300,934	9,656,393
Interest income on designated bank balance	1,691,275	-	-
Interest income from investments at fair value through profit or loss	-	-	4,367,602
Interest income on bank deposits	2,423,785	6,834,334	2,702,937
Net realised/unrealised gains on investments at fair value through profit or loss	-	-	4,161,489
Realisation of deferred income	13,366,749	803,521	668,921
	<u>24,748,021</u>	<u>12,938,789</u>	<u>21,557,342</u>

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

2. Other operating expenses

	2012 HK\$	2013 HK\$	2014 HK\$
Insurance			
- Hotel	216,800	320,380	437,470
- Other Cyberport Portion	1,763,156	1,874,525	1,679,311
	1,979,956	2,194,905	2,116,781
Professional fees	7,851,073	6,079,227	7,340,891
Marketing and corporate communication expenses	13,369,767	10,231,437	11,173,451
Travelling expenses	734,164	434,210	504,039
Transportation	480,000	1,877,103	4,671,802
Broadband service and installation expenses	1,113,919	1,073,277	1,336,755
Other hotel operation expenses	48,687,619	49,217,167	49,428,481
Other operation expenses on Operating Centres	21,512,299	19,904,511	31,759,034
Other miscellaneous expenses	1,940,813	2,700,855	4,870,717
	<u>97,669,610</u>	<u>93,712,692</u>	<u>113,201,951</u>

3. Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profits for the year.

4. Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives. The principal annual rates in use are as follows:

Buildings	Over the period of the lease
Building services and support facilities	10%
Information technology facilities	20%
Operating Centres equipment	20% - 33 1/3%
Leasehold improvements	10%
Furniture and equipment	10% - 20%
Motor vehicles	20%

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. Property, plant and equipment (continued)

	Buildings held for rental and Hotel Building	Building services and support facilities	Information technology facilities	Centres equipment	Leasehold improvements	Furniture and equipment	Motor vehicles	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
Cost								
At 31 March 2011	3,832,061,688	1,152,971,498	255,459,460	59,935,404	19,217,690	49,094,657	797,882	5,369,538,279
Additions	-	-	3,860,227	950,850	4,642,949	15,473,716	220,137	25,147,879
Disposals	-	-	(104,174)	-	-	-	-	(104,174)
At 31 March 2012	3,832,061,688	1,152,971,498	259,215,513	60,886,254	23,860,639	64,568,373	1,018,019	5,394,581,984
Additions	-	-	14,125,014	-	7,404,853	27,408,019	-	48,937,886
Disposals	-	(3,250,834)	(9,924,833)	-	(576,254)	(1,509,864)	-	(15,261,785)
At 31 March 2013	3,832,061,688	1,149,720,664	263,415,694	60,886,254	30,689,238	90,466,528	1,018,019	5,428,258,085
Additions	-	-	6,450,638	-	18,939,111	41,484,104	-	66,873,853
Disposals	-	(133,209)	(9,736,738)	-	(10,000)	(2,213,355)	-	(12,093,302)
At 31 March 2014	3,832,061,688	1,149,587,455	260,129,594	60,886,254	49,618,349	129,737,277	1,018,019	5,483,038,636
Accumulated depreciation								
At 31 March 2011	579,680,937	819,798,900	243,787,486	59,003,981	6,383,340	20,679,600	479,490	1,729,813,734
Charge for the year	83,098,299	115,297,150	5,885,560	818,915	2,016,834	6,401,141	99,987	213,617,886
Disposals	-	-	(104,174)	-	-	-	-	(104,174)
At 31 March 2012	662,779,236	935,096,050	249,568,872	59,822,896	8,400,174	27,080,741	579,477	1,943,327,446
Charge for the year	83,098,299	109,580,820	5,683,032	640,501	2,492,493	8,697,732	122,001	210,314,878
Disposals	-	(2,816,937)	(9,924,833)	-	(422,997)	(1,276,943)	-	(14,441,710)
At 31 March 2013	745,877,535	1,041,859,933	245,327,071	60,463,397	10,469,670	34,501,530	701,478	2,139,200,614
Charge for the year	83,098,299	73,181,510	5,844,680	370,033	3,499,179	13,382,566	122,001	179,498,268
Disposals	-	(125,438)	(9,736,738)	-	(10,000)	(1,955,641)	-	(11,827,817)
At 31 March 2014	828,975,834	1,114,916,005	241,435,013	60,833,430	13,958,849	45,928,455	823,479	2,306,871,065
Net book value								
At 31 March 2012	3,169,282,452	217,875,448	9,646,641	1,063,358	15,460,465	37,487,632	438,542	3,451,254,538
At 31 March 2013	3,086,184,153	107,860,731	18,088,623	422,857	20,219,568	55,964,998	316,541	3,289,057,471
At 31 March 2014	3,003,085,854	34,671,450	18,694,581	52,824	35,659,500	83,808,822	194,540	3,176,167,571

5. Development Maintenance Fund represents a fund received by the Group in accordance with the terms of the Project Agreement for the purpose of financing the upkeep and maintenance of the Shared Cyberport Facilities. On 1 August 2011, the final assessment for the fund was agreed to be \$451 million.

Upon acquisition of relevant assets for replacements, the costs of the acquired assets will be transferred from the Development Maintenance Fund account to the Capital Reserve account.

During the year, Shared Cyberport facilities of \$5,406,640 (2013: \$12,895,051) were acquired and funded by the Development Maintenance Fund. Accordingly, this amount has been transferred from the Development Maintenance Fund to Capital Reserve account in accordance with the Group's accounting policy.

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6. Inventories, comprising food, beverage and operating supplies are stated at the lower of cost and net realisable value. Costs are calculated using weighted average costing method. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

7. Share capital

	2012 HK\$	2013 HK\$	2014 HK\$
Authorised:			
Ordinary shares of HK\$1 each	1,000	1,000	-
Ordinary shares, issued & fully paid	2	2	2

Under the new Hong Kong Companies Ordinance (Cap. 622), which commenced operation on 3 March 2014, the concept of authorised share capital no longer exists.

In accordance with section 135 of the new Hong Kong Companies Ordinance (Cap. 622), the Company's shares no longer have a par or nominal value with effect from 3 March 2014. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.

8. In accordance with the terms of the Project Agreement and the Sub-lease Agreement, property, plant and equipment were handed over to the Group, resulting in a capital reserve.

	2012 HK\$	2013 HK\$	2014 HK\$
At the beginning of the year	5,286,767,502	5,286,767,502	5,299,662,553
Transfer from Development Maintenance Fund (Note 5)	-	12,895,051	5,406,640
Handover of plant and equipment	-	-	2,220,611
At the end of the year	5,286,767,502	5,299,662,553	5,307,289,804

9. Accumulated losses carried forward

	2012 HK\$	2013 HK\$	2014 HK\$
Accumulated losses at the beginning of the year	(1,071,399,658)	(1,201,292,593)	(1,340,256,631)
Profit for the year	1,370,107,065	23,035,962	125,260,232
Dividends	(1,500,000,000)	(162,000,000)	(210,000,000)
Accumulated losses at the end of the year	(1,201,292,593)	(1,340,256,631)	(1,424,996,399)

HONG KONG CYBERPORT DEVELOPMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. It represents a reserve fund allocated from the Project fund for the purpose of maintenance and upgrading of the Cyberport Portion. It will be transferred upon acquisition of the assets at the cost of the replaced assets, to the Capital Reserve account in accordance with the Group's accounting policy.

11. Deferred income

Government grants and sponsorships are recognised when there is a reasonable assurance that the group will comply with the conditions attaching with it and that the grant will be received. Government grants and sponsorships relating to income are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate. Government grants and sponsorships relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the statement of comprehensive income on a straight-line basis over the expected lives of the related assets.

	Government Grant HK\$	Sponsorship HK\$	Total HK\$
<u>Cost</u>			
At 31 March 2011	54,269,350	4,623,684	58,893,034
Additions	8,769,858	-	8,769,858
Written-off of projects completed	(1,836,509)	(3,254,652)	(5,091,161)
Refunded	(337,892)	-	(337,892)
At 31 March 2012	60,864,807	1,369,032	62,233,839
Additions	114,000	-	114,000
Written-off of projects completed	(53,165,584)	(582,590)	(53,748,174)
Refunded	(5,564,722)	-	(5,564,722)
At 31 March 2013	2,248,501	786,442	3,034,943
Additions	220,423	-	220,423
Written-off of projects completed	(327,610)	-	(327,610)
Refunded	-	-	-
At 31 March 2014	2,141,314	786,442	2,927,756
<u>Accumulated amortisation</u>			
At 31 March 2011	(43,046,782)	(4,149,168)	(47,195,950)
Credited to statement of comprehensive income	(13,116,232)	(250,517)	(13,366,749)
Written-off of projects completed	1,836,509	3,254,652	5,091,161
At 31 March 2012	(54,326,505)	(1,145,033)	(55,471,538)
Credited to statement of comprehensive income	(632,603)	(170,918)	(803,521)
Written-off of projects completed	53,165,584	582,590	53,748,174
At 31 March 2013	(1,793,524)	(733,361)	(2,526,885)
Credited to statement of comprehensive income	(615,840)	(53,081)	(668,921)
Written-off of projects completed	327,610	-	327,610
At 31 March 2014	(2,081,754)	(786,442)	(2,868,196)
<u>Carrying amount</u>			
At 31 March 2012	6,538,302	223,999	6,762,301
At 31 March 2013	454,977	53,081	508,058
At 31 March 2014	59,560	-	59,560