Hong Kong 香港科技園
Science & Technology Parks

2012-2013 Annual Report

Hong Kong Science and Technology Parks Corporation

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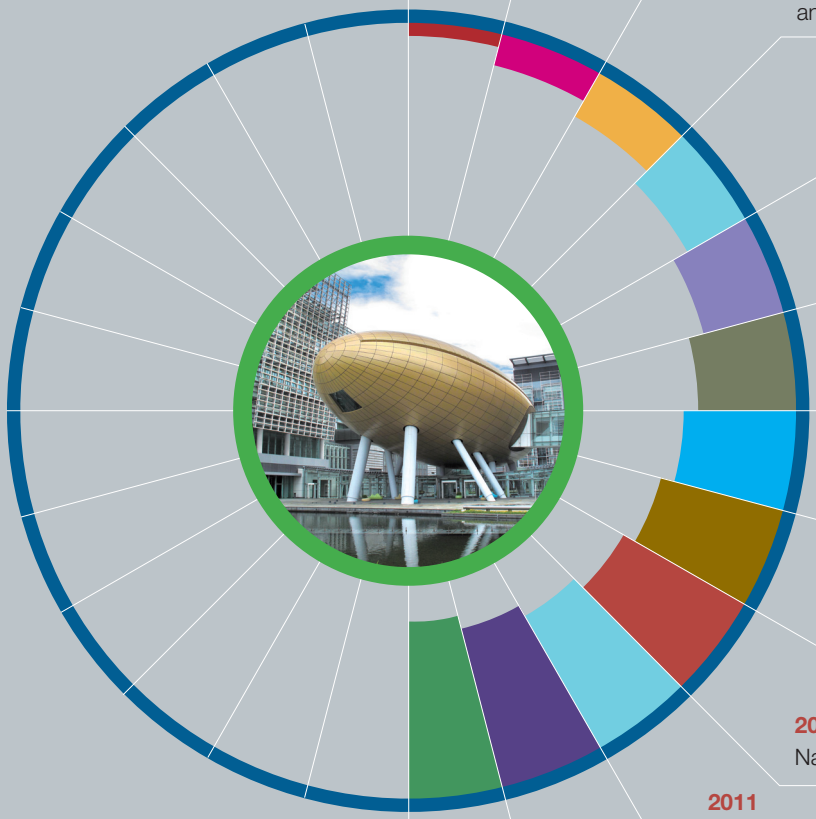


2001
Establishment of Hong Kong Science and Technology Parks Corporation

2002
Opening of Hong Kong Science Park

2003
Opening of Innovation Centre (now named IC Development Centre) and Photonics Centre

2004
Official completion of Science Park Phase 1 and opening of Bio-Informatics Centre

2005
Opening of Photonics Development Support Centre

2006
Opening of InnoCentre in Kowloon Tong

2007
Opening of Science Park Phase 2

2008
Launch of 1st Science Park Applied Research Commercialisation (SPARC) Forum

2009
Opening of Solar Energy Technology Support Centre and Biotech Centre

2010
Naming of the Auditorium in honour of Professor Charles K. Kao

2011
HKSTPC 10th Anniversary
Launch of public guided tour programme "Science Explorer"
Groundbreaking of Science Park Phase 3

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

2013
Launch of HKSTPC Liaison Office at Zhongguancun, Beijing

Joint Incubation Programme in Nanhai

CORPORATE PROFILE

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 also 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.

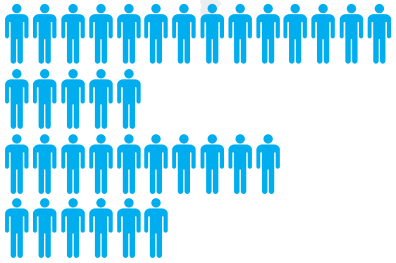
HKSTPC manages Hong Kong Science Park, InnoCentre and three Industrial Estates, located in Tai Po, Tseung Kwan O and Yuen Long. Hong Kong Science Park, the core property of HKSTPC, contains three phases (Phase 3 is currently under construction and will complete in stages between 2014-2016) and provides 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 as well as extensive floor area with essential infrastructure for skill-intensive industries or data centres to compete in today's knowledge-based economy.

HKSTPC provides 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, 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 generating business opportunities across a spectrum of industries.

As of 31 March 2013, HKSTPC has attracted 430 technology companies, both local and international, which employ a workforce of almost 9,600.

Total 430
technology companies

9,600
employees



Name of Property	Location	Year of Commencement	Area	Occupancy Rate
Hong Kong Science Park (Phase 1)	Sha Tin, New Territories	2002	120,000 m^2 (Gross floor area)	98.5%
Hong Kong Science Park (Phase 2)	Sha Tin, New Territories	2007	105,000 m^2 (Gross floor area)	92.9%
Hong Kong Science Park (Phase 3)	Sha Tin, New Territories	2014	105,000 m^2 (Gross floor area)	N/A
InnoCentre	Kowloon Tong, Kowloon	2006	14,233 m^2 (Gross floor area)	94%
Tai Po Industrial Estate	Tai Po, New Territories	1978	75.44 ha (Industrial land for leasing)	100%
Tseung Kwan O Industrial Estate	Tseung Kwan O, Kowloon	1994	74.85 ha (Industrial land for leasing)	94%
Yuen Long Industrial Estate	Yuen Long, New Territories	1980	66.53 ha (Industrial land for leasing)	99%

CHAIRMAN'S STATEMENT

Hong Kong was recently named by Forbes magazine as a technology city to watch, primed with the potential to be the next Silicon Valley. This is exciting as it is what the Corporation set out to do. Companies exploring opportunities to start-up, expand or diversify are attracted by Hong Kong's excellent track record, strong intellectual property policies, infrastructure and financial system.

INNOVATION IN THE MAKING

Imagine a big idea, a spark of inspiration, or a revelation that could change the world we live in – and then turning that concept into reality. At Hong Kong Science Park, we are creating the environment that allows ideas to take flight. This is the most exciting part of our role to be Hong Kong's home of innovation in the making.

As Hong Kong Science Park steps into a new decade of operation, the big question is what's next? We are already being recognised for our expertise in providing the nurturing support essential in the early stages of any start-up, being central in helping overseas and local companies maximise opportunities offered by the China market and elevating Hong Kong's role as a breeding ground for science and technology innovation. There is a growing interest in science and technology and people of all ages and backgrounds are more engaged in the industry than ever before. For example, the annual mega public event at the Park, InnoCarnival, and our guided tour programme, Science Explorer, attracted more than 230,000 visitors last year.

It is good to see such progress but at Hong Kong Science Park we see the need for greater efforts in order to get to the next level.

Hong Kong was recently named by Forbes magazine as a technology city to watch, primed with the potential to be the next Silicon Valley. This is exciting as it is what the Corporation set out to do. Companies exploring opportunities to start-up, expand or diversify are attracted by Hong Kong's excellent track record, strong intellectual property policies, infrastructure and financial system. This recognition is also due to our natural ability to adapt to change through innovation. Innovation is part of Hong Kong's DNA, and I often say that Hong Kong has always lived by its wits. Whenever we are faced with challenges, our entrepreneurial mindset helps us to overcome them.

Today, Hong Kong Science Park has become a major part of the ecosystem that is driving Hong Kong's innovative spirit. We live to create the environment that enables ideas to be part of a better future. The best example of this is our Green Technology cluster, which will make a major leap forward in 2014 with the opening of our Phase 3 'living laboratory' building project.

Phase 3 will set an example for the region. Each building will be a showcase for green technology in its architecture, design and operation. Due to the size of Science Park, we face many of the challenges a typical city does, from water use to

waste management to utility conservation. Phase 3 will use "smart city" technology to demonstrate greener, more sustainable ways to manage urban issues. Real innovation in the making.

We are also actively expanding our sphere of influence to the entire region, enhancing Hong Kong's regional 'technology hub' position. Historically, the focus has been inbound, with overseas and local companies looking to capitalise on the China opportunity. This interest will continue and we anticipate that our percentage of international tenants will continue to grow this year. However, developing strong links with important organisations and institutions in Mainland China remains a top priority as these form a solid foundation to help companies looking for a springboard into the Chinese market.

With the significant expansion and ambitions of China and many Chinese companies, we are now part of a larger system that is encouraging two-way trade. Corporations like Alibaba, Huawei, Tencent and ZTE have growth ambitions well beyond China and have already made their mark on the global stage. The Corporation now has the right relationships with corporate decision makers at every level, giving us the ability to offer important guidance when finding partners, identifying opportunities and gaining access to China or the international market.

However, the battle to build science and technology into a solid pillar industry in Hong Kong has not been won yet. Hong Kong, like any major city, faces challenges. Land scarcity and quality of life concerns have now surpassed economic concerns as young families consider settling here. But the real threat to Hong Kong realising its technology dreams is the fact that investment in research and development (R&D) remains low compared to some other countries. Funding for start-ups and growing companies is also a challenge due to the lack of progressive venture funding options. Without the government and business enhancing the investment in R&D, innovation will be at the periphery, not the core.

Hong Kong's innovation is still in the making. We can accelerate the needed changes and create our own future. We are determined to be an agent of change in Hong Kong's economy. It starts with having the right conversations with government, universities and the financial community and continuing these conversations until we see a real commitment to R&D and we find the optimum approach to building a truly comprehensive ecosystem.

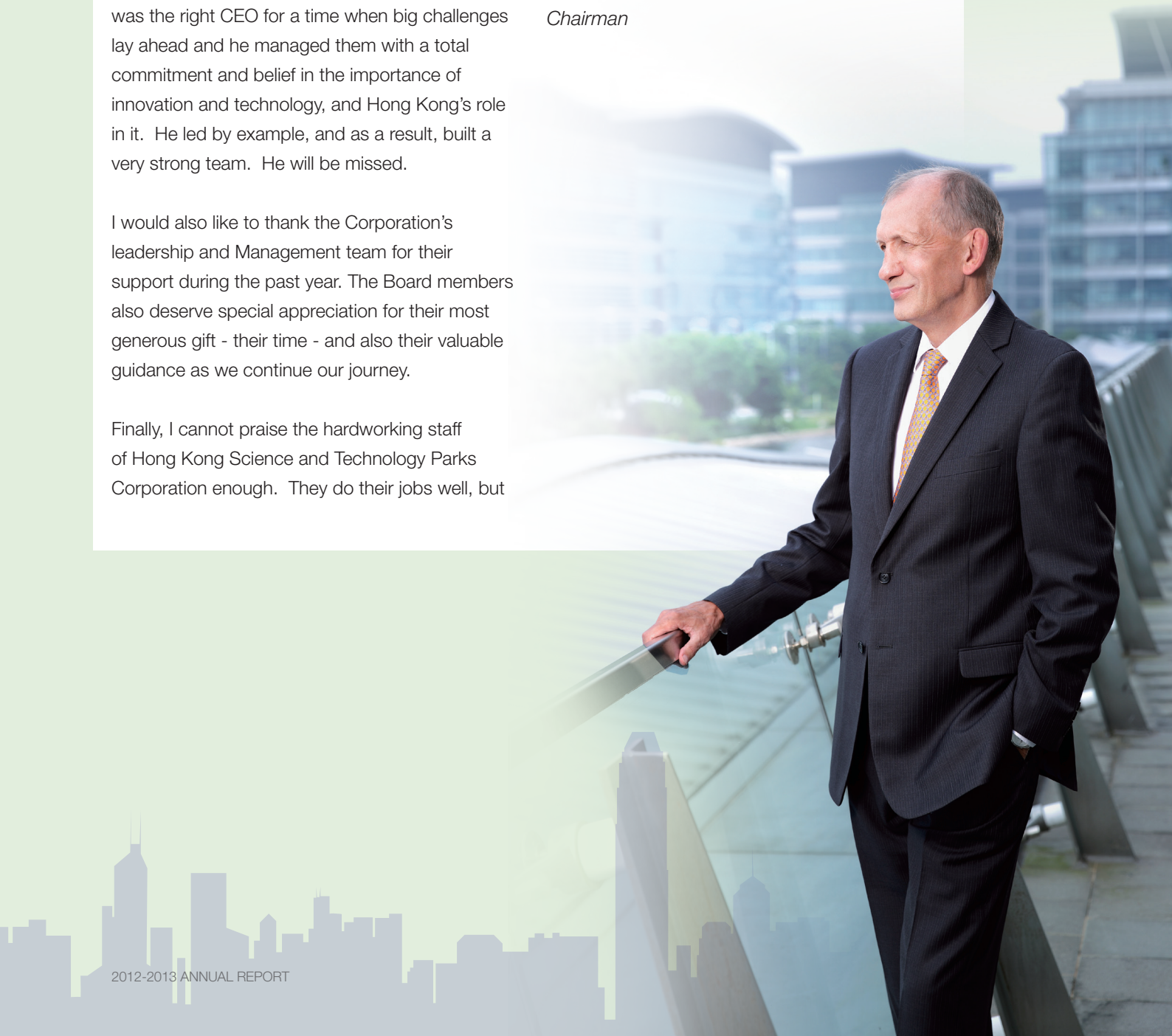
Despite these challenges, the Corporation is well prepared for its next phase of operations. As we move forward, I will have the advice and counsel of a new CEO. Allen Ma joined us as this report was going to press. His 30 years of experience in the corporate and technology sectors will be key to achieving the ambitious goals we've set for the coming years.

I must take this opportunity to thank our retiring CEO, Anthony Tan, who has been a partner, colleague and friend for the past five years. He was the right CEO for a time when big challenges lay ahead and he managed them with a total commitment and belief in the importance of innovation and technology, and Hong Kong's role in it. He led by example, and as a result, built a very strong team. He will be missed.

I would also like to thank the Corporation's leadership and Management team for their support during the past year. The Board members also deserve special appreciation for their most generous gift - their time - and also their valuable guidance as we continue our journey.

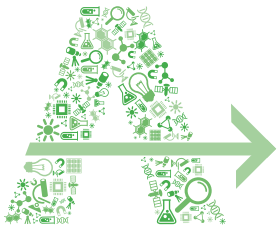
Finally, I cannot praise the hardworking staff of Hong Kong Science and Technology Parks Corporation enough. They do their jobs well, but also go above and beyond to "live" our mission and values. Our sustainability vision is carried out by everyone from the staff recycling paper to the engineers designing more environmentally friendly facilities for our tenants. Our team is out in the community, promoting our work to those who may not be familiar with what we do. Their enthusiasm is infectious and I'm proud to continue to be part of this effort that drives Hong Kong's innovation in the making.

Nicholas Brooke
Chairman



CHIEF EXECUTIVE OFFICER'S CHAT ROOM

What Achievements are you Most Proud of this Year, and Why?



We have had a number of initiatives this year, which have created a lot of opportunities. I think the most important ones are: first, having our organisation focused on the five cluster strategy; second, our development in Mainland China; and third, the upcoming completion of the third phase of Hong Kong Science Park.

Our five cluster strategy emphasizes the concept that each area requires a unique approach, and that it is very important for us to focus on each cluster in a very comprehensive way. We have set the operation and marketing frameworks for our clusters and within those five we have also selected what we call potential or niche technologies.

We have appointed industry experts to head up each cluster to guide and manage the development. Each cluster requires a different approach and a tailor-made model. No one generic design can be applied to all clusters. Having one cluster head to push each different area ensures that each cluster receives the networking, expertise and various support it needs.

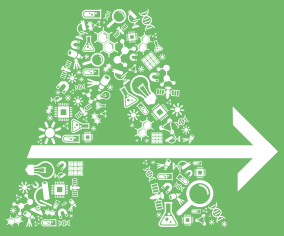
Our development in China is a perfect example of the unique role Hong Kong can play in accelerating the growth of the innovation and technology sector in the region. During the year, we signed a number of Memorandums of Understanding (MOUs) and collaborated with different entities in Mainland China – Nanhai, Foshan, Zhongguancun, Baoding and Qingyuan. Each location has its own strengths and unique resources. Going China is a key part of what we have been pushing this year, and it will be very helpful in expanding our influence.

A third key accomplishment is the near-completion of our Phase 3 expansion plan. We are progressing well in the construction of the first three buildings, and they are about to come on line. We are focused on recruiting companies and already have major technology companies interested.

This is an ongoing journey but we are pleased with our success so far. We have 430 companies and over 9,600 people working and innovating here. And we are continuing to see an uptick in technology development, companies joining, and outside recognition both for the Park and the companies based here. This is not just for us; it shows that Hong Kong as a community is capable of innovation.

E. Anthony Tan, MH
Chief Executive Officer

Tell us more about the innovation coming out of the companies at Hong Kong Science Park. What are some of their most interesting breakthroughs?

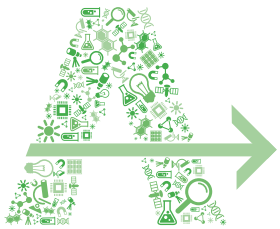


We have a number of companies developing exciting, breakthrough technology at our facilities. Some of them are graduates of our incubation programmes. We have a company called Cluster Technology Limited that has developed a way of processing and mining data that will, going in to the future, be exactly what the world market needs. ClusterTech has extended its support in the Mainland China and we have such a company at the forefront of something that will be very important. We look forward to seeing the impressive breakthrough from them.

We also have a company called Sengital Limited that is developing a lot of consumer products to cater to the needs of the market itself. Sengital is a graduated incubatee and its advanced technology can turn ordinary TV into a touch-screen one.

We also have a number of social enterprises; for example, One Earth Designs developed a solar cooker, SolSource, which was the winner of a Gold Medal as well as the Prix du Public Award at the 41th International Exhibition of Inventions of Geneva. Their primary target is developing countries which are in need of affordable clean energy.

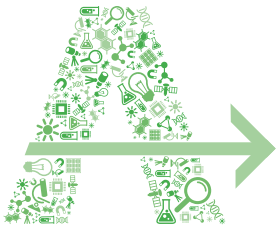
Do you see Hong Kong as a market leader in terms of the number of innovations? Where is it on the scale with other countries, leading Asian markets or behind Western markets?



I think we are continuing to trend up. For example, two years in a row companies in Hong Kong were selected for either the first or second prizes in the International Exhibition of Inventions of Geneva. The event attracts about a thousand exhibitors from over 40 countries. That tells you Hong Kong talents have the capability of innovating and our home-grown innovations are in the same league as internationally renowned companies.

In terms of raising capital, our angel network has helped raise money for Hong Kong small companies and in particular, start-ups. Angel funding is a critical component to establishing a culture of entrepreneurship in Hong Kong and we will continue to invest our efforts in this area.

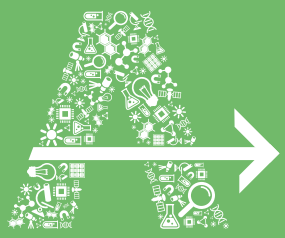
Why do you think there is a trend of increasing number of people getting interested in the technology sector? What is the driver?



The driver is the culture. You have to create a culture of entrepreneurship, and people are now beginning to focus on technology and the opportunities there. We are glad to see new startup support ecosystems in Hong Kong like the Cocoon and all these companies have really raised the culture of entrepreneurship. Hong Kong has all the elements, that's why it's the number one tech capital to watch after Silicon Valley and New York.

We are ready to become a world-class technology centre, all we need now is the recipe and to have the whole community pull together to make it happen. The momentum is there, we just need to move forward.

One project that expanded this year was the Hong Kong/Nanhai Joint Incubation Programme. How will companies in Mainland China benefit from HKSTPC's experience in this area? How does the collaboration benefit Hong Kong companies? And what is the role of HKSTPC?



The concept is 'leveraging the strengths of Hong Kong.' We have great physical hardware to offer, while Hong Kong and the Pearl River Delta combined also have a very strong intellectual infrastructure to support development and growth of the technology industries in the region. We are working very closely with cities like Nanhai and Guangzhou to leverage this.

The collaboration creates opportunities for both Western and Chinese companies. Hong Kong can attract companies from around the world because of its cosmopolitan nature and common law system, and also its proximity to China; in fact, more and more applications are coming from outside Hong Kong.

What we have in Hong Kong Science Park is a small-scale sample of what an ecosystem for Hong Kong should be for innovation and technology. Of course, this is only on our own scale, with a combination of mature companies and startups. In order for an entire community to become world-class, it takes everyone working together. HKSTPC is not that community, we are part of it. We are the catalyst, the example people can look at, but not the ecosystem itself.

Tell us a little about the laboratories, technology centres and other support. How does the design of the facilities create a technology infrastructure for Hong Kong?

The common use laboratories we established in the Park are our important assets. They are built and equipped to serve the specific needs of our partner companies in the five focused clusters. We also provide technical support to our customers. The laboratories and technical centres help reduce capital investment and shorten time to market. We will continue to expand our services in response to market development.

We now have 12 data centres in our industrial estates. This allows us to develop those capabilities, and create a concentration of trained information technology experts. At the same time, we are working with universities to nurture youngsters. Many companies are working with second and third year students through HKSTPC, which is a great idea. Once you do that you start building the supply and capabilities – this is the cycle that we need to establish.

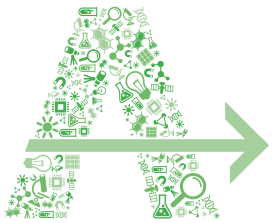
This helps Hong Kong's economy beyond creating jobs, too. For example, for data centres, the major cost is utilities – not only do they consume a lot of energy but they also generate heat in their operation, and the machines have to be cooled down. These are challenges for operators of any major data centre. I believe this presents a great opportunity for scientists to develop technologies that can reduce and/or reuse energy. Hong Kong can be the expert.

Even though this year's theme focuses on increased leadership and collaboration with Mainland China, sustainability is always top of mind at HKSTPC. What are you most proud of this year that happened in this area?

What we are really looking to do here is to establish a cultural change. We are the first in Hong Kong to adopt "green lease" and it is an agreement and trust between us and the community in the Park. But to establish a cultural change takes courage and vision. Through installing various kinds of eco-friendly facilities, we have to set it up in a way that motivates people to get on board. We will learn as we try to set an example. We are a working and living lab ourselves!

Our Phase 3 development is a part of this process. It incorporates not only green building practices, but energy saving elements such as the north-south building orientation, aesthetic staircases, EV friendly carpark charging system and a cooling water system, etc.

Looking ahead, what exciting achievements are already underway? Can you give us a sneak-peek of what 2013/2014 will bring?



This is an ongoing journey but we are pleased with our success so far. We have 430 companies and over 9,600 people working and innovating here. And we are continuing to see an uptick in technology development, companies joining, and outside recognition both for the Park and the companies based here. This is not just for us; it shows that Hong Kong as a community is capable of innovation.

Expansion-wise, we are looking at building audio, lighting, 3DIC and green technology laboratories. These projects are still in the planning stages. We are also looking at quality testing facilities.

There is also still a need for additional, practical education, and for the community to pull together to develop the ecosystem for sustainable growth in innovation, and we will continue to act as a catalyst for this.

I think for Hong Kong the sectors that will have the biggest influence and growth are information technology and telecommunications. You need both of them for any technology endeavour to be successful; a good example of this would be electric cars. Beyond that, green technology is the business of the future so we are also continuing to push on that. The technology is already developed around the world. The challenge is not in the tech itself, but defining the needs of society to find the solution you need. Once you define what the needs are, you can look for the technology that can be applied creatively to provide the solutions. I think Hong Kong is the best place to do that. That's our focus and that's what we need people to understand – define market needs first, don't start with technology.

INTRODUCING THE SUCCEEDING CHIEF EXECUTIVE OFFICER

In August 2013, Mr. Allen Ma assumed the position of Chief Executive Officer of Hong Kong Science and Technology Parks Corporation, pledging to lead the Corporation into a period of "creative technovation".

Prior to joining HKSTPC, Mr. Ma held senior executive positions within the information and communications technology sector. Bringing his 30 years of industry and business experience to bear, Mr. Ma will focus on enhancing the competitiveness of the city as a regional hub for science and technology innovation while building ever-stronger collaboration with the Mainland.

Dear Stakeholders,

In getting to know Hong Kong Science and Technology Parks Corporation, I have come to fully appreciate the magnitude of the role we play, not only in Hong Kong, but in the region and globally. This, combined with the energy and passion of all those involved with the Corporation, clearly showed that there are exciting times ahead and that I have to be a part of it.

Though I spent my former years at a number of information technology and communications multinationals, the opportunity to serve the technology community as a whole and contribute to the economic transformation of Hong Kong is the largest and most exciting yet. I thank you for this opportunity for which I am humbled and honoured.

Already, the achievements at Hong Kong Science Park in the last decade have been impressive and we have nurtured many home grown innovators to maturity.

Looking ahead, we have an even bigger goal — to secure Hong Kong's future.

This may sound too grand for an organisation like HKSTPC, but believe me when I say that innovation and R&D are keys to Hong Kong's future. Prosperity, stability and a progressive Hong Kong is dependent on a diversified economy, the development of sustainable and green technologies and reinforcing Hong Kong's position as the regional hub for science and innovation.

As such, my key focus will be to advance HKSTPC's mission to provide a world-class infrastructure as well as technical and support services, stimulate and grow the ecosystem and elevate science and technology in the consciousness of the public community.

Hong Kong Science Park is the exemplar of innovation and technology development and with that accolade comes the need for continuous transformation. Next year sees the opening of Phase 3, which brings with it huge possibilities in the development of green and sustainable technologies. I am hugely passionate about this project and believe the impact on communities will be extraordinary.

Hong Kong's technological development cannot be built upon without creating an ecosystem. HKSTPC is a key driver in facilitating the creation of this ecosystem, not only by providing expertise and infrastructure, but also by attracting international innovators such as University of Oxford and Imperial College London in the UK. These efforts are already bearing fruit and are certain to reap rewards in the near and long-term future.

The final piece of the puzzle is education and elevating science and technology in the public's perception. We are actively helping to identify and inspire the next generation of Hong Kong scientists and technology leaders by organising different community events such as Science Explorer, the guided tour programme and InnoCarnival and supporting many community events.

Let me express my deep gratitude to Mr. Anthony Tan, for his contributions in steering the Corporation to where it is today. I'd also like to thank our Chairman, Mr. Nicholas Brooke, for his tireless efforts and vision to secure the future of Hong Kong. Finally, I thank all the staff for your unwavering support and together we will continue to grow the five major technology clusters, and nurture our next generation of leaders in science and technology. I hope you share my excitement about the future, the continuous transformation of HKSTPC and the way in which we are, together, building a brighter future.

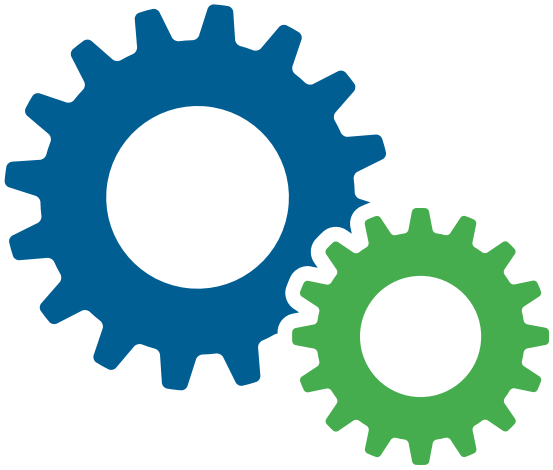
Sincerely,

Allen Ma
Chief Executive Officer

CORE VALUES

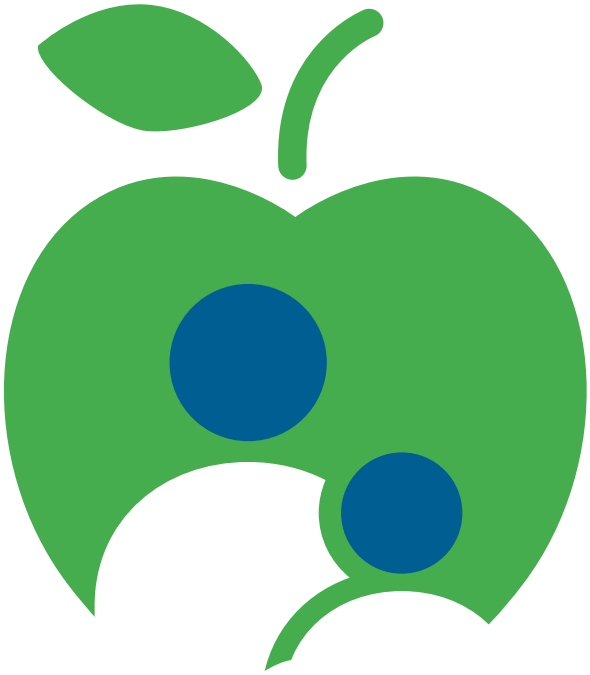
WE RUN OUR OPERATION WITH INTEGRITY

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 OUTMOST CONCERN

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

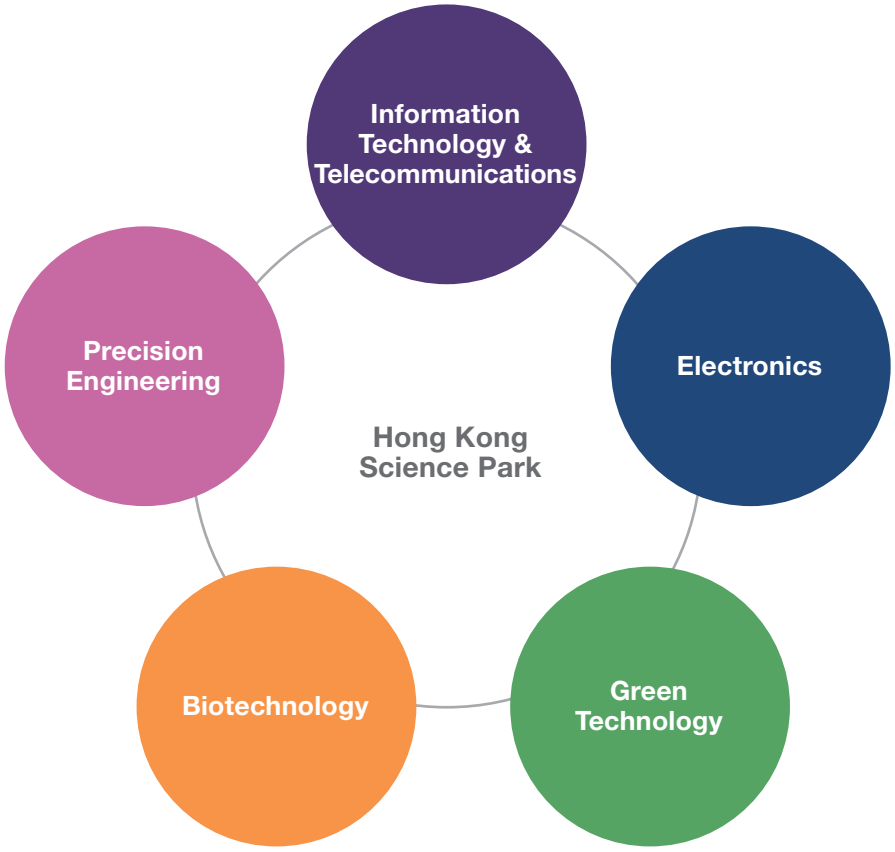
WE ARE DEDICATED TO THE ENVIRONMENT

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 commercialization of innovative technological breakthroughs for society.

CLUSTER APPROACH



CLUSTERING COMPANIES CREATES SPECIALIST ECOSYSTEMS

Hubs focus energy, growing companies to critical mass

When staff of newly arrived partner companies settle into Hong Kong Science Park, they often express delight at a discovery they soon make: Their new home is not just a futuristic infrastructure, but a thriving ecosystem for the commercialisation of next-generation technology. And that's not just marketing talk. Companies big and small find a long list of extras provided by the Park, from laboratory support to career fairs to conferences to specialist facilities to financial advice to networking functions. While large partner companies see these as highly useful tools, for small and medium enterprises they often make all the difference. No wonder we hear people talking about "the Science Park effect".

USE OF CLUSTERS BOOSTS GROWTH

While this "one-stop shop" concept existed at Science Park right from the beginning, it has become particularly significant following the success of the cluster system — a deliberate policy of making specific parts of the Park into hubs for companies focusing on key areas of techno-business growth in Hong Kong and the wider region.

The Electronics Cluster and the Information Technology and Telecommunications (IT&T) Cluster serve two areas which have long been particularly strong in Hong Kong, and which we shall continue to foster. Precision Engineering was another excellent fit for the industries in the region in upgrading our productivity and use of new materials. With today's green agenda and interest in healthy living, the Green Technology Cluster and Biotechnology Cluster are also critically important to have.

AMPLIFYING THE SCIENCE PARK EFFECT

How exactly does a cluster work, and how does it amplify the Science Park effect? The management of the Park has organised "cluster teams" – groups of specialists who support each of the disciplines. They provide more than just information and advice, also delivering practical help at the R&D level of laboratory support services, business networking, and more importantly, the development of a critical supply chain to foster cluster development as Hong Kong aims for a global market.

These processes and introductions provide the flashpoints that enable groups of companies with related interests to grow their mutual interests into commercial ecosystems. Executives are soon exchanging ideas, advising each other on suppliers and customers, and creating joint projects. The result is the sort of mathematics that business people love — one plus one equals three.

CROSS-CLUSTER PROJECTS

Recently, the Park has been excited to see that cross-cluster projects are also springing up. These work well, and there is great potential for growth in this area. For example, companies — focusing on next-generation electronic sensors using 3D IC chips could team up with biomedical companies that develop lab-on-a-chip application which also serve home patients that send their bio-data via apps over cloud services to their doctors: the likely result would be disruptive in the entire healthcare system.

The wide range of technology specialties in the Park could even connect to form a multi-disciplinary "smart city", becoming a significant part of what is sometimes called "the internet of things" — a reference to the forthcoming networked interconnection of everyday objects.

HONG KONG SCIENCE PARK PHASE 3 AND GREEN 18 BRING HONOUR TO HKSTPC

HKSTPC received recognition at the 2012 Green Building Awards, earning the coveted Grand Award in the New Building Category – Building Project Under Design category for the Phase 3 development, while Green 18 captured the Merit Award in the New Building category –Completed Building segment. In addition, all of the buildings at Phase 3a and 3b achieved the Provisional Platinum rating certification under the BEAM Plus scheme, which is the highest rating Hong Kong Green Building Council awards.

The Green Building Awards recognise projects that contribute to sustainability and the built environment while also encouraging the mainstream market to adopt sustainable planning, design, construction and other relevant practices. BEAM Plus is the latest edition of Hong Kong's rating tool for green buildings – the successor to BEAM (Building Environment Assessment Method).

11 Jun 2012

13 Aug 2012

HKSTPC AND CHINA (NANJING) SOFTWARE VALLEY SIGN MEMORANDUM

HKSTPC and China (Nanjing) Software Valley CMC signed a strategic cooperation memorandum to facilitate further exchanges between Hong Kong and China. These include strengthening bilateral training, sharing management best practices, business cooperation, and a technical service platform.

The MOU also requires the Mainland and Hong Kong to engage jointly in systematic planning and promotion of innovation and technology. As part of the agreement, HKSTPC agrees to provide facilities, services and a dynamic environment for the creation of ideas, innovation and development, promoting Hong Kong as a world-class technology hub.

INCU-APP CENTRE

HKSTPC opened its Incu-App Centre in September 2012. As part of the Incu-App Incubation Programme, first introduced in January 2012, the Incu-App Centre provides incubatee companies with an environment that encourages collaboration and knowledge exchange, easy access to testing and support equipment, logistics support and other facilities such as a networking area and meeting rooms. The Centre, already home to 30 companies as of 31 March 2013, creates an ideal experience sharing environment to encourage synergy and idea generation. It also significantly enhances incubatee competitiveness and allows them to penetrate a variety of related market segments.

The unique incubation programme and Incu-App Centre are positioned to help incubatees leverage support from strategic partners and reach a wider ecosystem. One critical success factor for incubatees is the opportunity to leverage the support of companies from the web and mobile industry, particularly those in the content development, application platform and market support value chain.

25 Sep 2012

27 Sep 2012

CELEBRATING OFFICIAL STATUS AS NATIONAL GREEN TECHNOLOGY BASE

HKSTPC celebrated at an official ceremony the formal designation of Hong Kong Science Park by the Ministry of Science and Technology (MOST) of The People's Republic of China as a “National High-Tech Industrialisation (Partner) Base for Green Technology.”

The recognition for the Park first came to light when Vice Premier Li Keqiang visited Hong Kong in August 2011 and selected the city as a location for being a National High-Tech Industrialisation Base. Subsequently, the Park was proposed as an ideal venue for the base of Green Technology development by the HKSAR Government. The official designation empowers the Park to work more closely with other science parks and technology institutes across the country.

PHOTO CONTEST 2012

The 4th annual Hong Kong Science Park Photo Contest received record-breaking entries. Launched in July, and themed "Go Green in Style," the contest took the idea of green living to a new level through the application of digital photography. It also provided an interactive platform for the public to get closer to the Park and better understand the role of HKSTPC in fostering green initiatives in Hong Kong.

The contest received overwhelming response from the public with more than 1,000 entries and attracted more than 250 photography enthusiasts and families to the workshops, as well as tripled the number of Facebook fans to over 6,000 since the contest kicked off. More

than 300 photography enthusiasts and families attended the Digital Creation Day with two Chroma Key workshops, a mini photography contest and an educational guided tour.

20 Oct 2012

13-16 Nov 2012

INNOASIA 2012

For the 8th consecutive year, HKSTPC hosted its annual flagship conference, InnoAsia, from 13 to 16 November 2012. InnoAsia 2012 brought together leaders from the government, the technology industry, business and academia to share insights and knowledge on the theme of "Innovations for Green and Healthy Living."

InnoAsia 2012 also featured the high-profile Chairmen's Forum again, hosted by HKSTPC's Chairman, Mr. Nicholas Brooke. The forum gathered distinguished leaders from business and industry to exchange views and explore ways to build a greener Hong Kong.

Dedicated technology forums on urban and environmental sustainability issues as well as healthcare/ healthy lifestyle concerns were also held.

At the margin of InnoAsia 2012, HKSTPC, in partnership with the Hong Kong Business Angel Network (HKBAN) and the Hong Kong Venture Capital Association (HKVCA), hosted the Hong Kong Venture Capital and Angel Investment Conference and various investment workshops.

DIRECTORS OF THE YEAR AWARDS 2012

HKSTPC's Chairman, Mr. Nicholas Brooke, was awarded the "Directors of the Year Awards 2012" by The Hong Kong Institute of Directors.

The annual award is highly regarded by the business community, and aims to publicise examples of good corporate governance and recognise boards and directors for their outstanding efforts in promoting and practising high standards of corporate governance.

Mr. Brooke has served on the Board of HKSTPC for 11 years since the Corporation's inception in 2001, and has been actively involved in its policy making, strategy formulation and business development. In the capacity of Chairman of HKSTPC since 2007, he has led the Corporation in enhancing its corporate governance and operational efficiency. He also plays a key role in strengthening the role of the Corporation in building a world-class technology hub for the region and advancing the development of innovation and technology in Hong Kong.

20 Nov 2012

19 Dec 2012

JOINT INCUBATION CENTRE WITH NANHAI

As the first signature project under the "Guangdong-Hong Kong Innovation Circle" initiative between HKSTPC and the Nanhai government, the joint incubation centre harnesses the ample resources in Nanhai, including funding, government support, R&D spaces and facilities. At the same time, Hong Kong is bringing in many experienced technology experts and consultants as well as innovative ideas and management methods. The objective is to encourage overseas and domestic entrepreneurs to develop high-value added products or services in South China.

The first phase of the incubation programme can accept up to 28 start-up companies and about 20 of them can be incubated into more mature companies within five years. It is expected to attract around 100 high-level entrepreneurs.

The incubation centre is a significant first step for Nanhai-Hong Kong cooperation. More large-scale projects are in the pipeline, such as the Guangdong-Hong Kong green building in Nanhai Sanshan Technology Creative Industry Park (to be completed in 2013) and the Guangdong-Hong Kong Technology Industrial Park for development of green technology, energy efficiency and conservation innovation, photoelectric display, and other technologies.

HONG KONG SCIENCE PARK ONLINE SMART GAME

HKSTPC is committed to promoting innovation and technology development in Hong Kong through a variety of activities to inspire the public, especially the younger generation. In November 2012, the Corporation launched a specially designed “We Love Green” online smart game to educate young people on the latest green energy, fibre optic communications and other technology in a fun, interactive way.

The game’s "scientific exploration" docents led visitors to various pavilions to answer questions about the Science Park or technology-related issues, or to complete the assigned "green mission" to accumulate points. The game attracted 1,800 participants, which multiplied to more than 5,400 play times.

A finale event was held at the Park in January 2013 during which the five finalists competed for the championship.

19 Jan 2013

2 Feb 2013

CAREER FAIR 2013

The HKSTPC Career Fair provides a platform for HKSTPC partner companies, job seekers and fresh graduates, bringing together the brightest individuals and those companies that are seeking to enrich their talent, and fuelling the development of innovative technology.

This year, with more than 300 positions offered by over 35 partner companies that operate in Hong Kong Science Park and the three industrial estates, the Career Fair attracted more than 2,000 candidates. Renowned companies including BGI, Bright Future Pharmaceutical Laboratories, ClusterTech, Cree, HAESL, Hai Kang Life Corporation, Smart China and We Software, offered diverse positions ranging from engineers, software engineers, game designers, mobile application developers to marketing professionals.

INCUBATION GRADUATION CEREMONY

HKSTPC held its 2012-2013 Incubation Graduation Ceremony in March 2013 to honour 32 companies that have successfully completed Incu-Tech, one of HKSTPC's incubation programmes.

This year, 13 graduates and incubatees have received awards and recognitions from significant industry competitions in Hong Kong and overseas. These include the 40th Grand Prix Du Salon International Des Invention De Genève and 2012 Hong Kong Awards for Industries: Technological Achievement Grand Award, illustrating the achievement of Hong Kong innovative talents, as well as recognising the value of HKSTPC's incubation programmes.

An exhibition was held after the ceremony for 27 graduates and incubatees to showcase their latest products and technologies. Participants had the chance to experience the latest innovations in areas including intelligence software, mobile applications and enterprise systems.

26 Mar 2013

26 Mar 2013

HKSTPC LIAISON OFFICE AT ZHONGGUANCUN

In March 2013, the HKSTPC's first Mainland liaison office was opened at Zhongguancun in Beijing. Hong Kong, as an international market, plays a vital role in innovation and technology development for the region. The liaison office will act as a gateway to introduce innovative technologies, services and international talents to the companies in Zhongguancan while providing an entry point for Mainland enterprises to be internationalised, led by Hong Kong.

HKSTPC will provide access to information about advanced manufacturing, new energy, new materials, environmental protection, food, pharmaceuticals, new materials and other fields, in science and technology, industry, services, personnel and other areas. The two sides will exchange visits of top management to share best practices, and promote new technologies, products, services, and the development of high-tech industrial clusters designed to foster new economic growth.

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 recently 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 the Chairman 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 the Mainland China.

PROFESSOR JOHN CHAI YAT CHIU

Professor John Chai is the Managing Director of Fook Tin Group Holdings Ltd. and the Chairman of Business Environment Council and the Honorary Chairman of the Hong Kong Medical and Healthcare 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, Bachelor of Dental Surgery (HKU). 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

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, Chairman of the Hong Kong CPPCC (Provincial) Members Foundation 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 the 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 (Appointed on 1 July 2013)

Mr. Raymond Cheng is the Group General Manger & 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, Raymond has spent five years in HSBC.com in North America from 2001.

He 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 Council Member of Lingnan University, Supervisor of Yan Chai Hospital Choi Hin To Primary School, a director of Hong Kong Chiu Chow Chamber of Commerce, and the Chairman of the USC Alumni Association (H.K.).

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 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 Group, Vice Chairman of Fong's Family Foundation. 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. 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, a Member of Standing Committee of China Overseas Friendship Association, an Honorary Trustee of Peking University and a Board of Trustee of Jinan University and a Council Member, Peking University Education Foundation.

Mr. Fong is also the Vice Chairman of Hong Kong Chinese General Chamber of Commerce, Chairman of Hong Kong Strategy, Chairman of Board of Trustees of The Lord Wilson Heritage Trust, a Member of Advisory Committee on Revitalization of Historic Buildings, a Director of Hong Kong Real Estates Developers Association, a Director of Friends of Hong Kong Association, a Member of Social Welfare Advisory Committee and a Council Member of Hong Kong Committee for UNICEF.

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 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.

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

(Appointed on 1 July 2013)

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 is a Managing Partner of Qiming Ventures leading its health care investments. Qiming manages USD 1.3 Billion and is one of the most active funds in China. It has won numerous awards including most recently TOP 50 GP with the most investment potential in China at Top Capital Summit in 2012, Top 10 China Foreign VC Funds by Zero2IPO and Top 10 Bio/Healthcare VC/PE Firm in China in 2012 and Top 10 Value-added Service VC/PE firms of the year 2012.

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

Nisa 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, is member of Cornell Life Sciences Advisory Board and director of Young Entrepreneur Development Council.

IR DR. HONOURABLE LO WAI KWOK BBS, MH, JP, CEng, FHKIE, FIET, FIMechE, 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 Deputy 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 Councilor 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.

MR. JOSEPH PANG YUK WING JP (Retired on 30 June 2013)

Mr. Joseph Pang is currently a Senior Advisor of The Bank of East Asia, Ltd.

Mr. Pang holds an Honours Degree in Social Science and a master's degree in Business Administration from The Chinese University of Hong Kong.

He became an associate of the Chartered Institute of Bankers in 1975 and a fellow of the Hong Kong Institute of Bankers in 1995, respectively.

He was conferred an Honorary Degree of Doctor of Social Sciences by Lingnan University in 2002 and an Honorary Fellowship by The Chinese University of Hong Kong in 2004, respectively.

Mr. Pang was appointed as a Justice of the Peace by the HKSAR Government in 2000.

PROFESSOR SHYY WEI

Professor 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, Ann Arbor.

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.

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 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). He has also been the Dean of Graduate School since 2009. 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.

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 and Chairman of Construction Industry Training Authority, and is currently Chairman of Construction Industry Training Board and 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 the Unsolicited Electronic Messages (Enforcement Notices) Appeal Board. She serves as Chair of the DIT Committee of Hong Kong General Chamber of Commerce (June 2010 – June 2013). She is also the Vice President 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, 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 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.

COMMITTEE MEMBERS

(With effect from 30 July 2012 to 12 August 2013)

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

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. Joseph Pang Yuk Wing, JP (Vice-Chairman)

Mr. Billy Wong Wing Hoo, JP

Ms. Winnie Yeung Cheung Wah

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

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

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)

Mr. Joseph Pang Yuk Wing, JP

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

Remarks:

Miss Susie Ho Shuk Yee took up the post of Permanent Secretary for Commerce and Economic Development (Communications and Technology) and joined the Board on 8 October 2012.

Mr. Joseph Pang Yuk Wing retired from the Board on 30 June 2013.

(With effect from 13 August 2013)

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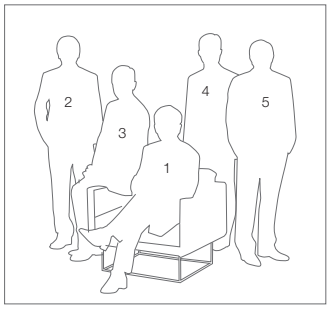
Mr. Richard Sun Po Yuen, JP,
Certified Public Accountant

Mr. Billy Wong Wing Hoo, JP

Miss Susie Ho Shuk Yee, JP

MANAGEMENT TEAM



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

THE CEO AND FOUR SPECIALISTS

MR. ALLEN MA KAM SING

Chief Executive Officer

Mr. Ma has been a high profile and extremely well-respected international leader in the information and communications technology sector for many years. His acceptance of an invitation to take the helm of Hong Kong Science and Technology Parks Corporation from July 2013 was received very positively inside and outside the organisation.

He brings to the Corporation an unparalleled track record of success in top international technology firms. His three decades of experience include key roles with British Telecom, Motorola Inc. and C&W Hong Kong Telecom. In each case, he led major business expansions, managing high-powered teams through complex international deals.

Mr. Ma is known to be driven by his belief that technology will play an increasingly important role in fuelling Hong Kong's economic transformation. His appointment is seen as a key step in ensuring the continued growth of the Corporation.

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 experience across private equity investment, information technology, and electronics industries.

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 the Jardine Matheson Group and 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.

MR. BEN LUI SAU SHUN

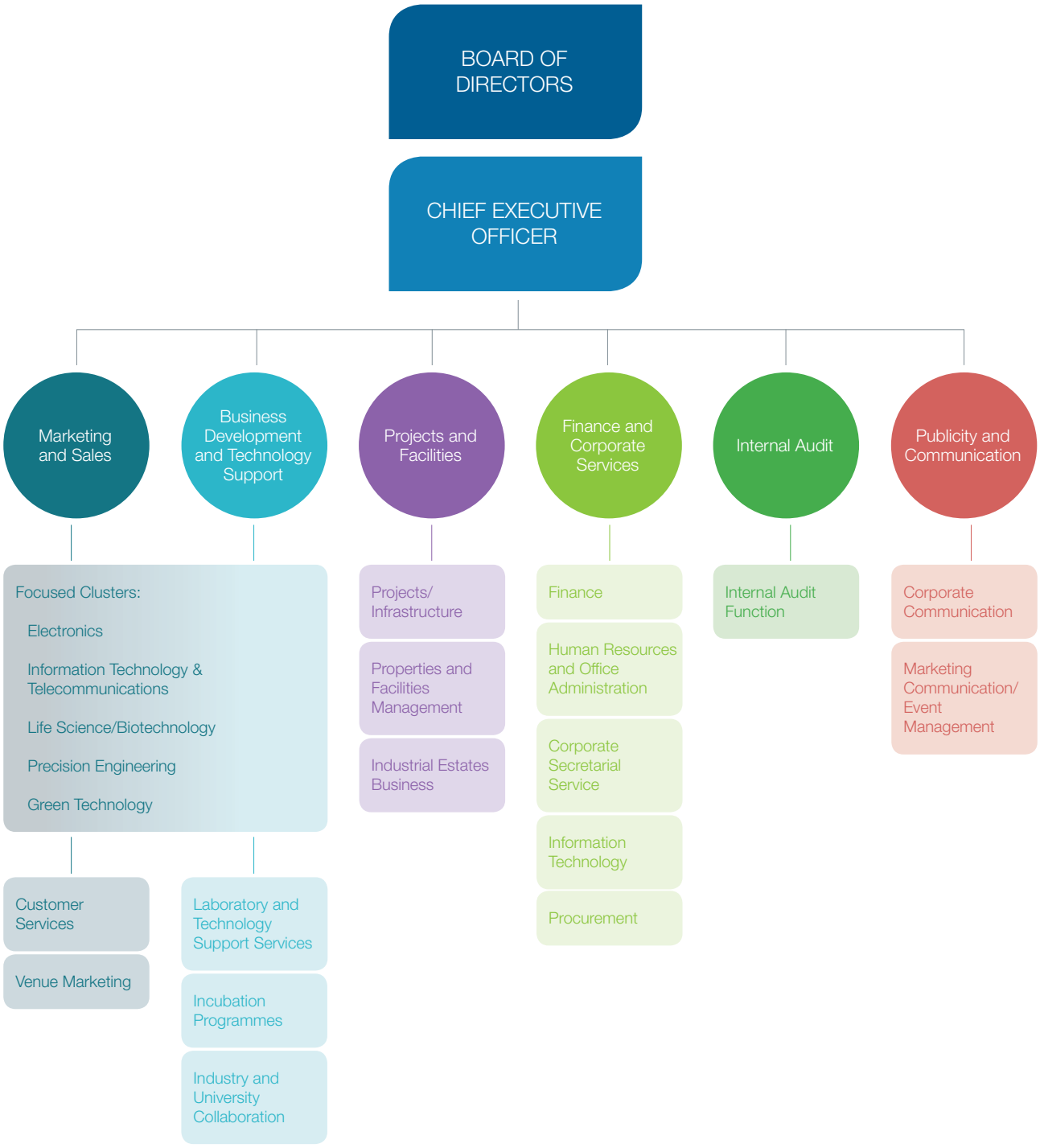
Vice President, Projects and Facilities

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.

CORPORATE STRUCTURE



CORPORATE INFORMATION

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

Tseung Kwan O Industrial Estate
Tel/Fax: (852) 2623 9619

Yuen Long Industrial Estate
Tel/Fax: (852) 2479 0224

Principal Bankers

Australia and New Zealand Banking Group Limited
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
Standard Chartered Bank (Hong Kong) Limited
The Bank of East Asia, Limited
The Hong Kong and Shanghai Banking Corporation Limited
Wing Hang Bank, Limited
Wing Lung Bank Limited

Solicitors

Deacons
Mayer Brown JSM

Auditors

Ernst & Young

HONG KONG SCIENCE PARK

Hong Kong Science Park provides world-class infrastructure for our business partners. Our 22-hectare waterfront site contains 330,000 square metres of R&D office and ancillary space, spread among 26 state-of-the-art buildings in Phases 1, 2 and 3. The development of Phase 3 is targeted for completion from 2014 to 2016.

Our Research & Development (R&D) offices, laboratories and MICE (meetings, incentives, conferences and exhibitions) venues are available for rental. The Park also contains shops, food and beverage outlets and a clubhouse, ensuring that companies in the Park and visitors enjoy easy access to everything they may need on-site.

The Park is easily accessible to and from other parts of Hong Kong, including on-site parking spaces, mini-bus services to Shatin, and public bus services to University MTR station.

This year, Hong Kong Science and Technology Parks Corporation (HKSTPC) has strengthened the "Five Clusters Strategy" to provide targeted, specialised assistance to the partner companies and incubatees in Science Park. The clusters are defined as: Biotechnology, Electronics, Green Technology, Information Technology & Telecommunications and Precision Engineering. In 2012/2013, the strategy became more robust with the appointment of cluster heads for each of the five areas. Appointing specialised cluster heads ensure that each cluster receives the focus it needs in every area from Mainland collaboration, to financing and business services.

So far, the strategy has proven successful and each cluster has demonstrated increased activities this past year.

22-hectare waterfront site contains

330,000 sq m

of R&D office and ancillary space, spread among 26 state-of-the-art buildings in Phases 1, 2 and 3

The **Biotechnology** cluster organised an Industry/ Academia Research Partnership Summit, bringing university researchers and industry representatives together to explore collaborative opportunities. All six research universities in HK participated, as well as 11 of the top global pharmaceutical companies. HKSTPC also signed a Memorandum of Understanding (MOU) with Guangzhou Development Zone, creating a unique "green channel" for biological material import/export between Hong Kong and Mainland China. There are a total of 53 partner companies and incubatees in the Biotechnology community at the Park. Two new partner companies and three new incubatees also joined the Biotechnology community in the past year, while some also expanded, demonstrating a trend of growth in the cluster.

The **Information Technology & Telecommunications (IT&T)** cluster had a banner year as well and is now the largest cluster of its type in Science Park. Through technology platforms such as wireless communications, 3GPP pre-conformance testing & Internet of Things, HKSTPC enhances partner companies developing products and solutions to serve cross markets. Hong Kong Science Park is home to 150 IT&T partner companies and incubatees and more than 2,500 IT professionals as of 31 March 2013. Its annual R&D investment is now more than HK$1.2 billion. The IT&T cluster is populated by a diverse array of companies within its domain, reflecting the way this industry has changed and its direction for the future.

Total **53**

partner companies and incubatees in the Biotechnology community at the Park.

150 IT&T partner companies and incubatees

more than **2,500** IT professionals

Total **92**

partner companies and incubatees in the Park designing electronics products or providing solutions with electronic products.

Total **35**

partner companies and incubatees in Precision Engineering cluster at the Park and provide about **600** jobs

Total **54**

partner companies and incubatees in Green Technology cluster at the Park and provide about **1,300** jobs

The **Electronics** cluster had a successful year building on the strength of the electronics industry, the supply chain in PRD and the continuous high demand for semiconductor products in China. HKSTPC enhances the IC technology platform to allow partner companies to integrate a variety of technologies into next-generation electronic products that are high performance, low power and small in size such as IoT, bio-medical electronics and green-powered electronics. There are 92 partner companies and incubatees in the Park designing electronics products or providing solutions with electronic products; more than 50 of these are IC design companies.

Using cluster collaborations established by HKSTPC, partner companies are able to create electronic products designed to be smarter, safer, more playful and environmental friendly and enhance the quality of life. HKSTPC also increases the speed of research and development (R&D) by enhancing the platform to enable rapid prototyping and pilot production to support commercialization of technology concepts.

The **Green Technology** cluster grew in 2012/13 to encompass 54 partner companies and incubatees. Together they occupy more than 22,668 square metres and provide about 1,300 jobs. The companies comprise every area of green technology, including: green transportation/electric vehicles; energy application; environmental engineering; renewable energy; solid state lighting; testing and certification; and energy efficiency.

Notable events for the Green Technology cluster included the Think Asia Think Hong Kong event, which took place in Japan in May 2012; the SSL Expo in Guangzhou, and the Eco Expo Asia 2012. The Green Technology cluster companies were also represented at InnoAsia 2012, along with the other clusters.

Within these strategic groups, multiple target subsectors have been established, including:

Renewable/Alternative Energy Source
Building Systems
Energy Saving/Efficiency
Energy Storage/Conversion
Cleaner Production
Green Building Integrated Design/Engineering Services
Building Materials
Electric Vehicles/Green Transportation
Water Sourcing, Treatment, and Recycling/Conservation Activities
Air and Water Pollution Prevention, Controls and Monitoring
Green Services
Solid Waste Management (Recycling)
Hazardous Waste Management/Recycling
Design for Environment

Distribution of partner companies by clusters

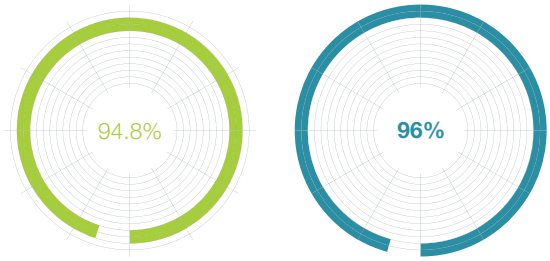
32.2%	Information Technology and Telecommunications
28.3%	Electronics
13.5%	Biotechnology
13.5%	Green Technology
8.6%	Precision Engineering
3.6%	Professional Services
0.3%	Others

Distribution of partner companies by places of origin

62.5%	Hong Kong
13.1%	US & Canada
8.9%	Mainland China
7.8%	Europe
7.6%	Asia Pacific

KEY STATISTICS

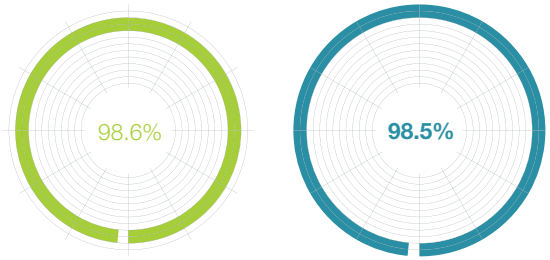
Overall Occupancy



As at end March 2012 | **As at end March 2013**

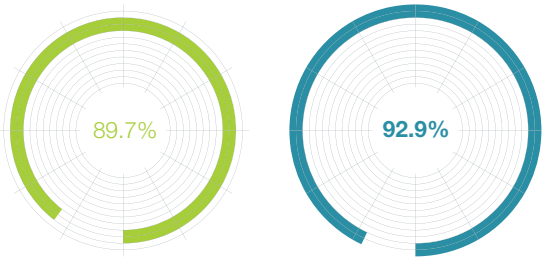
Phase 1 and Phase 2 Occupancy (1)

Phase 1



As at end March 2012 | **As at end March 2013**

Phase 2



As at end March 2012 | **As at end March 2013**

Number of partner companies

Phase 1

As at end March 2012 | **As at end March 2013**

Phase 2

As at end March 2012 | **As at end March 2013**

Number of Incubatees

Phase 1

As at end March 2012 | **As at end March 2013**

Phase 2

As at end March 2012 | **As at end March 2013**

(1) (Note: The occupancy rate represents the area currently leased over the total available area for leasing)

INDUSTRIAL ESTATES

HKSTPC contributes to broadening Hong Kong's industrial base and upgrading technology levels through offering fully serviced land at the three Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long at competitive rates to companies engaged in skill-intensive manufacturing and service industries. In addition to manufacturing operations, more diverse uses such as data centres, pharmaceutical processing, recycling and multimedia industries have been admitted to the three Industrial Estates.

The 75-hectare Tai Po Industrial Estate remains fully occupied, while the 67-hectare Yuen Long Industrial Estate is currently 99% occupied with a 0.45-hectare greenfield site. The 75-hectare Tseung Kwan O Industrial Estate is currently 94% occupied with two sites left totaling 4.55 hectares.

In 2012/13, we completed two new grants in Tseung Kwan O Industrial Estate and three on Yuen Long Industrial Estate. Furthermore, three assignments were completed with two more cases approved pending completion. We have also processed 14 cases for extension of time in development, modification of users or breach of lease conditions. Including the land premium, assignment fees and additional premiums, we expect net income will amount to total HK$211 million.


Tai Po


Tseung Kwan O


Yuen Long

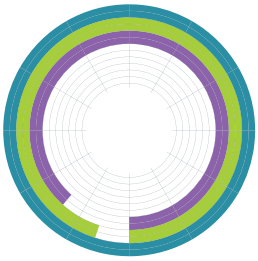
New projects admitted in 2012/13 include the following:

Industry	Projects	Total
Pharmaceutical	Wong To Yick Eu Yan Sang Wai Yuen Tong	2.94 hectare
Telecom & Data Processing	Global Switch Digital Savvis	3.15 hectare
Food & Beverage	Billion Joy	0.32 hectare
Plastic & Resin	Asia International	0.62 hectare
Other Manufacturing	China Light and Power (Substation)	0.33 hectare

On revitalisation of the Industrial Estates, we have processed 11 cases to enhance utilisation rate. On future developments, an extension of Yuen Long Industrial Estate is proposed at Wang Chau. This development would comprise about 16 hectares. A Planning and Engineering Feasibility Study has commenced in July 2012 and is targeted for completion in July 2015. The consultants, in consultation with HKSTPC, have generated development options for consideration by the Corporation.

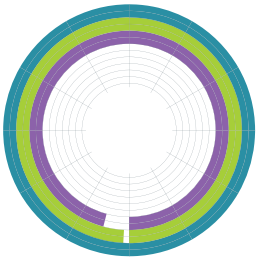
KEY STATISTICS

Occupancy



100% Tai Po
95% Yuen Long
89% Tseung Kwan O

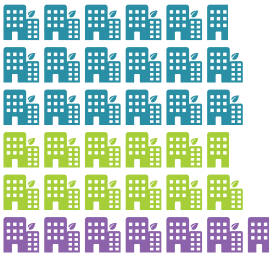
2011-12



100% Tai Po
99% Yuen Long
94% Tseung Kwan O

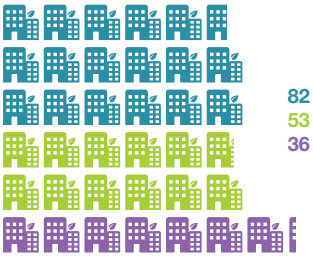
2012-13

Number of factories



82 Tai Po
52 Yuen Long
34 Tseung Kwan O

2011-12



82 Tai Po
53 Yuen Long
36 Tseung Kwan O

2012-13

Remaining vacant land (ha)

2011-12

2012-13

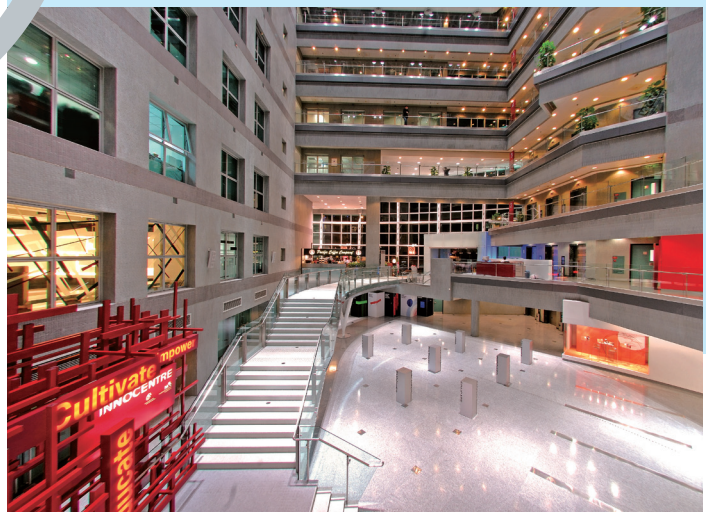
INNOCENTRE

548 events

more than 68,000 visitors

InnoCentre is a state-of-the-art, recently remodeled design space in the heart of Hong Kong's urban centre, at Kowloon Tong. Since it opened in 2006, InnoCentre has helped hundreds of design companies realise their dreams and take their creativity and entrepreneurship to the next level. It is a purpose-designed facility, providing 2,230 square meters of exhibition space, training and meeting facilities, promotional activities and support services.

This past year, 548 events were held at InnoCentre, attracting more than 68,000 visitors to the facility. Notable events included:



1	2nd Greater China Illustration Awards roving exhibition by Hong Kong Society of Illustrators.
2	World Intellectual Property Day cocktail reception by HKDC co-organized by Intellectual Property Department, HKSAR and Hong Kong Design Centre
3	Design, Art & Architecture University Fair 2012 by International Society of Architects, Designers and Artists, Inc.
4	Prize presentation ceremony for 2012 Hong Kong and Taiwan "my video " competition
5	UniArt Graduation Exhibition 2012
6	SCAD Creative Dialogue: Daydream Norton and Mimi Plange by Savannah College of Art & Design
7	Hong Kong Smart Gifts Design Awards, roving exhibition by the Hong Kong Exporters Association
8	AGI Open 2012 special Project Exhibition "Heaven & Hell" by Alliance Graphique Internationale (Hong Kong) Ltd.
9	World's Greatest Catwalk 2012 Model Talent search by Hong Kong Fashion Designers Association
10	"International Symposium on Chinese Spoken Language Processing" 2012 by the Chinese University of Hong Kong
11	UX Hong Kong (user experience design) 2013 by Apogee Communications Ltd.

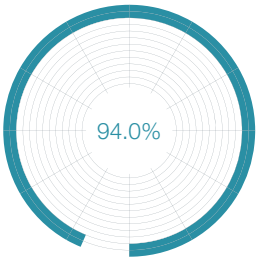
InnoCentre also hosted judging and briefing sessions for renowned awards such as the Geneva Awards for technological innovation, Design for Asia Awards and Hong Kong Young Design Talent Awards in 2012.

In addition, the facility supported various tertiary institutions graduate shows, including:

1	CUSCS Fashion Exhibition 2012 by the School of Continuing & Professional Studies, The Chinese University of Hong Kong
2	2012 A SPACE ODYSSEY by HKU SPACE
3	Hong Kong College of Technology Graduation Show 2011/12 by Hong Kong College of Technology
4	Design Speaks – Higher Diploma Programme in Commercial Design Graduation Exhibition 2012 by the School of Continuing & Professional Studies, The Chinese University of Hong Kong

KEY STATISTICS

Occupancy



2012-13

Number of partner companies

79

2012-13

INCUBATION PROGRAMMES

SUPPORTING AND ENCOURAGING ENTREPRENEURSHIP

To assist local technology start-ups and entrepreneurs to get through the most vulnerable inception stage and pave the way to establish their successful new businesses, HKSTPC offers a series of full-service incubation programmes, including an 18-month Incu-App Programme for mobile and web applications (apps) developers; a three-year Incu-Tech Programme for new technology companies; and a four-year Incu-Bio Programme for those involved in biotechnology-related business.

All incubatees enjoy such support from our integrated incubation programmes as subsidised R&D fitted offices and a financial aid package. What is more, 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; link up with 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 entering the market via the First@SciencePark initiative; and product promotion assistance in marketing, exhibition participation 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.

By delivering exceptional soft and hard infrastructure, the incubation programmes have successfully nurtured 285 start-ups since 1992; nearly 75% continue to thrive today.

With the help of our Business Plan Consulting Service, start-ups are able to fine-tune their businesses and source investment funding through our network, including the Hong Kong Business Angel Network (HKBAN) and veteran venture capital investors.

In 2012/2013, our incubatees won 25 local, regional and international awards

Highlights of the awards

Incu-Tech / Incu-Bio / Incu-App	
1	The Grand Prix of the International Exhibition of Inventions of Geneva: Rehab-Robotics
2	Technological Achievement of Hong Kong Awards for Industries (HKAI) – Grand Award: nwStor
3	Machinery and Machine Tools Design of Hong Kong Awards for Industries (HKAI) – Award: Ckicom
4	National Business Incubator Association (NBIA) Award – Incubator Client of the Year 2012: iMusicTech
5	Hong Kong ICT Awards 2012: Best Lifestyle (Learning & Living) Award – Gold Award: Playnote
6	Asian Association of Business Incubation Torch Award – Most Promising Enterprise: Insight Robotics
7	Asia Pacific ICT Awards (APICTA) – Start-Up Company – Grand Award & e-learning – Merit Award: Playnote
8	Appsanity 2012 1st Prize: SohoMob
9	IBM SmartCamp Kickstart event - Best Emerging Technology Award 2012: eNanoHealth

For further details, please visit the incubation programmes website: http://www.hkstp.org/incubation.

MAJOR DEVELOPMENTS

Rapid expansion for Incu-App

The rapidly rising demand for mobile and web applications (apps) industry presents great potential to the market as well as developers. In response to the market needs, HKSTPC launched the Incu-App Programme (Incu-App) in early 2012 and subsequently opened the Incu-App Centre later in the year. This initiative highlights HKSTPC's ability to stay abreast of industry trends, as well as flexibility to broaden its scope of services to support entrepreneurs in developing and realising great innovative ideas.

The overwhelming response to HKSTPC's 18-month incubation programme tailored for web/mobile apps technology start-ups, **Incu-App**, has led to the expansion of the Incu-App Centre from the original 5,300 square feet to 10,000 square feet in February 2013. The total number of workstations increased from 57 to 99 and an additional resting area with a smart-TV and X-Box and Kinect game consoles which were sponsored by our strategic partners. The Incu-App Centre creates an ideal testing and experience sharing environment to encourage synergy and idea generation.

To step up support for the web/mobile industry, HKSTPC also collaborated with 11 strategic partners, including 6waves Lolapps, BlackBerry, CITIC Telecom CPC, Cluster Technology, Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI), Hong Kong Business Angel Network (HKBAN), Hong Kong Wireless Technology Industry Association (WTIA), Microsoft, Nokia, Outblaze Limited, and Samsung. These partners provide specialised services in apps development, testing, infrastructure support and publishing, which are essential to the growth of app start-ups.

99 workstations

11 strategic partners

Highlights of HKBAN (an angel investment matching platform initiated by HKSTPC), and related fundraising activities:

Fee-paying individual and corporate members: 63 (as of 31 March 2013)	
Added ICT Awards Steering Committee, HKITJC, and Baptist University as new strategic partners for supply of deal flows, increasing the number of partners from nine to twelve.	
The matching platform was opened to start-ups of 12 partner organisations, in addition to those under HKSTPC:	
1	Hong Kong Baptist University (HKBU)
2	Hong Kong Cyberport Management Company Limited (Cyberport)
3	Hong Kong ICT Awards Steering Committee
4	Hong Kong Information Technology Joint Council Limited (HKITJC)
5	Hong Kong Design Centre (HKDC)
6	Hong Kong Science & Technology Parks Corporation (HKSTPC)
7	Hong Kong University of Science and Technology (HKUST)
8	The Chinese University of Hong Kong (CUHK)
9	The Hong Kong Polytechnic University (HKPU)
10	The University of Hong Kong (HKU)
11	The Entrepreneurs' Network (TEN)
12	The Entrepreneurs Club (E Club)
Held four Investment Matching Gatherings (IMGs) to facilitate 17 startups' search for angel funding. There was an average turnout rate of 20 angels per matching meeting. Five projects were successfully funded in 2012/13, totaling HK$42M (out of these five cases, three were from incubatees and graduates of HKSTPC and two were from outsiders)	

InnoAsia Outreach

In addition to 26 ad hoc matching sessions with VCs, a VC matching event was held as part of InnoAsia 2012, HKSTPC's annual flagship event which brings together the best minds in the industry, to facilitate seven companies' search for VC funding. Twenty VCs participated in the event.

HKSTPC also worked with Xi'an to organise the Co-Incubation Network annual meeting during InnoAsia 2012. Participants included 20 representatives from six China National incubators (Beijing, Guangzhou, Chengdu, Chongqing, Shanghai and Xi'an) and four representatives from three Taiwan incubators.

MINGLE REAPS MUTUAL BENEFITS

Six gatherings, dubbed MINGLE – Mingling of Incubatees/Graduates Network Gathering Luncheon Event – were organised among incubatees and graduates, allowing for the exchange of information and experience, as well as the possibility of future collaboration. It is worth noting that each MINGLE has attracted an average of 37 companies and 62 participants.

In addition, four afternoon tea gatherings were jointly hosted by HKSTPC and the strategic partners of Incu-App facilitated the speakers' knowledge sharing with our incubatees.

Aside from efforts in Hong Kong, HKSTPC worked with incubators in nine cities in Mainland China and Taipei involving a Co-incubation Network that promotes cross-border ties for incubatees and partner companies.

Our Aid Package was also revamped this year, to offer better and more relevant funding assistance to the incubatees.

During the year, HKSTPC conducted 141 milestone assessment meetings to measure incubatees' progress versus their business plan, as well as their compliance to the Incubation Programme requirement.

INCUBATEES AND GRADUATES STATISTICS

	Cumulative 2003/04 - 2012/13 (unless specified)
Incubatee graduates since the programme's inception	285
Incubatee graduates still in business since the programme's inception	213
Angel/Venture capital investment since April 2003 (HK$)	HK$825.91 million
IP registration applications filed since April 2003	626
Technical/design and management awards obtained since April 2003	220
IPO/Merger & Acquisition/Joint venture/Spin-off transactions since the programmes' inception	20

Year ended 31 March 2013

	Incu-Tech/ Incu-Bio	Incu-App	Total
Current Incubatees	92	35	127
No. of incubatees admitted in the programmes during this fiscal year	41	33	74
Angel/Venture capital investment (HK$) [Incubatees & graduates]	$51.8 million		$51.8 million
Technical/design and management awards obtained	25		25
IP registration applications filed	145		145

DISTRIBUTION FOR TECHNOLOGY INCUBATEES

40% Information Technology and Telecommunications
28% Incu-App
11% Green Technology
9% Biotechnology
7% Precision Engineering
5% Electronics

Total
127
incubatees

LABORATORIES/TECHNOLOGY CENTRES & TECHNICAL SUPPORT SERVICES

	2012-13
No. of completed jobs	7268
Partner companies	41%
Local companies	48%
Mainland & overseas companies	11%

HKSTPC provides research and development (R&D) support services to assist technology companies in the chosen five clusters. We have 11 laboratories and experienced engineers ready to offer suitable facilities and professional advice to technology-related projects.

During the year, our laboratories, technology centres and technical support services teams carried out a series of programmes to enhance our support to companies in the Park.

- Support the growing demand in 3D-IC Packaging for the IC industry, and approval was granted for rolling out the 3D IC Packaging Labs in 2 phases. 3D SiP Lab (phase 1) was launched in mid-2013 and the 3D WLP Lab (phase 2) will be ready in mid-2014. These leading-edge packaging laboratories are complementary to the existing services in providing complete IC development logistics to partner companies as well as overseas companies.
- Strengthen the sharing facilities with local technological-related organisations. We started the collaboration with Hong Kong Productivity Council (HKPC) in March 2013 to provide joint testing services to meet the testing needs of technology companies.
- Collaborate with Rhode & Schwarz to establish first Joint LTE Test Laboratory in Hong Kong which offers a dynamic 3GPP testing environment for companies to nurture ideas, innovate and develop LTE technology products.

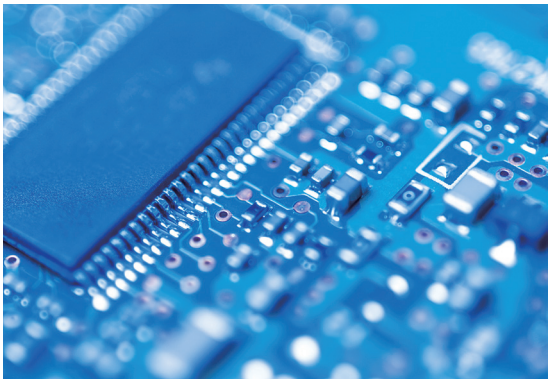
IC Testing Partnerships with Mainland Companies from 2004 to 2013

	Completed		Ongoing		Under Development	
	Companies	Projects	Companies	Projects	Companies	Projects
Total	78	411	7	8	8	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 and development, 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 ICDC completed 46 designs for partner companies requiring multi-project wafer shuttle service (MPW) for foundry production, using process technology from GlobalFoundries, IBM and TSMC. Four new IC design customers have signed up for the service.
- 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 we served were not limited to companies in the Park but also from Mainland China and Europe.

Integrated Circuits (IC) Failure Analysis Laboratory (ICFAL)

- ICFAL is equipped with high precision IC product analysis facilities.
- The new laser decapsulation system further improves the success rate and productivity on the decapsuation technology of complicated IC packages, multi-chip modules, and aluminium/ copper wire IC packages.

Reliability Laboratory (RL)

- RL provides IC product qualification support.
- The acquisition of new temperature/humidity chambers and hot-bar burn-in racks extended the support to local IC design companies for such testing needs.

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

- MAL and SSLL continued the quality assurance and failure analysis support of lithium batteries through its Battery Management System.
- In addition, MAL and SSLL also expanded the LED lighting service scope by partnering with universities and industries. We currently collaborate with GZ-OME to support LED R&D and testing for industries in Hong Kong and Guangdong.

Wireless Communications Test Laboratory (WCTL)

- WCTL continues to provide top-of-the-line RF bench-top testing equipment to customers who support up to 50GHz.
- WCTL also provides 3GPP testing services to leading mobile device and mobile phone manufacturers, including Sierra Wireless, a partner company in the Park.
- WCTL collaborates with Beijing BII to support the IPv6 Ready Logo certification service and allow Hong Kong companies to execute their IPv6 certification more conveniently.

Biotechnology Support Centre (BSC)

- Additional advanced life science instruments were added to our service portfolio to support the growth of the biotechnology cluster. These included a Real time – PCR, ultracentrifuge, flow cytometer (analyser), Fast Protein Liquid Chromatography system, advanced fluorescence imaging systems, genetic sequencer, and texture analyser.

- BSC also enhanced laboratory safety and security measures for the use of shared facilities, e.g. monthly Biotech Support Centre Safety and Operation training, approval of materials to be used in Biotech Support Centre, assessment of advanced equipment users, and provision of MSDS documentation.

- The centre continued its University Equipment Collaboration Programme with five local universities, namely The Chinese University of Hong Kong, Hong Kong Baptist University, The Hong Kong University of Science and Technology, The Hong Kong Polytechnic University and The University of Hong Kong. The programme offers advanced life science instrument services to companies in the Park.

Solar Energy Technology Support Centre (SETSC)

- Photovoltaic Test Laboratory (PVTL) 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 is not limited to a-Si, but also multi-junctions thin film, CIGS thin film and OPV.

- Some of the equipment can also support LED industry and gemstone industry.

INDUSTRY AND UNIVERSITY COLLABORATION

ESTABLISHING CHANNELS FOR CONNECTING WITH POTENTIAL PARTNERS

As a staunch advocate of technology and innovation, HKSTPC serves as a nurturing ground where innovators and technology talents are highly valued. We are dedicated to providing a full array of value-added services to the companies in the Park, including networking events held throughout the year where participating companies are connected to potential partners or collaborators from the industry or academia; industry forums and seminars ranging from cloud computing to intellectual property to managerial skills, which keep partner companies abreast of the latest technology trends and enhance their business knowledge; media publicity, exhibitions, international awards and competitions to enhance their profiles; and an annual large-scale career fair and an online platform, "Talent Pool", to facilitate acquisition of the best and brightest talent from around the world.

PROMOTING HOME-GROWN TECHNOLOGY

To feature Hong Kong Science Park as a hotbed of innovations and technologies, and to highlight the clustering effect that encourages seamless interactions among innovators and tech-savvy community, we have stepped up our efforts on various fronts. We have launched the Award Showcase that highlighted the achievements of incubatees and partner companies, underlining the international calibre of Hong Kong innovators. Subsequent to the official launch in March 2012, we refreshed the Showcase with 20 awards/ recognitions earned by 15 partner companies at renowned local, regional and international awards including National Business Incubation Association (NBIA) Incubation Awards, and Asia Pacific ICT Alliance (APICTA) Awards 2012.

To further showcase local talent, HKSTPC organised the "Hong Kong Awards for Industries: Technological Achievement" that serves to recognise excellence in technology and Intellectual Property development. We also set up Science Park pavilions at overseas exhibitions to assist partner companies penetrating international markets and participating in international award competitions. Five partner companies brought home gold medals and other accolades from the 40th International Exhibition of Inventions of Geneva, with Rehab-Robotics Company Limited scooping the Grand Prix Du Salon International Des Invention De Genève for their robotic "Hand of Hope" and several special recognitions from the panel juries.

HKSTPC also enhanced the profile of home-grown innovations and technologies of our incubation companies. A proactive and thematic approach has proved successful in promoting the creativity and innovations of the companies such as computer generation software, and mobile apps, and extended our ties to regional media (e.g. Entelechy Asia, Tech Cocktail) and specialty industry media (e.g. CG Visual, Creative COW).

ENRICHING TALENT DEVELOPMENT

HKSTPC put great effort toward sustaining the momentum of talent recruitment and development. To facilitate our partner companies reaching suitable candidates, collaboration opportunities with academia and industrial partners were targeted.

Even with approximately 9,600 employees working in the Park, more than 1,200 new openings were recorded through the Talent Pool Online Platform. Other activities included Hong Kong Science Park Career Fair and other career events jointly organised with local and overseas universities.

Hong Kong Science Park Career Fair was attended by 2,500 job seekers this year, of whom 53% held Bachelor's degrees and 39% held postgraduate degrees. More than 360 job opportunities were offered by 35 partner companies at the Fair.

In addition to recruiting local talent, HKSTPC also helped partner companies identify non-local talent of different disciplines through the 2012 CASPA High-tech Job Fair in Silicon Valley (California, U.S.A.), United Kingdom Career Fair, and Shenzhen Postgraduate Career Day. In 2012/13, 26 non-paid summer interns with 46 man-months of service were arranged for about 20 partner companies in the Park.

By leveraging local and overseas universities' MBA programmes, we worked with MBA students to offer business consultancy services to our partner companies, of which 80% of the participating companies rated the service as excellent and good. Collaborating universities in the year included: Hong Kong University of Science and Technology (ranked 8th in the Financial Times Global MBA Rankings 2013), The Chinese University of Hong Kong (ranked 27th in the Financial Times Global MBA Rankings 2013) and Babson University (ranked No. 1 in entrepreneurship for 20 consecutive years by U.S. News & World Report). In addition, companies in the Park have offered about 400 student internships of different disciplines.

More than 50 informative seminars and training sessions amounting to over 10,000 hours of participation were organised/co-organised during the year. Speakers ranged from veteran industry experts, high-powered

senior executives from multinational corporations to renowned professors from the world's leading universities. These included Dr. Derek Cheung, Former Vice-President of Research for Rockwell International Corporation as well as the CEO of Rockwell Scientific Company; Mr. Andrew Grant, CEO of Tirian who has been ranked as one of the world's top 30 leadership gurus; Professor Harry Roy Lewis, Gordon McKay Professor of Computer Science, Harvard College Professor; and Professor Andrea Baschirotto, Department of Physics, University of Milano-Bicocca, Italy. These inspiring speakers brought state-of-the-art knowledge and insightful ideas to our partner companies.

more than **50**
informative seminars and training sessions amounting to OVER
10,000 hours

Insight Robotics Ltd installed a trial site for real data collection of Computer Vision Wildfire Detection System through First@Science Park

EXPANDING PROFESSIONAL SERVICES CAPABILITIES

Using our network of professional service sectors, we expanded our Free Chat programme from legal and intellectual property topics to accounting and auditing-related issues. Panel CPA firms and legal experts provided a total of 50 complimentary face to face meetings to 37 partner companies, addressing areas of concern such as business contracts, IP, marketing to Mainland, financial support, accounting and auditing, company secretarial services, cross border taxation and investment and IPO. We received positive feedback from participants who felt the meetings were very indeed practical and they were inspired by the sharing from the experts.

TECHNOLOGY AND BUSINESS COLLABORATIONS

Hong Kong Science Park is now home to more than 400 technology companies. In addition to staging networking platforms in the Park to facilitate cross-cluster collaborations, we also brought our partner companies business opportunities from local and overseas business sectors. The prestige of HKSTPC has attracted several sizeable organisations to source potential technical solutions at the Park, including MTR - the world's leading railway for safety and reliability, carrying 5.1 million passengers every weekday; Culturecom - one of the most prominent comic book and media companies in Asia; and EGO - a German-based global manufacturer of technologies, components and control electronics for household appliances.

Last year, more than 70 partner companies took part in the collaboration activities to explore partnership and business opportunities with local and overseas corporations.

Since its launch in 2011, the First@SciencePark programme has successfully served as a channel for partner companies and incubatees to showcase their innovations in the Park, as well as facilitated more than 30 companies to try out their technologies and get firsthand feedback for further product refinement.

more than **30**

companies tried out their technologies and got firsthand feedback for further product refinement.

Highlights of First@SciencePark

Company Name	Category	Business Nature	Project
Insight Robotics Ltd	Incubatee	Computer Vision Wildfire Detection System	Installed as a trial site for real data collection
P2 Mobile Technologies Ltd	Partner company	Wireless Mesh Routers	Set up to extend Wi-Fi coverage in the Park
AKOS Advanced Technology Ltd	Incubation graduate, now partner company	Industrial Air Purifiers	Operated at newly-renovated offices of companies in the Park to collect users' feedback
nwStor Ltd	Incubation graduate, now partner company	Data Security System	Employed by HKSTPC IT department for technical comments on the security system

Other trials span across arenas including Photovoltaic Thermal (PVT) module, cloud computing, water testing method and a directory management system.

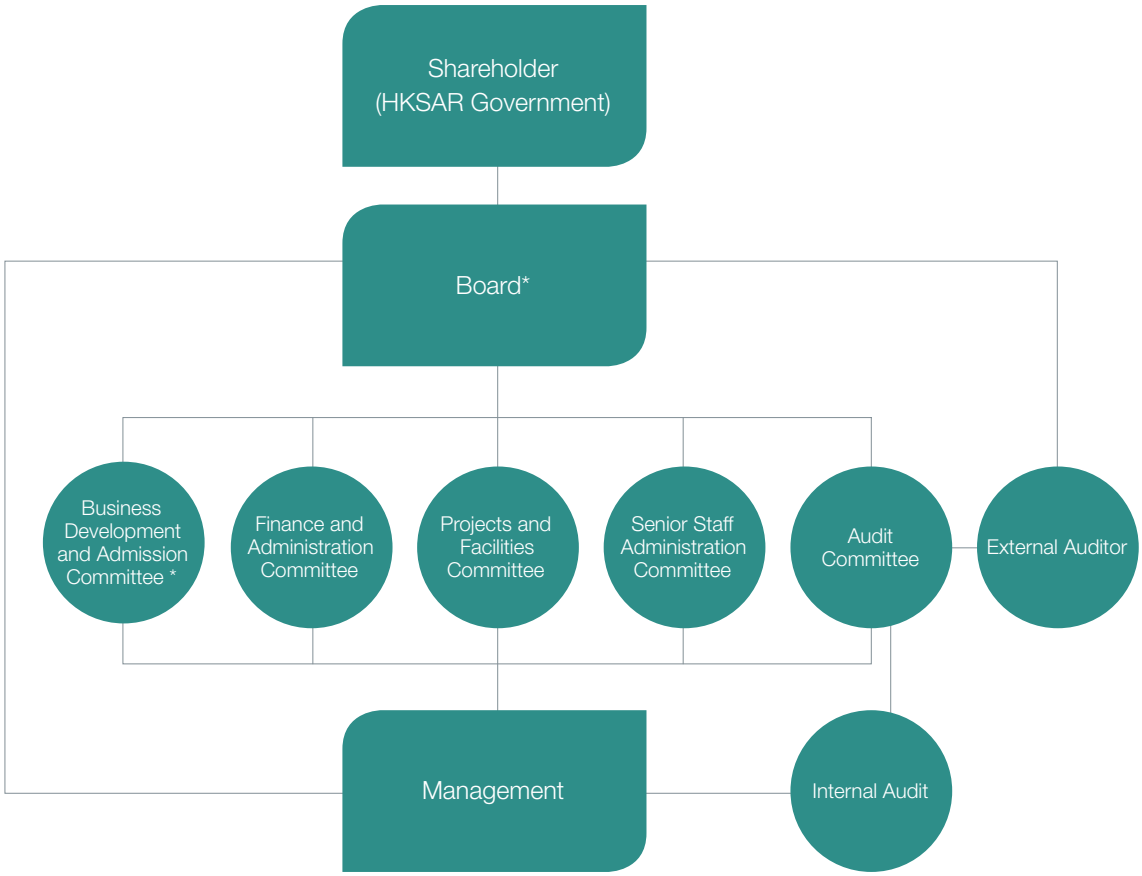
EXCELLENCE IN MANAGEMENT

Our dedication to superlative governance

We don't believe in just good corporate governance. We believe in *great* corporate governance. With integrity at the top of our list of core values, the value we place on having the finest system of corporate supervision in place cannot be overestimated.

Our Corporation is a statutory body incorporated under our own law, 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 Code of Corporate Governance as set out by The Stock Exchange of Hong Kong Limited in Appendix 14 to the Listing Rules. 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 page 64 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 page 26 to 31.

The Board of Directors was honoured at the Directors of The Year Awards 2011, organised by the Hong Kong Institute of Directors. The Board was recognised for their professionalism and dedication to corporate governance. In November 2012, the same organisation honoured the Chairman, Mr. Nicholas Brooke with an award for his outstanding leadership and commitment to corporate governance.

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 80%.

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 acknowedge 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 4 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 "Corporate Governance for a Non-Profit Making Body" was delivered by the Deputy Chairman of the Hong Kong Institute of Directors, to update Members on their roles and duties as 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.

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 page 67 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
- Meetings: 6
- Attendance: 86%

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: 8
- Meetings: 11
- Attendance: 78%

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
- Meetings: 2
- Attendance: 90%

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

- Chair: Professor John Chai
- Meetings: 3
- Attendance: 89%

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 of the Corporation on a quarterly basis as well as the financing arrangement. 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 (after Mr. Humphrey Choi retired on 30 June 2012)
- Members: 5
- Meetings: 5
- Attendance: 77%

PROJECTS AND FACILITIES COMMITTEE

The Projects and Facilities Committee monitors the construction and property and facilities management of the Hong Kong Science Park, InnoCentre and the 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 (after Mr. Tom Tang retired on 30 June 2012)
- Members: 5
- Meetings: 4
- Attendance: 75%

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 2012, 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 (after Mr. Wong Ming Yam retired on 30 June 2012)
- Members: 3. A vacancy has not been filled and the board has agreed to allow the Committee to continue with the existing number of members until 2013/14.
- Meetings: 4
- Attendance: 88%

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 2012, it conducted recruitment of the CEO of the Corporation.

- Chair: Mr. Nicholas Brooke
- Members: 4
- Meetings: 7
- Attendance: 91%

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. 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 2012 to 31 March 2013.

MEETINGS

BOARD MEMBERS	Board of Directors	BDAC	FAC	PFC	AC	SSAC
Mr. Nicholas BROOKE	6 / 6	10 / 11	–	–	–	7 / 7
Permanent Secretary for Commerce and Economic Development (Communications and Technology) or her alternate	6 / 6	11 / 11	5 / 5	4 / 4	4 / 4	7 / 7
Professor John CHAI Yat Chiu	5 / 6	9 / 11	–	–	–	–
Dr. Eliza CHAN Ching Har (Retired from BDAC and joined AC on 30 July 2012)	5 / 6	2 / 3	–	–	3 / 3	6 / 6
Mr. Humphrey CHOI (Retired on 30 June 2012)	1 / 2	–	2 / 2	–	1 / 1	1 / 1
Mr. Tony CHOI Siu Chow	5 / 6	10 / 11	–	3 / 4	–	–
Mr. David FONG Man Hung (Retired from BDAC on 30 July 2012)	4 / 6	1 / 3	–	–	–	–
Miss Nisa LEUNG Wing Yu*	4 / 4	6 / 8	–	–	–	–
Mr. LIU Sing Cheong (Retired on 30 June 2012)	1 / 2	2 / 3	–	–	–	–
Ir Dr. Hon. LO Wai Kwok (Appointed on 1 July 2012)	3 / 4	3 / 7	–	1 / 3	–	–
Mr. MAK Chai Kwong (Retired on 30 June 2012)	2 / 2	–	1 / 2	–	–	–
Mr. Joseph PANG Yuk Wing	5 / 6	–	4 / 5	–	2 / 4	–
Professor SHYY Wei (Appointed on 1 July 2012)	3 / 4	3 / 7	–	–	–	–
Mr. Richard SUN Po Yuen (Appointed on 1 July 2012)	4 / 4	–	3 / 3	–	3 / 3	4 / 6
Professor Paul TAM Kwong Hang	2 / 6	–	–	3 / 4	–	–
Mr. Tom TANG Chung Yen (Retired on 30 June 2012)	2 / 2	2 / 3	–	1 / 1	–	1 / 1
Mr. WONG Ming Yam (Retired on 30 June 2012)	2 / 2	3 / 3	–	1 / 1	1 / 1	1 / 1
Mr. Billy WONG Wing Hoo (Appointed on 1 July 2012)	3 / 4	–	1 / 3	3 / 3	–	5 / 6
Ms. Winnie YEUNG Cheung Wah	3 / 6	–	2 / 5	–	–	–
Professor Kenneth YOUNG	5 / 6	9 / 11	5 / 5	–	–	–
Professor Albert YU Cheung Hoi	6 / 6	9 / 11	–	2 / 4	–	–

* Miss Nisa Leung was on leave from 20 August to 30 November 2012

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 2012/13 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 from time to time 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 services provided to the Corporation was $482,500 for the year ended 31 March 2013. The auditor's remuneration in respect of non-audit related services provided to the Corporation was $100,000 for the year ended 31 March 2013.

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*. Such delegation of authority is reviewed on a regular basis to ensure that it meets the Corporation's changing business and operational needs. It was updated in May 2012 and June 2013 to align with current procedures and to tighten controls.

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 HKSTP 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 Board of 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 Manager.

For purposes of full transparency, the annual emoluments of the Corporation's five highest paid employees are disclosed under notes 9 to the financial statements on page 23 to 24 of the *Report of the Directors and Financial Statements*.

The attendance of directors at meetings is reported on page 67 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.

TELEVISION ADS

Aiming to raise brand awareness and promote the latest Phase 3 development of Hong Kong Science Park, five 20-second videos were produced and ran on TVB during January and February 2013 which grossed a total rating of 565.2 points, equivalent to an approximate figure of 36 million views.

LIVE PUBLIC EVENTS

To further engage the public, the Corporation also ran and supported a series of public engagement programmes, including the Science Explorer online game the Photo and Digital Creation Contest and InnoCarnival 2012, during which the Corporation ran a booth that showcased the latest developments of the Science Park and provided a platform for four incubatees to promote their R&D results.

To build rapport with Tai Po District Councillors, the Corporation invited them to visit the Park and participate in an active discussion with our management team on the development of Science Park and how we can grow in harmony with the community in harmony.

Visits and utilisation of the Park's facilities by the public continued to increase during the year. The public guided tour programme, Science Explorer, entertained over 30,000 visitors who had fun with the interactive exhibits and learned much about innovation and technology.

NEW MEDIA

With the rapid growth of digital communication, we have dedicated much effort to revamping the corporate website, which was relaunched in June 2013. The revamped website's information architecture is more user-oriented which better communicates our roles and responsibilities with a better system of navigation.

To make the corporate website easily accessible by the handicapped, it is designed to be aligned 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.

ANNUAL REPORT

The annual report is one of the important communication tools with which the Corporation can share its work and achievements with stakeholders. The 2011/12 edition won the Gold Award in the category of Not-For-Profit Organisations of the reputable and international Astrid Awards competition, which recognises the best marketing and communications materials and programmes in the world.

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 fifth 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

Over the financial year 2012/13, the Corporation provided venue sponsorship to 23 initiatives from non-government organisations which promote innovation and technology. These initiatives had themes related to technology, innovation, environmental sustainability, or charity, and attracted over 32,000 participants from the general public, academia, and business associations. For example UNESCO Hong Kong, supported by the Corporation, organised the "Peace for All Youth Programme" and the "Education for Sustainable Development Programme" at Science Park to promote peace and sustainable development of society, economy and environment to the youth.

The Corporation has continued to render its support to Hong Chi Association by renovating its coffee corner at Science Park to facilitate catering training for young adults with intellectual disabilities.

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, and the Mid-Autumn and Christmas holidays, attracting more than 40,000 visitors. Apart from creating a festive ambience in the Park, these events serve as a good educational platform for the general public, especially youth, to familiarise themselves with science and technology.

WE NEED TO LEARN, TOO

To be sustainable, the Corporation is committed to becoming a learning organisation itself. In 2012/13, a training strategy was formulated covering three key areas including Corporate Culture, Team Collaboration and Professionalism / Career Development. A series of professional and management skills training workshops was launched for each staff member.

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 the Corporate Green / Recycle Programme organised jointly with St. James Settlement, Moon Walkers organised by Orbis, the New Territories Million Walk and other Community Chest events.

Furthermore, the Corporation offers a Summer Internship Programme to provide opportunities for local and overseas university students to work in the various divisions to gain hands-on experience.

SUSTAINABILITY

The sustainability goal for the Corporation is "to advance innovation and technological development in the most sustainable manner with respect to the environment, society and economy".

The Corporation engaged consultants to conduct a Sustainability Study for the Corporation. The Study Report was completed in December 2012 and adopted by the Task Force for Green Technology in January 2013. The Sustainability Policy and Roadmap with sustainability targets are being fine-tuned. A Sustainability Working Group has been formed to steer the detailed action plans championed by division heads.

ENVIRONMENTAL DATABASE

The Corporation is setting up an environmental database for Science Park and implementing green measures at the corporate offices. This process started in February 2013. With an enhanced awareness of sustainability, the Corporation has achieved gains in terms of energy conservation and waste management as follows:

- 3% energy saving for buildings in Phase 1 and Phase 2;
- 855 kilograms of food waste collected and treated by the Food Waste Decomposer;
- 3,528 litres of food oil collected and converted to bio-diesel;
- 30,777 kilograms of paper recycled;
- 136 kilograms of plastic bottles recycled; and
- 202 kilograms of metal cans recycled.

LOW CARBON TRANSPORT

Cycling benefits everyone. For this reason, the Corporation is committed to promoting low carbon transportation. A new cycle track within Science Park is at the planning stage, and on completion, people will be able to commute within Phases 1, 2 and 3 by bicycle. The Corporation has already launched free charging and parking for electric vehicles.

GREENING THE PARK

To contribute to a greener environment, the Corporation has undertaken a number of initiatives for the planning and development of Science Park Phase 3. A series of environmental friendly features is being installed in Phase 3 buildings to enhance energy efficiency and reduce power consumption.

UNIQUE GREEN FEATURES

Thirty-nine sustainable features have been adopted in Phase 3, 15 of which are not commonly installed in Hong Kong.

For example, LED panels will be used for general lighting in the R&D office areas. The building will have the optimum window-to-wall ratio of 40%, and a full 40% of the area will be landscaped.

Other features include optimisation of building orientation, enhanced air ventilation, high performance curtain wall, optimized facade with double low-e glazing, hybrid and natural ventilation, optimized natural lighting, ultra-efficient air-conditioning system, a district cooling system and so on.

SHOWCASE FEATURES

Ten Green features have been installed in a way that showcases the latest technology on the advancement of sustainability factors to the public.

For example, Phase 3 will embrace several breakthroughs, such as integrated photovoltaic panels, thermal storage systems, solar tracking louvres, solar cooling water walls, thin film photovoltaic panels on tensile structures, and so on.

EVEN THE CONSTRUCTION IS GREEN

A “GREEN PROCUREMENT policy” was adopted for the construction of Phase 3. For example, to meet LEED Platinum requirements, a minimum of 20% of building materials were from within 800 km of the construction site, a minimum of 10% of building materials had recycled content, and a minimum of 50% of the cost of wood purchased was from the certified sources of the Forest Stewardship Council which is a stretched target to achieve.

ENERGY MANAGEMENT

The Corporation obtained Hong Kong’s first ISO 50001 Energy Management Certification in September 2011 for the public areas of Bio-Informatics Centre. This was extended to cover Green 18 in September 2012. Management plans to extend the coverage to other buildings by stages.

The ISO 14001 Environmental Management System certification for the Corporation’s office operation was also obtained in March 2013 and the Corporation will extend the certification to cover laboratory operations and common areas in 2014.

HEALTH AND SAFETY

Occupational Health and Safety has long been one of the most important agendas of the Corporation. A series of training programmes was launched in 2012/13, which featured safety awareness training for all staff, health talks on physiotherapy and weight management, and occupational safety and health management systems training.

With continuous support from management, a more comprehensive training program will be formulated and delivered in the next financial year.

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 environmental 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 the provision of services.

Each has its own focus, but feed into the activities of the other two, triggering the benefits of synergy, and causing 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 2012/13, key enterprise risks were identified and controls put in place. At the top were strategic and operational risks. Then there were other challenges focused 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 fulfil 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, 430 technology companies are based at Science Park. This futuristic microcosm has a working population of 9,600 individuals, 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 we fail to retain and attract quality R&D partner companies? Or run out of space for them?
- What if we are unable to achieve financial self-sustainability with the current business model?
- What if infrastructure projects fail to deliver the expected results?

HOW WE DEAL WITH THEM

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

- 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 partner 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
- 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 partner 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, SECURITY AND HEALTH RISKS

Safety remains a priority. To ensure that we best handle environmental, health and safety risks in relation to potential accidents and injuries to occupants and visitors, we:

- EXAMINE challenges in the areas of safety, health and environment through the Central SHE working group and provide detailed recommendations
- UNDERTAKE measures to make sure that long-term considerations in this area were covered
- PURSUE international standard certifications to identify and manage safety, health and environment risks systematically
- INITIATE knowledge exchange with our partner companies on their laboratory operations.

FINANCIAL RISKS

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 RISKS

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

- REVIEW corporate IT security policies to ensure they are up-to-date and allocate adequate resources for IT security infrastructure

- IMPLEMENT security measures for critical information and remind users of safe computing practices
- CONTINUE to improve IT infrastructure and network in view of ever-changing threats

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

REPUTATIONAL 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

RISK MANAGEMENT AT OUR 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 a major Asian hub for data centres, manufacturing and other specialist areas. As well as typical urban processes, such as food processing, laundry and newspaper printing, the Industrial Estates have forward-looking functions to attract high value clean tech industries, environment services, 3D printing and more. 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
- EXPAND the list of forward-looking functions in the buildings
- SEEK government support in land supply to maximise the benefits for the estates.

HIGHER GOALS FOR THE COMMUNITY

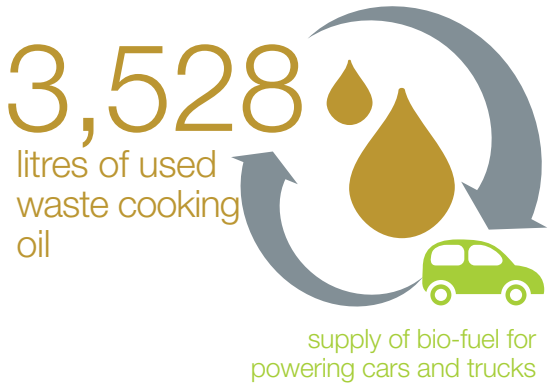
To all of us at HKSTPC, sustainability is much more than a popular buzzword. We see it as a key process in which our vision is balanced with our stakeholders' interests within a holistic management framework.

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.



KEEPING AN EYE ON THE FUTURE

Sustainability is about everything

Imagine a system of solar panels that is not just discreet, but is more or less invisible. What looks like tinted film to keep harmful glare from shining through windows actually works to provide electricity from the sun. This new breakthrough is called thin film photovoltaic technology, a new science which is being developed by partner companies into products at Science Park.

In another transformation, we took a 3,528 litre pool of used waste cooking oil and transformed that into a supply of useful bio-fuel for powering cars and trucks.

These are just two examples of a huge range of pro-environmental activities that you'll find at Hong Kong Science Park, the mini-city which is becoming a microcosm of a future urban working environment.

There's much more on the way in Science Park — including an increasingly popular example of new/old technology: cycle tracks linking many parts of the development.

SUSTAINABILITY APPLIES TO EVERYTHING

The word "sustainability" is not just a buzzword for environmentally friendly activities. For us, it refers to doing anything in a way that is beneficial for people and the planet today and also has a long-term positive effect for tomorrow. It's about actions we take now with an eye on securing a good future for all of us.

For that reason, we apply the word sustainability to everything.

- Yes, we want **green sustainability**, so that we benefit the community and the environment for the future.
- But we also want to achieve **stakeholder sustainability**, so that partner companies and their staff enjoy working in our premises, prosper, and stay on.
- We want to achieve **economic sustainability** so that our business thrives in the long term, benefiting not just us, but the whole community.

- We want to achieve **operational sustainability** so that our day-to-day activities always do more good than harm.

To sum up, we want to achieve overall **corporate sustainability**, to ensure the long-term success of the Corporation and all the people and places involved with it, directly and indirectly.


SGS

Certificate HK13/00078

Hong Kong Science & Technology Parks Corporation

8/F., Bio-Informatics Centre, No. 2 Science Park West Avenue, Hong Kong Science Park, Shatin, Hong Kong

ISO 14001:2004

Provision of space, office facilities, administrative support to Business Development & Technology Support (BDTS) Division, Finance & Corporate Services (F&CS) Division, Marketing & Sales (M&S) Division, Projects & Facilities (P&F) Division, Internal Audit (IA) Division, and Publicity & Communication (P&C) Department of Hong Kong Science and Technology Parks Corporation (HKSTPC)

This certificate is valid from 27 March 2013 until 27 March 2016 and remains valid subject to satisfactory surveillance audits.
Re-certification audit due before 19 March 2016
Issue 1. Certified since 27 March 2013

Authorised by

UKAS MANAGEMENT SYSTEMS 005

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Page 1 of 1

EXPERTS REVIEWED THE OPERATION

Information is power. So specialists were asked to study all aspects of environmental, social and economic sustainability of the Corporation and its various premises: Science Park Phases 1, 2 and 3; InnoCentre in Kowloon Tong; and our Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long.

At the same time, we set out to achieve ISO 14001 certification for the Corporation, aiming to get an initial certificate in 2013 and a final certificate by the end of June 2014. ISO 14001 is a certification system with a special focus on the environmental management.

ROOM FOR IMPROVEMENT

The consultants found that the Corporation did have numerous positive policies in place regarding people and the environment, but noted significant areas which could be improved. Immediate action was taken to enhance our performance. Improvements made include the factors below:

IN CORPORATE GOVERNANCE, we now have a risk management framework in place, we have regular meetings to review developments, and we regularly publish data on our sustainability.

IN TERMS OF THE ENVIRONMENT, we have set up specific goals for cutting back on energy, water and waste, as well as applying for ISO 14001 certification.

IN TERMS OF PEOPLE, we are reviewing policies to look at issues such as the provision of anti-discrimination training, promotion of sustainability awareness, and active participation by stakeholders in caring for the environment.

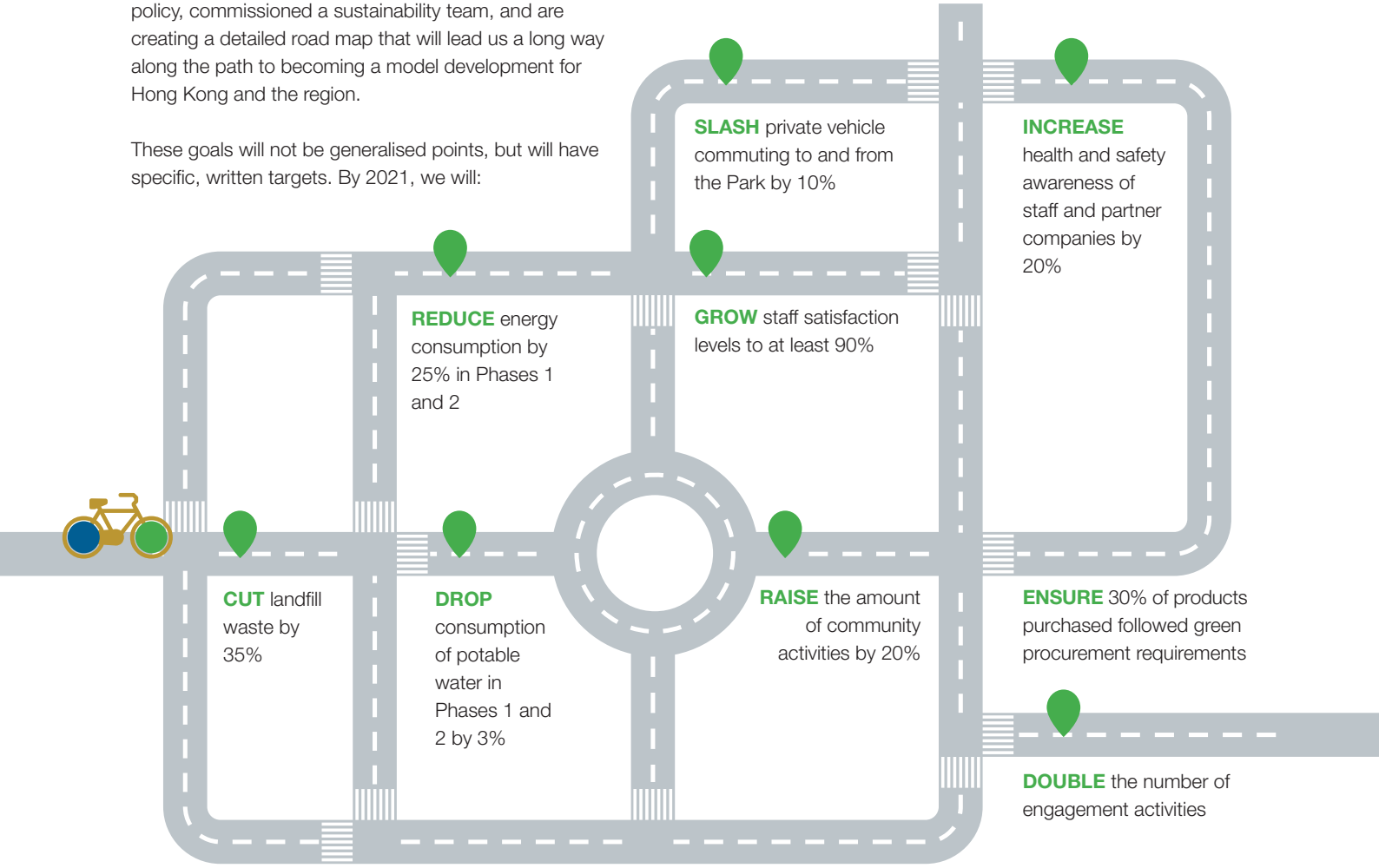
IN TERMS OF THE FACILITIES AND OPERATIONS, we are continuously expanding the use of energy efficient technologies for lighting and water supply, and expanding transport options, from public buses to electric cars to creating more bicycle-friendly options.

IN TERMS OF PARTNER COMPANIES, we are providing more guidance to newcomers on green practices, and providing more support and incentives to encourage people to use environmentally friendly processes.

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, written targets. By 2021, we will:



A MODEL CITY FOR THE WORLD

Our aim is to do much more with sustainability than just implement environmentally friendly practices. No, with our multi-level interpretation of the concept of sustainability, we believe that Science Park, in particular, can be a model of a large, successful, future-focused, multi-use development, not just for Hong Kong, but for the wider world.

FINANCIAL REVIEW

FINANCIAL SUMMARY

In HK$' million	2012/13	2011/12	%[1]
Income	**796**	758	4.9%
Operating expenses before interest and depreciation	**(478)**	(484)	-1.4%
Operating surplus before interest and depreciation	**318**	274	16.1%
Depreciation (net of deferred income)	**(211)**	(212)	-0.3%
Net interest income	**27**	24	14.5%
Surplus for the year	**134**	86	55.8%

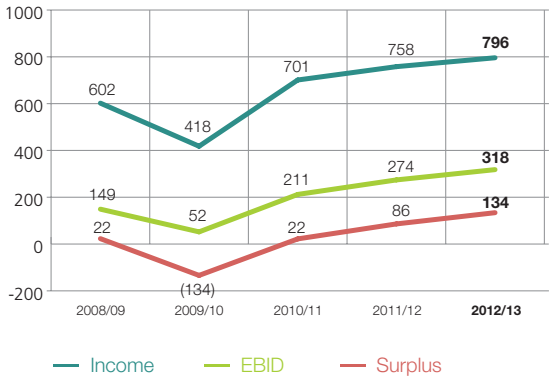
[1] Subject to rounding differences.

OVERVIEW

Hong Kong Science and Technology Parks Corporation reported another year of satisfactory financial performance in the 2012/13 fiscal year.

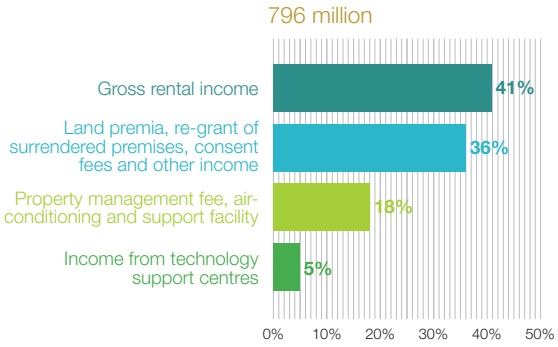
HKSTPC reported an operating surplus before interest and depreciation (EBID) of $318 million and the surplus for the year of $134 million, compared to $274 million and $86 million, respectively, from the previous fiscal year.

Financial Results in HK$ million



INCOME

Income by source (for the year ended 31 March 2013)



Total income grew 4.9% to $796 million. The increase was mainly attributed to the increase in gross rental income, property management fees, and support facility income.

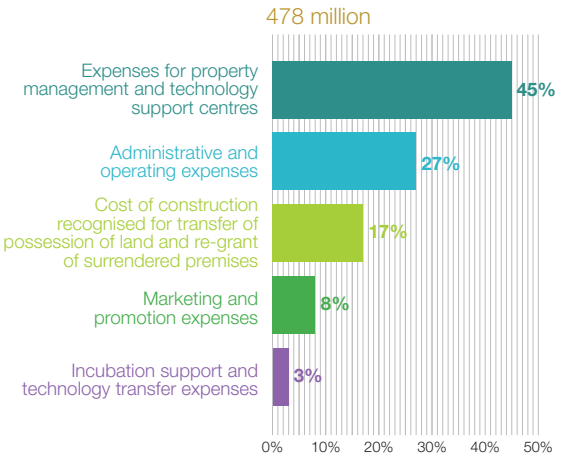
Gross rental income increased by 13.0% to $329 million. The increase was attributed to the improved occupancy rate at Science Park and a review of rental rates which took place during the year. Management fees and support facility income also rose by 17.1% to $139 million.

Industrial Estates land premia, re-grant of surrendered premises, consent fees and other income decreased by 8.8% to $290 million. The decrease was mainly due to fewer land transfers resulting in lower consent fees income. 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.

HKSTPC's technology support centres develop and provide research and development support services to assist technology companies and industries. Income from technology support centres rose by 34.0% to $36 million. The increase was due to higher service income contributed by Intellectual Property (IP) Servicing Centre and Wireless Communication Test Laboratory.

OPERATING EXPENSES

Operating Expenses by Category (for the year ended 31 March 2013)



HKSTPC continues to maintain a stringent control on its operating expenses while extending its support to technology companies and industries.

Operating expenses slightly decreased by 1.4% to $478 million.

The major categories were expenses for property management and technology support centres, cost of construction recognised for transfer of possession of Industrial Estates land and re-grant of surrendered premises and administrative and operating expenses, which accounted for around 90% of operating expenses.

Expenses for property management and technology support centres increased by 7.3% to $215 million. The increase was mainly attributed to incremental expenses to support the increased occupancy at Science Park and rising operating costs.

Cost of construction recognised for transfer of possession of Industrial Estates land and re-grant of surrendered premises decreased by 32.9% to $79 million. The decrease was attributed to sales of land and surrendered premises during the year.

Administrative and operating expenses (including staff costs) rose by 7.8% to $131 million. The increment was mainly due to adjustments to employees' costs and increase in staff number to cope with the expanded operation.

Marketing and promotion expenses grew by 39.2% to $40 million. The increase was mainly to the increase in promotion activities for Science Park Phase 3 which will be completed by stages from early 2014 to 2016.

DEPRECIATION

Depreciation (net of deferred income) maintained at $211 million.

FINANCIAL POSITION

Fixed assets amounted to $7,362 million, which accounted for 75.2% of total assets. HKSTPC incurred capital expenditure of $1,025 million during 2012/13, mainly related to Science Park Phase 3 development.

Industrial Estates land premia receivable decreased by 11.7% to $19 million, mainly due to repayment from lessees during the year. The amount was expected to decrease gradually and will be fully settled within six years.

Accounts receivable increased by 23.4% to $7 million, primarily attributed to increased income.

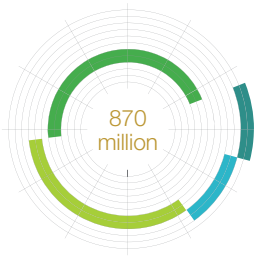
Accrued charges and other payables increased by 70.8% to $483 million, mainly as a result of higher payables related to Phase 3 capital expenditure.

CASH FLOW

Net cash flows from operating activities amounted to $389 million for the year, mainly attributable to the EBID generated.

FINANCING

Loan Maturity Profile as at 31 March 2013



10% Within one year

11% After one year but within two years

33% After two years but within five years

46% After five years

HKSTPC's borrowing was from the Government of the Hong Kong Special Administrative Region. During the year, the government loan increased by $671 million to $870 million, mainly for the Phase 2 development.

CASH, BANK BALANCES AND DEPOSITS

As at 31 March 2013, cash, bank balances and deposits amounted to $2,242 million, compared to $1,995 million from the previous fiscal year.

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 Science Park Phase 3 by stages from early 2014 to 2016 will increase the rental income and depreciation expenses from 2014/2015 onwards. To finance the Phase 3 development, higher borrowings will be required in the next two years and an increase in financing costs will also be resulted. The financial performance of HKSTPC will be adversely affected in short to medium term. The situation will be improved till the full occupancy of Science Park Phase 3.

The remaining land in Industrial Estates was expected to be sold next year and income from the land premia and surrendered premises will decrease accordingly.

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 propel Hong Kong towards becoming a world-class hub for targeted technologies.

FIVE-YEAR FINANCIAL AND OPERATIONAL SUMMARY

(In HK$' million)	2008/09	2009/10	2010/11	2011/12	**2012/13**
Comprehensive Income					
Income	602	418	701	758	**796**
Operating expenses before interest and depreciation	(453)	(366)	(490)	(484)	**(478)**
Operating surplus before interest and depreciation	149	52	211	274	**318**
Depreciation (net of deferred income)	(136)	(188)	(189)	(212)	**(211)**
Net interest income	9	2	–	24	**27**
Surplus/(Deficit) for the year	22	(134)	22	86	**134**
Financial Position					
Non-current assets	6,749	6,779	6,696	6,807	**7,492**
Current assets	833	742	2,134	2,075	**2,305**
Current liabilities	(361)	(532)	(451)	(512)	**(769)**
Net current assets	472	210	1,683	1,563	**1,536**
Total assets less current liabilities	7,221	6,989	8,379	8,370	**9,028**
Non-current liabilities	(2,779)	(2,681)	(2,586)	(2,491)	**(3,015)**
Net assets	4,442	4,308	5,793	5,879	**6,013**
Share capital	4,271	4,271	5,734	5,734	**5,734**
Reserves	171	37	59	145	**279**
Total equity	4,442	4,308	5,793	5,879	**6,013**
Key operation statistics as at year end					
Number of partner companies	240	285	319	361	**382**
Number of incubatees	93	108	123	132	**127**
	333	393	442	493	**509**
Number of Industrial Estate grantees	157	157	169	168	**171**
Occupancy rates:					
Science Park	80.8%	86.5%	90.4%	94.8%	**96.0%**
InnoCentre	80.4%	86.5%	94.5%	96.1%	**94.3%**
Industrial Estates	89.7%	90.4%	95.9%	95.1%	**97.7%**

LOOKING TO THE FUTURE

THE NEXT GREAT "TECHONOMY"

Could Hong Kong be the world's next technology capital? For decades, any talk about hi-tech clusters has led to a mention of Silicon Valley in the US. But things are changing. The economic growth centre of the world is moving from West to East. In March 2013, staff from *Forbes*, the international business magazine, tried to identify the next "world tech capital". They zeroed in on Asia.

In first place they put Hong Kong, and specifically mentioned Hong Kong Science Park as one of the key elements. "With a community of innovative and ambitious entrepreneurs on one side and a population of internationally travelled, wealthy tycoons on the other, Hong Kong could be a powder keg of a techonomy waiting to explode," the global business magazine said.

It makes sense. At Hong Kong Science Park and its partner companies, we are already seeing ever-clearer signs that technology growth is taking place right here.

HARD EVIDENCE

Already the Corporation's industrial estates house the largest data centre hub in Southeast Asia. The estates also specialise in manufacturing, providing a perfect partnership for the superlative research and development focus at Science Park. The crucial third element of the mix is found at InnoCentre, specialising in creative design technology.

The three elements form a perfect ecosystem offering the full range of hi-tech services, from research to design aesthetics to development, to brand creation, to manufacturing.

PARK IN GROWTH MODE

With Phases 1 and 2 of Science Park now operating at full capacity, the new Phase 3 development will come on line not a moment too soon. In terms of design and function, it will fit smoothly with the earlier developments, but there will be a huge number of large and small advancements to take advantage of the very latest developments in innovation and technology. Green technology is one of the Corporation's key technology clusters and Phase 3 will be a particularly eco-friendly "tech suburb" of the futuristic mini-city.

A NEW TYPE OF DEVELOPMENT

Indeed, Phase 3 is not just a new building development, but can be said to be a new type of building development. It has deservedly been described as “a living laboratory” for the latest concepts and breakthroughs in green technology. Indeed, its green credentials started right back at the design stage, long before the first stone was laid, and have run through the entire construction process. The development is in itself one of the largest showcases of sustainable construction practice in Hong Kong.

A significant proportion of the materials for the buildings are locally sourced, and priority given to materials with recycled content. To meet LEED Platinum requirement, at least half of the money spent on wood goes to renewable sources certified by the Forest Stewardship Council.

LIGHT CHANNELS AND AIRFLOW

Once the development is open for occupation, users will be benefited from the latest green technologies.

The buildings are carefully spaced to allow natural airflow, and even positioned at the optimum angles for a natural movement of air, light, and foot traffic. There will be hybrid ventilation schemes, and special glazing to make the best of natural sunshine and ambient light. Approximately 40% of the area site will be open space and attractively landscaped with live flora.

Solar tracking louvres will automatically track the movement of the sun and close to reduce solar heat gain.

GREEN INSIDE AND OUT

Naturally, this next-generation development will be particularly suitable for “green” businesses. It will provide a dedicated facility for nurturing environmental and renewable energy technologies. As a green hub, Phase 3 will offer the 150 partner companies located there one of the best R&D ecosystems in the region for developing and commercialising their products.

And the advantages will continue throughout the usable life of the building. The facilities have been designed using the key design principles of reduction, efficiency and generation.

PUBLIC ICON

The public is being invited to become involved in Science Park’s future with the GIFT Design Ideas Competition, calling for ideas for one of the Phase 3 buildings. This may even result in a second iconic construction for Science Park, to match the Charles K. Kao Auditorium, popularly known as the Golden Egg, on the other side of the area.

The new development has already gained recognition in the industry, winning the Grand Award in the New Building category at the prestigious Green Building Awards 2012, among many others.

UPGRADES ALL ROUND

But while Phase 3 is attracting a lot of attention, it is important to remember that HKSTPC's other projects are also being continuously upgraded.

InnoCentre in Kowloon Tong is steadily growing in its mission to become the premier crossroads between design and technology in Hong Kong and the region.

There is solid progress on plans to establish InnoCentre as an event/training centre to facilitate advanced executive learning, and as a pre-incubation centre to nurture start-ups prior to their joining a formal incubation programme.

Our family of industrial estates in Tai Po, Tseung Kwan O and Yuen Long now house over 200 partner enterprises with an increasingly wide range of processes and activities. These range from satellite telemetry tracking command and monitor, to GMP plants producing pharmaceutical products, to bio-fuel production. Tseung Kwan O Industrial Estate has become a leading data centre hub in Southeast Asia housing 12 data centres and 4 submarine cable landing stations.

AND LONGER TERM

The Corporation is definitely still in growth mode. Plans are afoot to extend Yuen Long Industrial Estate at Wang Chau. We have already started a consultancy study to look into the feasibilities of extending Yuen Long Industrial Estate.

Furthermore, the Corporation's new corporate sustainability road map will see improvements being made across the board.


2012-2013
Annual Report

Hong Kong 香港科技園
Science & Technology Parks

2012-2013
Report of the Directors and Financial Statements

Hong Kong Science and Technology Parks Corporation

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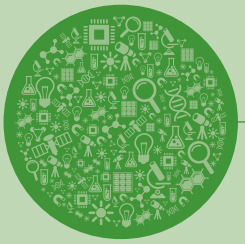

The directors present their report and the audited financial statements for the year ended 31 March 2013.

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 2013 and the state of affairs of the Corporation at that date are set out in the financial statements on pages 5 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(3)(b) of Schedule 2 to the Hong Kong Science and Technology Parks Corporation Ordinance (the "Ordinance"), the following director, who was appointed for a period from 7 May 2001 to 30 June 2003, was re-appointed with effect from 1 July 2003 to 30 June 2005 and further re-appointed with effect from 1 July 2005 to 30 June 2007. In accordance with section 1(1)(a) of Schedule 2 to the Ordinance, he was appointed as the Chairman with effect from 1 July 2007 to 30 June 2009, re-appointed with effect from 1 July 2009 to 30 June 2011 and from 1 July 2011 to 30 June 2013 respectively, 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 directors, who were appointed with effect from 1 July 2006 to 30 June 2008, were re-appointed with effect from 1 July 2008 to 30 June 2010 and further re-appointed with effect from 1 July 2010 to 30 June 2012. They retired on 30 June 2012:

Mr. Humphrey CHOI Chor Ching, JP
Mr. Tom TANG Chung Yen, JP
Mr. WONG Ming Yam, BBS, JP

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 2007 to 30 June 2009, 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

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 2009 to 30 June 2011, was re-appointed for a period of 2 years with effect from 1 July 2011. He retired on 30 June 2012:

Mr. LIU Sing Cheong, JP

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(1)(b) of Schedule 2 to the Ordinance, the following director was appointed with effect from 1 January 2011 to 30 June 2012. He retired on 30 June 2012:

Mr. MAK Chai Kwong, GBS, JP

In accordance with section 1(1)(b) of Schedule 2 to the Ordinance, the following directors were appointed with effect from 1 July 2011 to 30 June 2013 and 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

DIRECTORS (continued)

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 or any of its holding companies or fellow subsidiaries 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 2013 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 17 September 2013.

ON BEHALF OF THE BOARD

Charles Nicholas BROOKE, SBS, JP
Chairman
Hong Kong
17 September 2013

INDEPENDENT AUDITORS' REPORT

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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 5 to 36, which comprise the statement of financial position as at 31 March 2013, 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 2013, 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
17 September 2013

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2013

	Notes	2013 HK$	2012 HK$
INCOME			
Gross rental income	5(a)	**328,709,399**	290,811,719
Property management fee, air-conditioning and support facility income		**139,427,442**	119,036,538
Income from technology support centres		**36,069,114**	26,917,685
Land premia		**123,760,800**	70,852,500
Premia from re-grant of surrendered premises		**73,521,325**	123,730,592
Consent fee and other income		**92,572,544**	123,211,055
Miscellaneous income		**1,841,134**	3,924,494
Total income before deferred income and interest income		**795,901,758**	758,484,583
EXPENDITURE			
Expenses for property management and technology support centres	6(a)	**(214,997,268)**	(200,294,004)
Cost of construction recognised for transfer of possession of land and re-grant of surrendered premises		**(79,049,902)**	(117,867,707)
Administrative and operating expenses		**(130,607,479)**	(121,181,668)
Marketing and promotion expenses		**(39,900,331)**	(28,656,885)
Incubation support and technology transfer expenses		**(13,444,695)**	(16,579,228)
Operating expenses before interest and depreciation		**(477,999,675)**	(484,579,492)
OPERATING SURPLUS BEFORE INTEREST AND DEPRECIATION		**317,902,083**	273,905,091
Depreciation	7	**(287,169,892)**	(287,782,929)
Deferred income	22	**76,028,834**	76,028,834
SURPLUS BEFORE INTEREST		**106,761,025**	62,150,996
Interest expenses	6(b)	**(8,521,827)**	(3,792,672)
Interest income	5(b)	**36,105,652**	27,892,153
SURPLUS FOR THE YEAR	7	**134,344,850**	86,250,477

STATEMENT OF FINANCIAL POSITION

31 March 2013

	Notes	2013 HK$	2012 HK$
NON-CURRENT ASSETS			
Property, plant and equipment	11	**6,045,125,328**	6,268,999,677
Science Park under construction	12	**1,317,070,092**	353,191,450
Industrial estates	13	**96,262,176**	144,075,194
Investment properties	14	**22,362,231**	24,575,751
Land premia receivables	15	**11,256,542**	15,778,183
Total non-current assets		**7,492,076,369**	6,806,620,255
CURRENT ASSETS			
Surrendered premises held for re-grant		**5,823,923**	31,217,338
Land premia receivables	15	**7,950,475**	5,972,624
Accounts receivable, prepayments, deposits and other receivables	16	**48,723,601**	42,552,713
Bank deposits with maturities of more than three months	17	**1,568,935,832**	1,669,241,752
Cash and cash equivalents	18	**673,069,859**	325,720,157
Total current assets		**2,304,503,690**	2,074,704,584
CURRENT LIABILITIES			
Accrued charges and other payables	19	**482,914,070**	282,662,062
Deposits received in advance	20	**195,125,068**	209,659,582
Government loan	21	**90,418,041**	18,466,272
Total current liabilities		**768,457,179**	510,787,916
NET CURRENT ASSETS		**1,536,046,511**	1,563,916,668
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,028,122,880**	8,370,536,923
NON-CURRENT LIABILITIES			
Deferred income	22	**2,234,302,772**	2,310,331,606
Government loan	21	**780,016,566**	180,746,625
Total non-current liabilities		**3,014,319,338**	2,491,078,231
Net assets		**6,013,803,542**	5,879,458,692
EQUITY			
Issued capital	23	**5,734,397,594**	5,734,397,594
Accumulated surplus		**279,405,948**	145,061,098
Total equity		**6,013,803,542**	5,879,458,692

Charles Nicholas BROOKE, SBS, JP
Director

Eliza CHAN Ching Har, BBS, JP
Director

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2013

	Issued capital HK$	Accumulated surplus HK$	Total equity HK$
At 1 April 2011	5,734,397,594	58,810,621	5,793,208,215
Surplus for the year	–	86,250,477	86,250,477
At 31 March 2012 and 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	**5,734,397,594**	**279,405,948**	**6,013,803,542**

STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Notes	2013 HK$	2012 HK$
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus for the year		**134,344,850**	86,250,477
Adjustments for:			
Depreciation	7	**287,169,892**	287,782,929
Deferred income recognised	22	**(76,028,834)**	(76,028,834)
Interest expenses	6(b)	**8,521,827**	3,792,672
Interest income	5(b)	**(36,105,652)**	(27,892,153)
Loss/(gain) on disposal of items of property, plant and equipment	7	**393,865**	(12,476)
		318,295,948	273,892,615
Decrease in industrial estates		**47,813,018**	39,613,768
Decrease in surrendered premises held for re-grant		**25,393,415**	68,436,182
Decrease in land premia receivables		**1,601,359**	4,588,618
Decrease/(increase) in accounts receivable, prepayments, deposits and other receivables		**(8,399,960)**	15,045,388
Increase in accrued charges and other payables		**17,583,570**	20,703,724
Increase/(decrease) in deposits received in advance		**(14,534,514)**	53,418,331
Interest received from land premia receivables		**942,431**	1,070,781
Net cash flows from operating activities		**388,695,267**	476,769,407
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		**(53,374,811)**	(74,477,838)
Construction cost paid in respect of Science Park under construction		**(789,312,521)**	(382,829,764)
Decrease/(increase) in bank deposits with maturities of more than three months when acquired		**100,305,920**	(1,669,241,752)
Interest received from bank deposits		**38,334,664**	7,843,819
Proceeds from disposal of items of property, plant and equipment		**1,300**	16,200
Net cash flows used in investing activities		**(704,045,448)**	(2,118,689,335)
CASH FLOWS FROM FINANCING ACTIVITIES			
Government loan drawn down		**767,689,000**	–
Repayment of government loan		**(96,467,290)**	(18,008,424)
Interest paid		**(8,521,827)**	(3,792,672)
Net cash flows from/(used in) financing activities – page 9		**662,699,883**	(21,801,096)

STATEMENT OF CASH FLOWS

Year ended 31 March 2013

	Notes	2013 HK$	2012 HK$
Net cash flows from/(used in) financing activities – page 8		**662,699,883**	(21,801,096)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**347,349,702**	(1,663,721,024)
Cash and cash equivalents at beginning of year		**325,720,157**	1,989,441,181
CASH AND CASH EQUIVALENTS AT END OF YEAR		**673,069,859**	325,720,157
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	18	**51,163,900**	33,898,527
Bank deposits with maturities of less than three months when acquired	18	**621,905,959**	291,821,630
Cash and cash equivalents as stated in the statement of financial position		**673,069,859**	325,720,157

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; 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 POLICY AND DISCLOSURES

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

HKFRS 1 Amendments	Amendment to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters*
HKFRS 7 Amendments	Amendment to HKFRS 7 *Financial Instruments: Disclosures – Transfers of Financial Assets*
HKAS 12 Amendments	Amendments to HKAS 12 *Income Taxes – Deferred Tax: Recovery of Underlying Assets*

The adoption of these 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.

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 1 Amendments	Amendments to HKFRS 1 *First-time Adoption of Hong Kong Financial Reporting Standards – Government Loan*[2]
HKFRS 7 Amendments	Amendments to HKFRS 7 *Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities*[2]
HKFRS 9	*Financial Instruments*[4]
HKFRS 10	*Consolidated Financial Statements*[2]
HKFRS 11	*Joint Arrangements*[2]
HKFRS 12	*Disclosure of Interests in Other Entities*[2]
HKFRS 10, HKFRS 11 and HKFRS 12 Amendments	Amendments to HKFRS 10, HKFRS 11 and HKFRS 12 – *Transition Guidance*[2]
HKFRS 10, HKFRS 12 and HKAS 27 (2011) Amendments	Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (2011) – *Investment Entities*[3]
HKFRS 13	*Fair Value Measurement*[2]
HKAS 1 Amendments	Amendments to HKAS 1 *Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income*[1]
HKAS 19 (2011)	*Employee Benefits*[2]
HKAS 27 (2011)	*Separate Financial Statements*[2]
HKAS 28 (2011)	*Investments in Associates and Joint Ventures*[2]
HKAS 32 Amendments	Amendments to HKAS 32 *Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities*[3]
HK(IFRIC)-Int 20	*Stripping Costs in the Production Phase of a Surface Mine*[2]
Annual Improvements 2009-2011 Cycle	Amendments to a number of HKFRSs issued in June 2012[2]

1 Effective for annual periods beginning on or after 1 July 2012
2 Effective for annual periods beginning on or after 1 January 2013
3 Effective for annual periods beginning on or after 1 January 2014
4 Effective for annual periods beginning on or after 1 January 2015

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 $33^{1}/_{3}$%
Leasehold improvements	Over the shorter of lease term or 8.33% to $33^{1}/_{3}$%
Furniture, fittings and equipment	20% to $33^{1}/_{3}$%
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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

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.

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/a disposal group classified as held for sale), 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 to sell, 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets

Initial recognition and measurement

Financial assets within the scope of HKAS 39 are classified 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. The Corporation determines the classification of its financial assets at initial recognition. When financial assets are recognised initially, they are measured at fair value plus transaction costs, 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:

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 derecognised 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 asset is recognised to the extent of the Corporation’s continuing involvement in the asset. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Corporation could be required to repay.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has 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.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Corporation first assesses individually whether objective evidence of impairment exists 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.

If there is objective evidence that an impairment loss has been incurred, the amount of the 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 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). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

Financial liabilities within the scope of HKAS 39 are classified 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. The Corporation determines the classification of its financial liabilities at initial recognition.

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:

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 a non-monetary grant, the asset and the grant are recorded at the fair value of the non-monetary asset and 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 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;

(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;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(f) recognition of deferred income in the statement of comprehensive income arising from assets granted by the Government, 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.

Pension 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.

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;

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties (continued)

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); and

(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.

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 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 1.67% (2012: 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 2013, the carrying amount of the property, plant and equipment is HK$6,045,125,328 (2012: HK$6,268,999,677). No impairment loss has been recognised in respect of the property, plant and equipment (2012: Nil) (note 11).

4. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

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 2013, the carrying amount of land premia receivables is HK$19,207,017 (2012: HK$21,750,807) (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 2013 and 2012, the carrying amounts of accounts receivable are HK$7,475,571 (net of allowance for doubtful debts of HK$193,146) and HK$6,059,468 (net of allowance for doubtful debts of HK$207,407), respectively (note 16).

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

	2013 HK$	2012 HK$
Interest income on		
– bank deposits	**34,895,638**	26,500,274
– land premia receivables	**1,210,014**	1,391,879
	36,105,652	27,892,153

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$167,762,525 (2012: HK$160,228,316) and expenses for technology support centres of HK$47,234,743 (2012: HK$40,065,688). Included in expenses for property management were salaries and other benefits of HK$48,342,779 (2012: HK$41,087,448) and contribution to the defined contribution retirement scheme of HK$2,141,615 (2012: HK$1,958,763) that the management companies paid to its staff and employees.

(b) Interest expenses

	2013 HK$	2012 HK$
Interest expenses on government loan	**8,521,827**	3,792,672

7. SURPLUS FOR THE YEAR

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

	Notes	2013 HK$	2012 HK$
Depreciation charged for property, plant and equipment	11	**284,956,372**	285,569,409
Depreciation charged for investment properties	14	**2,213,520**	2,213,520
Auditors' remuneration		**482,500**	395,000
Employee benefit expenses (excluding staff cost of property management, as set out in note 6(a)):			
– Wages and salaries		**118,425,328**	110,716,438
– Pension scheme contribution		**7,566,662**	6,650,795
Loss/(gain) on disposal of items of property, plant and equipment		**393,865**	(12,476)

8. DIRECTORS' REMUNERATION

No directors received any fees or emoluments in respect of their services rendered to the Corporation during the year (2012: 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:

	2013 HK$	2012 HK$
Salaries and other benefits	**11,175,112**	10,124,040
Performance related incentive payments	**2,888,630**	2,552,310
Retirement benefit scheme contributions	**72,500**	59,000
	14,136,242	12,735,350

9. FIVE HIGHEST PAID EMPLOYEES (continued)

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

	2013	2012
HK$1,500,001 to HK$2,000,000	–	2
HK$2,000,001 to HK$2,500,000	2	1
HK$2,500,001 to HK$3,000,000	1	1
HK$3,000,001 to HK$3,500,000	1	–
HK$3,500,001 to HK$4,000,000	–	–
HK$4,000,001 to HK$4,500,000	1	1
	5	5

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

	Properties							
31 March 2013	Science Park* HK$	InnoCentre* HK$	Estate centre building* HK$	Laboratories equipment and facilities HK$	Leasehold improvements HK$	Furniture, fittings and equipment HK$	Motor vehicles HK$	Total HK$
At 31 March 2012 and 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

11. PROPERTY, PLANT AND EQUIPMENT (continued)

31 March 2012	Properties			Laboratories equipment and facilities HK$	Leasehold improvements HK$	Furniture, fittings and equipment HK$	Motor vehicles HK$	Total HK$
	Science Park* HK$	InnoCentre* HK$	Estate centre building* HK$					
At 1 April 2011								
Cost	6,392,164,750	204,970,122	938,009	439,862,414	294,308,442	66,618,977	1,474,120	7,400,336,834
Accumulated depreciation and impairment	(845,088,680)	(46,184,440)	(251,689)	(227,727,036)	(148,126,837)	(51,837,022)	(1,287,262)	(1,320,502,966)
Net carrying amount	5,547,076,070	158,785,682	686,320	212,135,378	146,181,605	14,781,955	186,858	6,079,833,868
At 1 April 2011, net of accumulated depreciation and impairment	5,547,076,070	158,785,682	686,320	212,135,378	146,181,605	14,781,955	186,858	6,079,833,868
Additions	–	–	–	4,556,396	65,039,592	4,881,850	–	74,477,838
Disposals	–	–	–	(1,676)	–	(2,048)	–	(3,724)
Depreciation provided during the year	(174,581,302)	(4,670,167)	(25,419)	(47,841,194)	(46,254,942)	(12,051,151)	(145,234)	(285,569,409)
Transfer from Science Park under construction	359,097,350	–	–	–	25,477,545	15,686,209	–	400,261,104
At 31 March 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
At 31 March 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 31 March 2013, the Corporation's leasehold properties with the carrying amount of HK$5,706,924,509 (2012: HK$5,886,368,534) 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 (2012: Nil) based on its value in use. The discount rate used in measuring the value in use was 1.67% (2012: 1.67%).

12. SCIENCE PARK UNDER CONSTRUCTION

	2013 HK$	2012 HK$
Carrying amount at beginning of year	**353,191,450**	385,404,352
Additions	**971,981,019**	368,048,202
Less: Cost of construction recognised and transferred to property, plant and equipment	**(8,102,377)**	(400,261,104)
Carrying amount at end of year	**1,317,070,092**	353,191,450

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

	2013 HK$	2012 HK$
Carrying amount at beginning of year	**144,075,194**	183,688,962
Direct costs incurred during the year	**3,500**	1,198,176
Less: Cost of construction recognised for transfer of possession of land	**(47,816,518)**	(40,811,944)
Carrying amount at end of year	**96,262,176**	144,075,194

14. INVESTMENT PROPERTIES

	2013 HK$	2012 HK$
Carrying amount at beginning of year	**24,575,751**	26,789,271
Depreciation for the year	**(2,213,520)**	(2,213,520)
Carrying amount at end of year	**22,362,231**	24,575,751

In the opinion of the directors, the fair value of the investment properties situated in industrial estates cannot be reliably determined 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.

15. LAND PREMIA RECEIVABLES

Land premia receivables are repayable as follows:

	Minimum payments 2013 HK$	Minimum payments 2012 HK$	**Present value of minimum payments 2013 HK$**	Present value of minimum payments 2012 HK$
Within one year	**8,795,708**	7,062,470	**7,950,475**	5,972,624
In the second to fifth years, inclusive	**11,157,147**	14,232,627	**9,669,062**	12,074,062
After five years	**1,635,237**	3,926,631	**1,587,480**	3,704,121
	21,588,092	25,221,728	**19,207,017**	21,750,807
Less: Future interest income	**(2,381,075)**	(3,470,921)	**–**	–
	19,207,017	21,750,807	**19,207,017**	21,750,807
Less: Amounts due within one year included under current assets			**(7,950,475)**	(5,972,624)
Amounts due after one year			**11,256,542**	15,778,183

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% (2012: 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

	2013 HK$	2012 HK$
Accounts receivable	**7,668,717**	6,266,875
Impairment	**(193,146)**	(207,407)
	7,475,571	6,059,468
Prepayments	**5,571,690**	6,090,679
Deposits and other receivables	**35,676,340**	30,402,566
	41,248,030	36,493,245
	48,723,601	42,552,713

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:

	2013 HK$	2012 HK$
At beginning of year	**207,407**	854,465
Amounts written off as uncollectible #	**(14,261)**	(647,058)
At end of year	**193,146**	207,407

Amounts were written off because the balances were due from certain tenants and grantees 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$193,146 (2012: HK$207,407) with carrying amounts before provision of HK$193,146 (2012: HK$207,407).

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

	2013 HK$	2012 HK$
Neither past due nor impaired	**2,610,427**	2,983,577
1-60 days past due	**4,499,302**	2,822,795
61-90 days past due	**273,391**	36,672
91-120 days past due	**1,641**	33,355
Over 120 days past due	**90,810**	183,069
	7,475,571	6,059,468

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.

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 2013, the bank deposits carried interests at the average of 1.60% (2012: 1.74%) per annum.

18. CASH AND CASH EQUIVALENTS

	2013 HK$	2012 HK$
Cash and bank balances	**51,163,900**	33,898,527
Short term time deposits	**621,905,959**	291,821,630
Cash and cash equivalents	**673,069,859**	325,720,157

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

	2013 HK$	2012 HK$
Accrued charges	**308,073,663**	211,249,547
Other payables	**174,840,407**	71,412,515
	482,914,070	282,662,062

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.

21. GOVERNMENT LOAN

	2013 HK$	2012 HK$
Government loan is repayable as follows:		
Current		
Amount due within one year	**90,418,041**	18,466,272
Non-current		
Amount due within second year	**91,931,639**	18,775,398
Amount due within third year	**93,470,575**	19,089,698
Amount due within forth year	**95,035,272**	19,409,259
Amount due within fifth year	**96,626,163**	19,734,170
Amount due after five years	**402,952,917**	103,738,100
Amount due over one year	**780,016,566**	180,746,625
	870,434,607	199,212,897

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

Government loan is unsecured and bears interest rate at the 'no-gain-no-loss' floating interest rate of the Government at 1.67% (2012: 1.67%) per annum during the year. The loan is repayable to the Government by 15 annual instalments until 2022.

22. DEFERRED INCOME

	2013 HK$	2012 HK$
At beginning of year	**2,310,331,606**	2,386,360,440
Transfer to the statement of comprehensive income	**(76,028,834)**	(76,028,834)
At end of year	**2,234,302,772**	2,310,331,606

Deferred income 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 by the Government.

23. SHARE CAPITAL

	2013 HK$	2012 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 2013, the Corporation had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2013 HK$	2012 HK$
Within one year	**276,699,542**	270,506,265
In the second to fifth years inclusive	**345,552,698**	372,882,771
After five years	**654,378**	3,543,035
	622,906,618	646,932,071

24. OPERATING LEASE ARRANGEMENTS (continued)

(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 2013, the Corporation had total future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2013 HK$	2012 HK$
Within one year	**7,079,491**	5,073,900
In the second to fifth years inclusive	**4,485,000**	–
	11,564,491	5,073,900

Leases in respect of laboratories equipment are negotiated for average terms of three years.

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:

	2013 HK$	2012 HK$
Contracted, but not provided for:		
– construction of the Science Park	**1,698,764,746**	532,122,090
– others	**41,244,725**	15,204,116
	1,740,009,471	547,326,206
Authorised, but not contracted for:		
– construction of the Science Park	**2,132,692,468**	4,232,505,671
– others	**213,802,481**	4,429,992
	2,346,494,949	4,236,935,663

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	**2013 HK$**	2012 HK$
The Government:			
Interest expenses on government loan	(i)	**8,521,827**	3,792,672
The Government's controlled-entities:			
Rental income	(ii)	**19,819,739**	18,220,890
Management fee and air-conditioning income	(iii)	**10,252,785**	9,379,562
Equipment rental and procurement sales income	(iv)	**12,829,303**	8,282,836

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.

(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 drawn down loans of HK$767,689,000 (2012: Nil) during the year. At 31 March 2013, the outstanding balance of the government loan amounted to HK$870,434,607 (2012: HK$199,212,897) (note 21).

(c) No directors received any remunerations in respect of their services rendered to the Corporation during the year (2012: 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	
	2013	2012
	HK$	HK$
Land premia receivables	**19,207,017**	21,750,807
Accounts receivable (note 16)	**7,475,571**	6,059,468
Deposits and other receivables (note 16)	**35,676,340**	30,402,566
Bank deposits with maturities of more than three months	**1,568,935,832**	1,669,241,752
Cash and cash equivalents	**673,069,859**	325,720,157
	2,304,364,619	2,053,174,750

Financial liabilities

	At amortised cost	
	2013	2012
	HK$	HK$
Accrued charges and other payables	**482,914,070**	282,662,062
Deposits received in advance	**195,125,068**	209,659,582
Government loan	**870,434,607**	199,212,897
	1,548,473,745	691,534,541

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 2013 would increase/decrease by HK$16,039,182 (2012: increase/decrease by HK$18,171,193).

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 note 15 and note 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.

Liquidity and interest risk tables

	Interest rate %	On demand or less than 3 months HK$	Within 1 year HK$	2-5 years HK$	Over 5 years HK$	Total undiscounted cash flows HK$	Carrying amount HK$
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**
2012							
Accrued charges and other payables	–	282,662,062	–	–	–	282,662,062	282,662,062
Deposits received in advance	–	–	209,659,582	–	–	209,659,582	209,659,582
Government loan *	1.67%	–	21,801,096	87,204,384	109,005,480	218,010,960	199,212,897
		282,662,062	**231,460,678**	**87,204,384**	**109,005,480**	**710,332,604**	**691,534,541**

* 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.

28. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 2013 and 31 March 2012.

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. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 17 September 2013.