



**LET'S
SHAPE
OUR
FUTURE**

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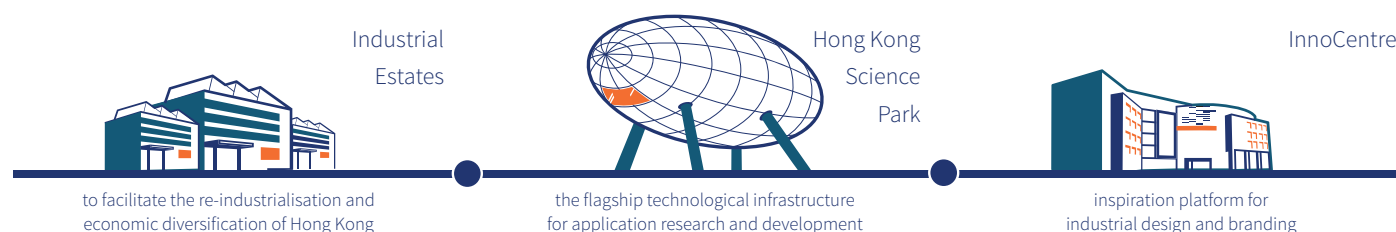


MANAGEMENT REPORT





THE YEAR AT A GLANCE



Incubation Programmes

Incu-App
網動科技, 創業, 培育

Incu-Tech
科技, 創業, 培育

Incu-Bio
生物科技, 創業, 培育

238

Incubatees
currently in the programmes

402

Graduated
since programme inception



Raised over



HKD **1.4** billions
angel / venture capital
since 2003

Obtained more than



402
industry awards
since 2003

Science Park



Close to

13,000

tech talent working in Science Park



More than

3,800

participants from 18 destinations
attended HKSTP's conferences and
summits in 2015-2016



About

600

tech companies



Equipped with

11

advanced labs


● Re-industrialisation blueprint ●



A portrait of Mrs Fanny Law Fan Chiu Fun, a middle-aged woman with short dark hair, smiling. She is wearing a light blue patterned blazer over a white lace top and white trousers. She is leaning on a wooden bar with her right arm and sitting on a stool with her left leg. The background is a modern interior with yellow walls, blue vertical panels, and hanging lights.

LETTER FROM THE CHAIRPERSON

The Honourable
Mrs Fanny Law Fan Chiu Fun
GBS, JP
Chairperson



Dear Readers,

Hong Kong has seen encouraging developments in innovation and technology during 2015-2016, with the creation of the new Innovation and Technology Bureau, inauguration of the Academy of Sciences of Hong Kong, a 40% increase in the number of startups, growing investment in technology, more extensive media coverage of entrepreneurs and their innovation, a surge in technology-related conferences and student contests, and increasing interest in STEM education among students and parents.

I am pleased to see HKSTP's active participation and contribution in these areas, which are in line with our refreshed vision to create a vibrant innovation and technology ecosystem. My heartfelt gratitude goes to colleagues for their hard work and professionalism, and to members of the HKSTP Board for their strategic advice and voluntary service. As a statutory body, we stand for a public mission and we work for the general good.

CREATE VALUE

HKSTP is committed to working closely with stakeholders in the innovation and technology ecosystem. Our mission is to nurture talents, grow companies and develop high value industries through our "3C" strategy of *Connect, Collaborate and Catalyse*. The ultimate goal is to create value for Hong Kong, with economic and social impact.

Ageing population, climate change, road congestion, cybercrime, food safety and governance in dynamic times are some of the common challenges that governments around the world are grappling with, and for which technology can help. Hong Kong is no exception.



Based on an assessment of Hong Kong's needs and research strengths, we have identified "healthy ageing", "smart city" and "robotics" as priorities in innovation and technology development. We work on building cross-disciplinary clusters of companies that contribute to these themes. The aim is to help entrepreneurs to develop their businesses along the value chain from translational research to prototyping, advanced manufacturing, branding, marketing as well as sales, both in and out of Hong Kong. In addition to the top-down priorities, we also welcome bottom-up innovation. Companies that add value to Hong Kong, or startups with innovation and potential, are welcome to join Science Park, irrespective of their research focus.

We define value in three aspects – job creation, technology transfer and revenue generation. Good jobs are needed to retain STEM graduates in the field. Transfer of technology helps to upgrade the quality of research and development. Revenue is a direct contribution to the economy.

True to our role to "connect, collaborate, catalyse", we work closely with InvestHK and the Economic and Trade Offices to attract talents and companies from outside Hong Kong, bringing with them innovative ideas and new technologies. We work with the knowledge transfer offices of universities to bring young entrepreneurs into our incubation programmes. We offer softlanding for startups from outside Hong Kong to understand and experience the local and Mainland markets. We connect startups and SMEs to industrialists, potential buyers and the investment community. We facilitate interaction among tenants in the Science Park to spark ideas and share experiences. We organise activities for students to inspire and motivate them to pursue a career in STEM. By working together with different stakeholders in the ecosystem, we create value.

PRODUCE IMPACT

Promising progress in the past year has given me confidence that Hong Kong has the ability and potential to be an innovation hub. Notwithstanding well-founded optimism, much remains to be done to turn the input of efforts into impact on the community.

"WE DEFINE VALUE IN
THREE ASPECTS – JOB
CREATION, TECHNOLOGY
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GOOD JOBS ARE
NEEDED TO RETAIN
STEM GRADUATES IN
THE FIELD."

We need a clear direction and strong steer from the government. We need to build consensus in the community on the way forward, guided by a clear vision and a roadmap. We need to inculcate a sense of urgency, faced with the threat of disruptive technologies and fierce competition from neighbouring economies. Success hinges on the concerted efforts of the government and the community, working together in unity for the benefit of the community as a whole and putting aside individual differences.

Hong Kong is small and compact; our people are smart and agile. With a clear vision, strong leadership, and the "can do" spirit that has served Hong Kong well for

years, it is conceivable that the burgeoning entrepreneurship that we have seen over the past year will bring Hong Kong to a new height.

HKSTP will continue to play a facilitating role, lying at the heart of Hong Kong's innovation and technology ecosystem. Our beat synchronises with the tempo of the city. Our work harmonises with the people we serve. Our influence pervades over time.



Mrs Fanny Law
Chairperson



CEO'S REPORT

Mr Allen Ma
Chief Executive Officer



Henry Ford, the great engineer, inventor and industrialist, once said, “Coming together is a beginning; keeping together is progress; working together is success”. By working together with the government, the industry, the business sector, academia and the community as one, the year 2015-2016 was another fruitful year for HKSTP.

I am glad to report that last year the Corporation achieved several major milestones which bore significantly on the advancement of the Hong Kong economy, and the city’s innovation and technology landscape. The accomplishment would not have been possible without the able leadership of the Board and unreserved dedication of colleagues.

To begin with, we launched a new brand identity for HKSTP. Signifying “Connecting the Dots”, the new company logo exemplifies the Corporation’s mission to transform and become a bridge with multiple ends, bringing together stakeholders from different disciplines to work in coalition and speed up growth for the innovation and technology ecosystem of Hong Kong. We do so to expedite commercialisation of innovations and unearth their utmost economic value.

CATALYSE GROWTH

I strongly believe innovation and technological development should be integrated into solutions and products that address our daily needs. Last year, we invested much effort in promoting three application platforms, namely “healthy ageing”, “smart city” and “robotics”. These platforms are standing on very solid grounds built on the research achievements made in past years across five technology clusters. And, the city’s innovation and technology ecosystem and those in it are feeling a growing impetus to turn the fruit of their hard work into commercially viable offers and also contribute to reinvigorating manufacturing or, we call it, re-industrialisation. I am very proud to see the Corporation’s visions for technology enterprises receiving more positive feedbacks from the community including the HKSAR Government.

We are also thrilled to see the start-up community growing with such strong momentum last year, a result of the Corporation’s effort targeting to grow the start-up population in the Park by a fold and more in four years. The surge in membership of our three Incubation Programmes to 238 is supported by the enhanced value added services, as well as the Corporation’s determination to hasten growth of promising start-up projects through its in-house Corporate Venture Fund Programme which was also launched last year. Our incubatees were able to raise investment totalling HK\$323 million, 62% more than in the year before.

In addition to investment, we also take on the catalyst function to help our Park companies grow their business fast and strong. Through our Technologies from Science Park initiative, we connect and encourage start-ups and technology SMEs to partner with large corporations and institutions. We have partners in 18 major corporations in Hong Kong and during the year lined up 124 business matching meetings where close to 200 Park companies presented their technologies to potential corporate users. We are particularly glad to see our large corporate partners adopting home-grown innovations. These include leading entities in diverse industries, like the Hong Kong Airport Authority, China Light and Power, as well as Maxim’s.

We also led Park companies to compete for various awards, scoring during the year a total of 118 awards, including the International Exhibition of Inventions of Geneva, HKICT Awards and Hong Kong Awards for Industries. Recognitions as such are important to start-ups and SMEs hoping to make their way into the business world. It is also to our great pride that HKSTP is recognised by InBIA, a leading business and technology incubation association in the United States, as the Technology Incubator of the Year in 2016.

The completion of Phase 3 development of Science Park is a major milestone in the Park's development. After 15 years of hard work, we now have a healthy mix of technology companies, from large organisations like SAE, TCL, Arrow, Gold Peak and ASTRI to smaller SMEs like Sengital, Megasoft, Rehab-Robotics to innovative start-ups like Holistic, Novoheart, Pho Imaging, Optical Sensing, Vitargent and Insight Robotics. The interaction and collaboration among these companies have contributed to the strong growth momentum of the innovation and technology industry in Hong Kong.

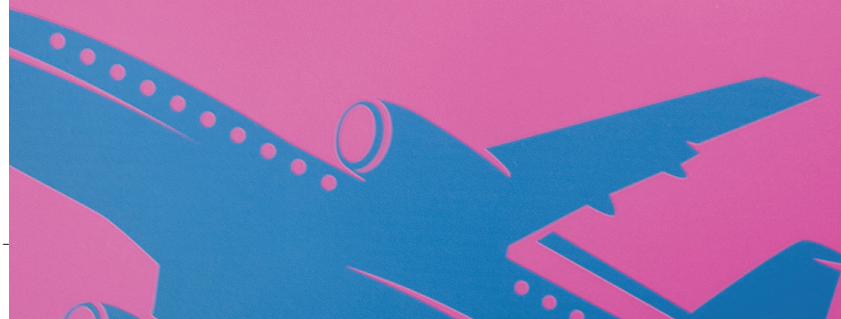
DRIVE RE-INDUSTRIALISATION

At the push of HKSTP, there had been a lot of dialogues and discussions on re-industrialisation in Hong Kong last year. We believe it is only natural for the city to build a complete and seamless advanced manufacturing value chain that starts with innovation and technology and ends with design and production. Adopting a four-step approach last year, we propelled the community to embrace the pursuit of "Innovated in Hong Kong, Designed in Hong Kong and Made in Hong Kong".

Firstly, through spearheading studies and market reviews, we helped Hong Kong recognise that she is well-poised to unleash her potential in advanced manufacturing. Hong Kong shall champion small batch and highly agile advanced prototyping and production of innovative products with high technology and industrial design content. We shall also make use of our proximity to the Pearl River Delta to help local innovations and their international peers already in Hong Kong scale up and develop into global brands.

HKSTP understands very well that it takes two to tango. Collaboration, it believes, is the key to success in the boundless global innovation and technology arena. So our second key push last year was to invest heavily in stimulating market interest and identifying cooperation opportunities for our technopreneurs in target countries. We hosted our flagship event the 2015-2016 series of APAC Innovation Summit, conferences with re-industrialisation and stem cell, and more as themes; as well as business matching events with overseas technology companies.

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If you're not
passionate enough
from the start,
you'll never
stick it out.

Steve Jobs



Our third major work area is to push for support from the government, industry, academia and research institutes, and we thank all our staff member for their creative ideas which help the Corporation meet this goal. Last year, to cater for the future demand of quality research-fit office space at Science Park and kick start the realisation of advanced manufacturing in Hong Kong, we completed the planning of two pilot development projects, one being the technical feasibility studies and the other an economic impact analysis. And, for our pilot projects in the Tseung Kwan O Industrial Estate, we had been given the go ahead by the Finance Committee of Legislative Council. This project is a strategic step that will take us closer to realising our goal of re-industrialisation.

Lastly, the Corporation has mapped out concrete plans to attract and engage prospective companies to join its quest of attaining an advanced manufacturing cluster at its industrial estates. We expect to see new industries and new job types to emerge and power the next phase of economic development of Hong Kong.

CATCHING THE WAVE

We welcome the “Internet+” and “Made in China 2025” policy blueprints published by the Mainland government for the immense business opportunities they are going to present to the innovation and technology industry. The Corporation is all geared up to aid industry players in capturing opportunities to collaborate with their Mainland counterparts. And, we are happy to report that HKSTP has sealed a number of important partnerships with Mainland incubation centres last year. We look forward to facilitating our young entrepreneurs in Hong Kong to tap the huge Mainland market through more collaborations.

As the innovation and technology industry continues to flourish, we are witnessing the increasing value that innovation and technology create for the society. Job creation is one among the many as reflected in the overwhelming response to our annual Career Expo. A

hundred design and technology companies were there offering over 1,000 job openings across different business functions and ranks, close to 70% increase than the number in the previous year. The one-day event attracted a record-breaking over 5,400 job seekers looking forward to embark on the journey to a meaningful and prosperous career in the innovation and technology industry.

For the innovation and technology sector to grow, its need for a continuous supply of young talent must be met, which is why we piloted a number of programmes to spur STEM education in Hong Kong. Grooming talent with the STEM mindset useful to helping the society address its problems is an important focus of the local education

system and universities. Sensor technology experts, big data analysis architects, VR specialists and technical experts are but some of what the city will need. To achieve this, HKSTP hosts events and opened new facilities that provide youths with hands on experiences on robotics and coding.

We also recognise that to realise our “Innovated in Hong Kong, Designed in Hong Kong and Made in Hong Kong” aspiration, we need more industrial product and brand design talent. As such, HKSTP initiated more exchanges between the design community in InnoCentre and the technology community in Science Park, and these exchanges are going to continue.

“WE PROPELLED
THE COMMUNITY
TO EMBRACE
THE PURSUIT OF
‘INNOVATED IN HONG
KONG, DESIGNED
IN HONG KONG
AND MADE IN
HONG KONG’.”

MOVING FORWARD INTO THE NEXT FIVE YEARS

HKSTP is ready to open another chapter. The next five years will see many significant developments in the innovation and technology ecosystem happening at lightning speed. As a post year-end note, I am very glad to see that HKSTP has secured funding support from the HKSAR Government for the phase 1 expansion of Science Park and the two pilot development projects in Tseung Kwan O Industrial Estate. We shall commence planning and construction work for these projects immediately.

It is a great encouragement to HKSTP that it has the full support of the Chief Executive of HKSAR, the Financial Secretary and Secretary for Innovation and Technology, and also the endorsement of legislators, the industry and the Hong Kong public. I sincerely believe that with the strong support of various stakeholders, HKSTP shall be able to deliver on its promise to propel economic diversification in Hong Kong with innovation and technology as the driver and make advanced manufacturing a reality in Hong Kong.

In the future, armed with cross disciplinary knowledge in diverse technologies and strong fundamentals, we will be able to come up with smart city solutions be it in healthcare, transport, financial services or environmental protection. I believe, by joining hands, we can make Hong Kong a smarter and better place to live for all, and I have full confidence in my colleagues, who are passionate and determined, in applying their best professional endeavor to help HKSTP deliver results and achieve its purposes.

Mr Allen Ma

Chief Executive Officer

STRONG ECOSYSTEM

HKSTP is committed to building a strong ecosystem supported by technology companies, design talent, and advanced manufacturing operations in the five premises of Hong Kong Science Park in Shatin, the InnoCentre in Kowloon Tong and the three Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long to drive the development and growth of products and solutions that are innovated, designed and made in Hong Kong.

HONG KONG SCIENCE PARK

With a strong base of 598 technology companies employing nearly 13,000 technology talent as at the end of March 2016, Science Park is a well-recognised ecosystem whereby passionate innovators can connect and collaborate to come up with new ideas and solutions for meeting societal needs.

The ecosystem has three key ingredients that make it work:

Vibrant Community

The Park is home to a perfect blend of companies – large multinational corporations, local small and medium enterprises, home-grown and overseas start-ups – all working together in harmony, regardless of their background and size. These companies can connect with each other and fast track development of their innovations through collaboration.



Science Park is a vibrant innovation and technology ecosystem and home for local and overseas technology companies and talent



Knowledge Capital

During the year, 32 conferences and seminars were held at the Park featuring thought leaders from around the world who shared their insights and latest discoveries with participants. Moreover, 74 training sessions were organised for members of the Park community to share experience and learn from each other.

Living Laboratory

With 21 state-of-the-art R&D buildings, 48 meeting venues and facilities, over 20 F&B outlets, and a beautiful landscape overlooking the Tolo Harbour, Science Park provides an environment conducive to technology companies venturing outside the box for ground-breaking innovations.

WITH BUILDINGS 20E AND 22E COMPLETED, THE PARK IS ABLE TO PROVIDE EXTRA SPACE OF AROUND 293,500 SQ. FT. TO PARK COMPANIES AND NEW TENANTS.



The outstanding architectural design of the Phase 3 development has earned many green awards

The Park itself is a living laboratory for green and sustainable technology. The outstanding architectural design of the latest Phase 3 development has earned many green awards including:

- Building 15W – Highest score among the accredited BEAM Plus Final Platinum projects to date
- Best Asian Pacific Smart City initiative – Smart Buildings category
- “Sustainability Achievement of the Year 2015” at the RICS Hong Kong Property Awards
- Building 15W, 12W and 16W achieved Final Platinum Rating of BEAM Plus V1.1 for New Building





There are 598 technology companies with a working population of around 13,000 in Science Park as the end of March 2016

The Park also serves innovators as a test bed for their latest inventions. Under the First@ Science Park programme, 55 innovative ideas had been tried out making use of the excellent environment at Science Park allowing their owners to gather valuable data and customer feedbacks for enhancing their inventions.

With the expected take up of the overall capacity of Science Park reaching 86.5% by end of March 2016 and the projection that all three phases of the Park will be fully occupied by 2017-2018, Science Park management conducted a Technical Feasibility Study and came up with a Project Definition Statement for the expansion

plan of Science Park in June 2015. The expansion plan was given the green light by the Commerce and Industry Panel of the Legislative Council in December 2015 and the Concept Plan for the expansion was approved by the Board in March 2016.



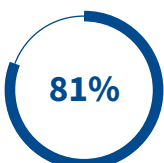
Science Park is a vibrant ecosystem for technology companies with passion and persistence



The new expansion plan of Science Park is all set with the expected completion date in 2020

KEY STATISTICS

*Overall Occupancy Rate
(Phase 1, Phase 2 and Phase 3)*



As at end Mar 2015



As at end Mar 2016

Working Population



As at end Mar 2015



As at end Mar 2016

Number of Partner Companies

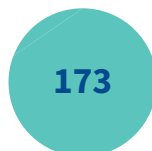


As at end Mar 2015



As at end Mar 2016

Number of Incubatees



As at end Mar 2015



As at end Mar 2016

INNOCENTRE

As the home for creative designers, InnoCentre housed 67 companies and over 1,000 local talent engaging in diverse activities from product design, brand promotion, digital marketing to films, augmented visual displays, inter-disciplinary design integrated with technology, and environmental products development.

As a creative hub for Hong Kong, InnoCentre is proud of its:

Strong Portfolio

The creative talent at InnoCentre have come up with innovative designs and original ideas that affirm Hong Kong's creative city status. InnoCentre is the base for established star designers such as Tony Lau from Nowhere® Design Limited, who is also the winner of 2015 "Cross-over Design Project" organised by HKTDC and Sponsored by the HK Jockey Club; James Law, who has led his team from James Law Cybertecture to design, build and manufacture the smart buildings, smart city pods, smart city monitoring towers and smart health mirror; and Freeman Lau, who has won numerous design awards including the international "Bottlewaterworld Design Awards" by designing the Watson's Water Bottle. A star company, TFI Digital Media Limited scored big at a number of global and local awards including 2016 Microsoft Country Partner of the Year Award (HKSAR), Asia Pacific Information and Communication Technology Awards (APICTA) 2015 — Media & Entertainment, World Summit Awards — e-Business and Commerce (China Region and HKSAR) Winner, while young design SMEs such as eMotionLAB Ltd was awarded Best Digital Entertainment (Animation) Special Mention (TV Commercial) in Hong Kong ICT Awards 2016.



THE CREATIVE
TALENT AT
INNOCENTRE HAVE
COME UP WITH
INNOVATIVE DESIGNS
AND ORIGINAL IDEAS
THAT AFFIRM HONG
KONG'S CREATIVE
CITY STATUS.

Showcase Events

InnoCentre has become known as the stage for designers to display their talents and for Hong Kong to appreciate their brilliant works, an avenue for designers to learn from each other and unleash yet more creative ideas. These include the Bachelor of Design (Visual Communication Design) Program Graduation Exhibition 2015 of School of Continuing and Professional Studies from The Chinese University of Hong Kong, Young Designers Show 2015 of CO1 School of Visual

InnoCentre is Hong Kong's creative hub



Art, and Graduate Exhibition of Bachelor of Arts with Honours in Fashion Design, Styling and Promotion from Middlesex University. InnoCentre welcomed over 42,000 visitors last year who came for inspirations and opportunities of collaboration.

The excellent maintenance of InnoCentre had earned for it the Building Surveyor Awards 2015 – A Total Life Cycle Approach for Modernisation (Maintenance & Repair Works).



Lion dance at InnoCentre to celebrate the Lunar New Year



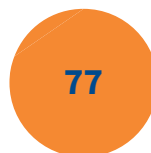
InnoCentre hosted various design-driven activities during the year, one of which was the Open House of Hong Kong Institute of Professional Photographers Ltd



Hong Kong Design Centre organised the Happy D Project's event in InnoCentre

KEY STATISTICS

Number of Partner Companies



As at end Mar 2015



As at end Mar 2016



Occupancy Rate



As at end Mar 2015



As at end Mar 2016

INDUSTRIAL ESTATES

Hong Kong is hailed for her quality products and services. The reasons behind the respect and trust she gets are the meticulous production designs, use of advanced technologies and sciences, and the quality assurance her manufacturers and enterprises afford. The production facilities at the three industrial estates under the HKSTP umbrella are where a diverse range of products that supports the everyday life of Hong Kong citizens comes about.

A DIVERSE RANGE
OF PRODUCTS
THAT SUPPORTS
THE EVERYDAY LIFE
OF HONG KONG
CITIZENS.

Enhancing the Facilities

To enhance product and service quality, various production facilities of companies in the industrial estates were enhanced by incorporating latest technologies to expand their capabilities.



Tai Po Industrial Estate



Tseung Kwan O Industrial Estate



Yuen Long Industrial Estate



Maxim's factory in Tai Po Industrial Estate



Eu Yan Sang's factory in Yuen Long Industrial Estate



NTT Communications Corporation's data centre in Tseung Kwan O Industrial Estate

Serving the Community

The production plants in industrial estates cover a wide range of products and solutions that benefit the public. Food processing is one of the main focuses in Tai Po, key brands include Nissin Foods, Maxim's, Café de Coral, Kee Wah, etc. The cluster synergy of pharmaceutical industry can be clearly seen in Yuen Long with Nin Jiom, Eu Yan Sang and Bright Future. While data centres and multimedia operation gather in Tseung Kwan O with HSBC, HKEX, TVB, China Unicom, NTT Financial Center, to name a few.

Paving Way for the Future

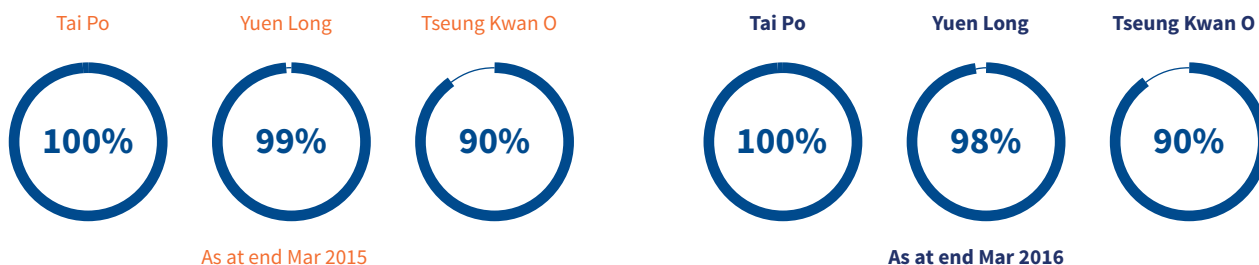
With innovation and technology developing robustly in Hong Kong and the initiative of re-industrialisation gaining serious attention, there is an increasing demand for facilities that can accommodate advanced manufacturing of new and innovative products and services. HKSTP has a roadmap all drawn up to develop all the vacant sites in the three industrial estates,

and has begun the processes of repossessing land and retrofitting buildings to support tenants' pursuit of high-end manufacturing.

Feasibility study had been conducted for two pilot projects in Tseung Kwan O Industrial Estate – a “Data Technology Hub” for supporting the ICT industry and an “Advanced Manufacturing Centre” for the promotion of advanced manufacturing and “re-industrialisation” in Hong Kong.

KEY STATISTICS

Occupancy Rate

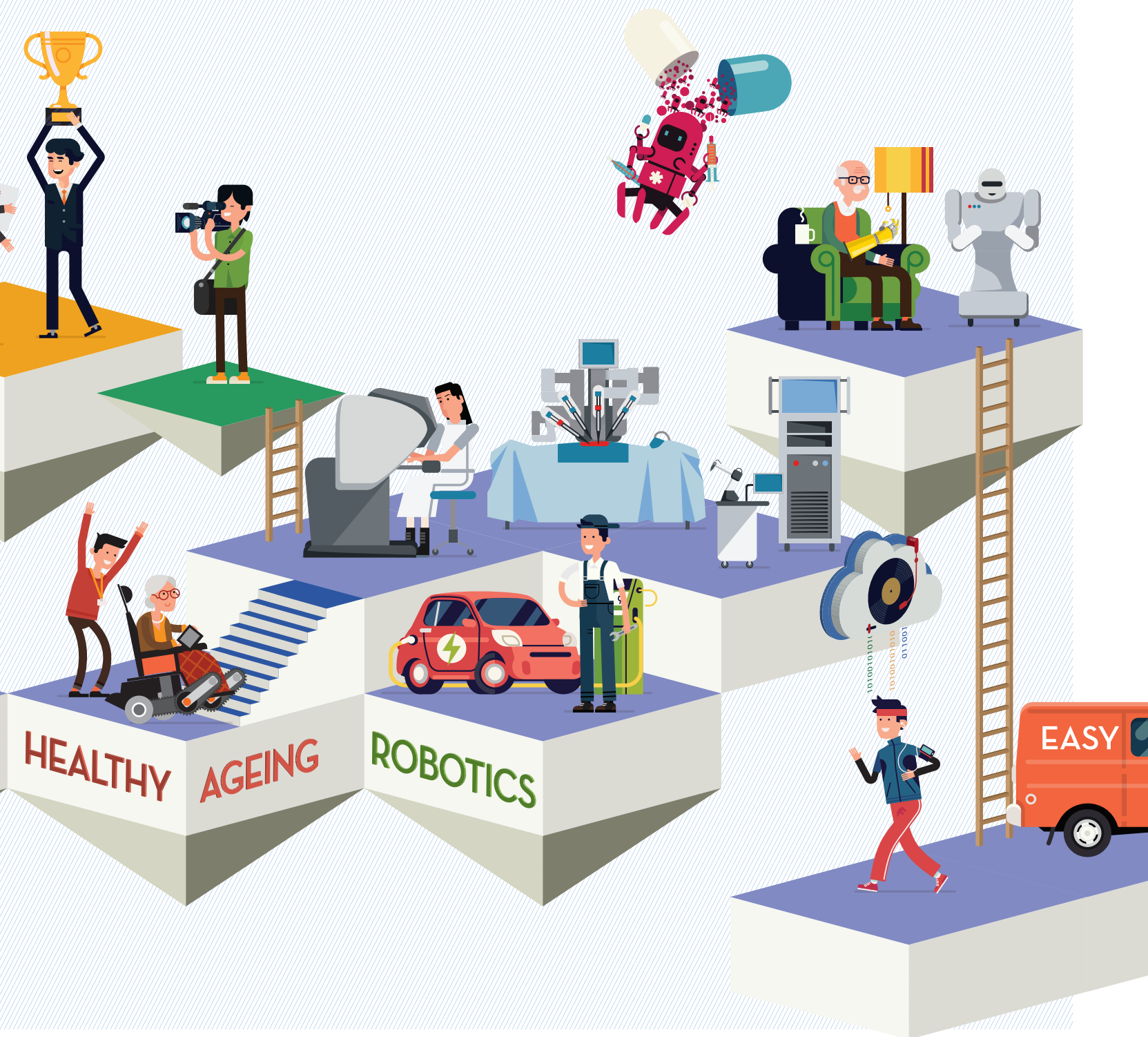


Number of Plant Facilities



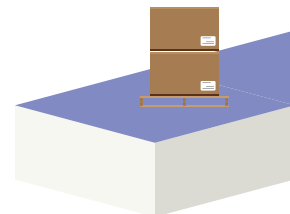
OPERATION PERFORMANCE





THREE PLATFORMS

Science and technology are going to shape the future and enrich lives. That's why HKSTP has its heart and mind set on encouraging experts in its five technology clusters (ICT, GreenTech, BioMedical Tech, Electronics, New Materials and Precision Engineering) to cross boundaries and join hands in developing innovative products and solutions that fit in with the development of its three visionary application platforms. Those platforms themed Smart City, Healthy Ageing and Robotics are going to take mankind into an exciting future.



SMART CITY

Hong Kong is renowned for her efficiency, world class ICT infrastructure and Internet connectivity. The city is among the world's best in these attributes, which are also vital for the city of the future – the Smart City – to flourish and benefit those living in it. Hong Kong now has an unprecedented opportunity to become a testing ground for Smart City technologies.

Smart City encompasses many areas. The Corporation's initial foci are mobility, efficient building energy management and fintech applications, and will gradually expand to cover eHealth and waste management. Thanks to Internet of Things (IoT) and big data Analytics technologies, we can collect useful data for use in social and business applications, or predictive and preventive modelling, that can make the city more efficient and improve the living standard of citizens.

At the heart of Smart City technologies is ICT infrastructure, big data and IoT to name but a few areas – elements that HKSTP has and continues to encourage development in. Green technologies including smart buildings, quality environment, energy management system, renewable energy and storage will be widely applicable in Smart City platform.

Portfolio

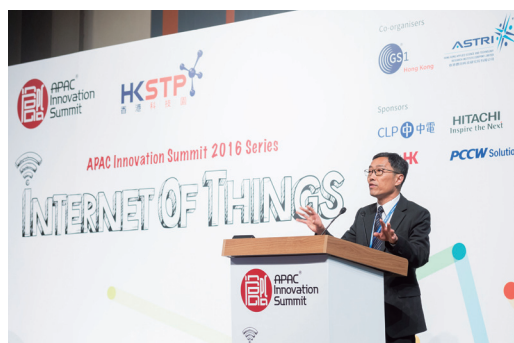
There are over 100 technology companies in Science Park dedicated to developing Smart City solutions, ranging from smart wearable devices like Well Being Digital embedded with an application which allows people to monitor vital health data, to high definition video and virtual reality content from Realmax Technology Limited for property agents and buyers to vet options before narrowing down to the few for visit; from HUAWEI's big data analytics at the Noah's Lab research centre to Fin-Tech applications developed by CASH Quamnet. All these are innovations and solutions that will continue to evolve and transform the city and people's lives.

Also, in our Industrial Estates there are corporations using advanced technologies to turn Hong Kong into a greener and better city. Dunwell, for example, operates the largest independent waste oil treatment and disposal plant in Hong Kong and Asia and it is in our Yuen Long Industrial Estate, and there is ASB that turns grease trap oil in Hong Kong into biodiesel fuel and help to drive sustainable and renewable energy consumption.

Knowledge Sharing

HKSTP is committed to facilitating in-depth sharing and knowledge exchanges on new technology trends and opportunities. The APAC Innovation Summit 2015 Series – Smart Cities held in September 2015 was an excellent platform for those involved in smart city development in





HKSTP collaborated with industry partners to organise seminars related to smart city and IoT analysis

different sectors to exchange knowledge and present innovative ideas on applications from smart transportation to green buildings and energy management. The two-day flagship event had an attendance of over 800 including academics, industry players, government officials and investors from 13 economies around the world.

And, the Smart City Seminar organised for EMSD drew the participation of more than 200 government officials. They returned very positive feedbacks and follow up meetings were lined up with many of them.

Tech Transfer

To harness the value of R&D investment, we must be able to turn research results into commercially viable solutions. The team has been a facilitator to universities, R&D centres and businesses in Hong Kong, Mainland China and overseas, helping them turn their research breakthroughs into solutions that benefit the society. Some of the members in Science Park contributing to this area are:

- Sierra Wireless – Canadian firm (NASDAQ: SWIR) (TSX: SW) is building the Internet of Things with intelligent wireless solutions in various smart city applications such as street lighting, EV charging stations, Internet of Vehicles.
- Guangwei Tech, a cybersecurity joint-venture company between an Israeli and Hong Kong security company, is embarking on the R&D of cybersecurity monitoring and mitigation.
- SP Infinite Technology, a Hong Kong based security company and a subsidiary of SecurePro, is looking into the development of IOT security with facial recognition and double authentication capabilities.



The Euro VI Hybrid Double-Deck Bus “hBus” was displayed in Science Park



The Smart Living@Science Park exhibition displayed over 42 locally-invented smart home gadgets and smart living solutions

Tradeshows

HKSTP brought a delegation of 11 Science Park companies, representatives from Vocational Training Council, InvestHK and the Hong Kong Electronic Industries Association to the Mobile World Congress 2016 in Barcelona, Spain (MWC2016). Apart from attending programmes of the four-day exhibition, study missions were also arranged for members to explore collaboration opportunities in smart devices.

Awards

Works of Science Park companies captured the limelight at the MWC2016 when Science Park incubatee Well Being Digital Limited received the “Best Wearable Mobile Technology” award, while Chief Executive Officer of Megasoft, a Science Park company, was named Entrepreneur of the Year China 2015 in the Emerging Entrepreneur Category of the award organised by EY.

Smart Living Campaign

An effort to bolster development of the cross-cluster technology platform, HKSTP launched in December 2015 the Smart City Campaign encompassing the Smart Living@Science Park initiative. Over 42 technologies from 30 Science Park companies were featured in a 500-square-foot show flat visited by more than 13,000 including representatives and officials from Consulates-General, government bodies, trade associations and universities.

Collaboration opportunities were generated which transpired into Smart City Sharing Session at Electrical and Mechanical Service Department, workshop at the Energising East Kowloon Office and one-on-one business matching with New World Development. Some partner companies were invited to showcase their technologies at regional exhibitions such as Eco-Expo and Build4Asia.



Elderly visitors try out an intelligent cognitive assessment platform developed by HKSTP's incubatee - Cognix Limited



The Mobile Bi-Wheel Light Electronic Transport (MoBiLET) is an innovative product developed by HKSTP's incubatee - Single Person Transport Design (SPTD) Limited



Kiss & Tell, an non-invasive glucose test using saliva is developed by HKSTP's graduated incubatee - eNano Health Limited



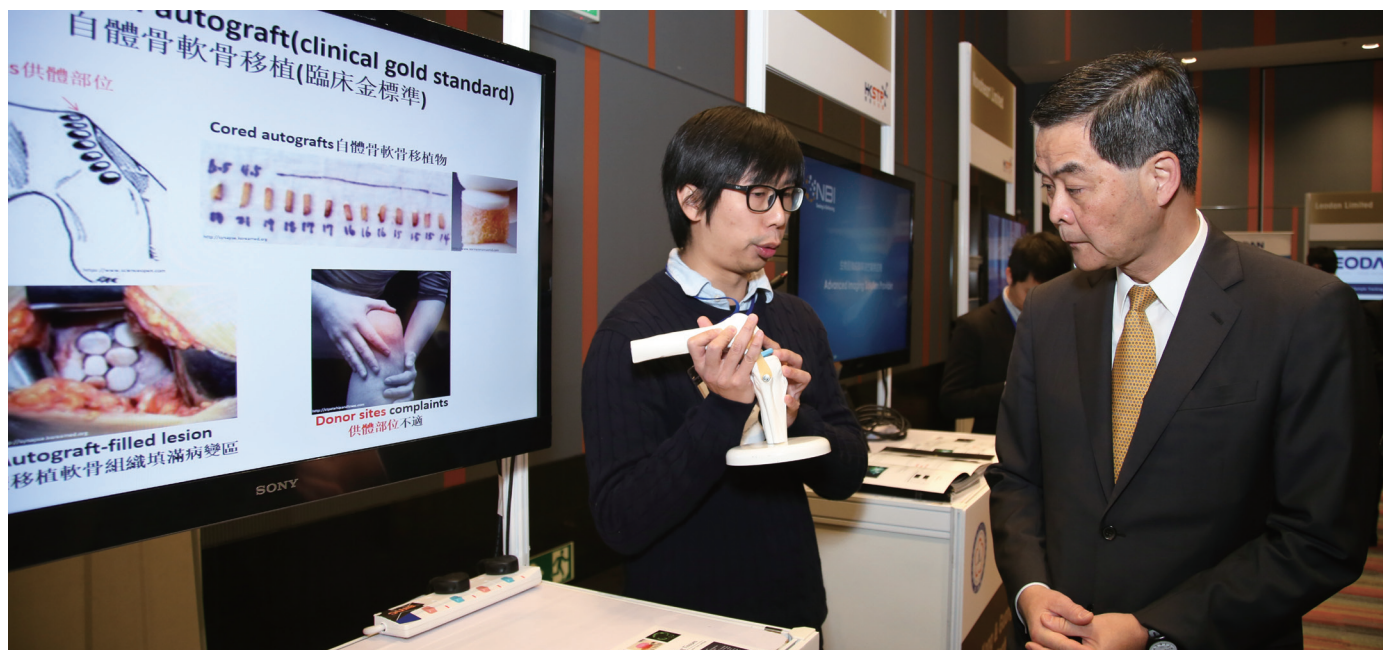
A portable and quick sample-to-result vitro diagnostic platform that operates on integrated microfluidic biochips technology, developed by Sanwa Biotech Limited, a Science Park partner company

HEALTHY AGEING

Quality living for an elderly is not merely about being able to live longer, but to stay healthy and active. Genomics based diagnostics and pharmaceutical companies including those devoted to stem cell therapy will continue to grow, and in 2016 more companies around the world have kicked off clinical trials for drugs/products. For Hong Kong, with the China Food and Drug Administration accepting clinical data from the accredited teaching hospitals in the city and the anticipated launch of new international PIC/S (The Pharmaceutical Inspection Convention and Pharmaceutical Inspection Co-operation Scheme) standards for drug manufacturing in 2017, we can expect to see more pilot manufacturing facility and drug screening facility surfacing, which will benefit development of the pharmaceutical industry in the city.

Portfolio

Given the favourable circumstances, the number of genomics based diagnostics and stem cell technology companies has grown fast at Science Park. In 2015, for example, Karolinska Institute announced that it would set up its first international stem cell translational research centre at Science Park. We have also seen exciting moves of partner companies to expand their horizons. Aircraft Medical, was acquired by Medtronic for USD130 million, while another company Bio-Cancer Treatment obtained UK government approval to sponsor its oncology – acute myeloid leukaemia – drug trial in the UK. And, Rehab-Robotics' award winning Hand of Hope, the robotic glove that makes rehabilitation exercise more effective for stroke patients, has attracted major investment to the company for accelerating growth. Last but not least, Hanson Robotics' humanoid development is gearing up for test and trial of its application for Alzheimer's subjects and Wai Yuen Tong at the Yuen Long industrial estate has completed its factory site for PIC/S-standard production.



Dr. Daniel Chik, Co-founder of Living Tissues Company Limited, a HKSTP's incubatee presents their innovative regenerative treatment to the Chief Executive of the HKSAR the Honourable C Y Leung

Knowledge Sharing

The International Stem Cell Conference held in December 2015 was jointly organised by HKSTP with the Guangdong Institute of Biomedicine and Health and attended by over 400 scientists and professionals. The opening ceremony was officiated by the Chief Executive of HKSAR, who also saw dozens of exhibit featuring local stem cell technologies.

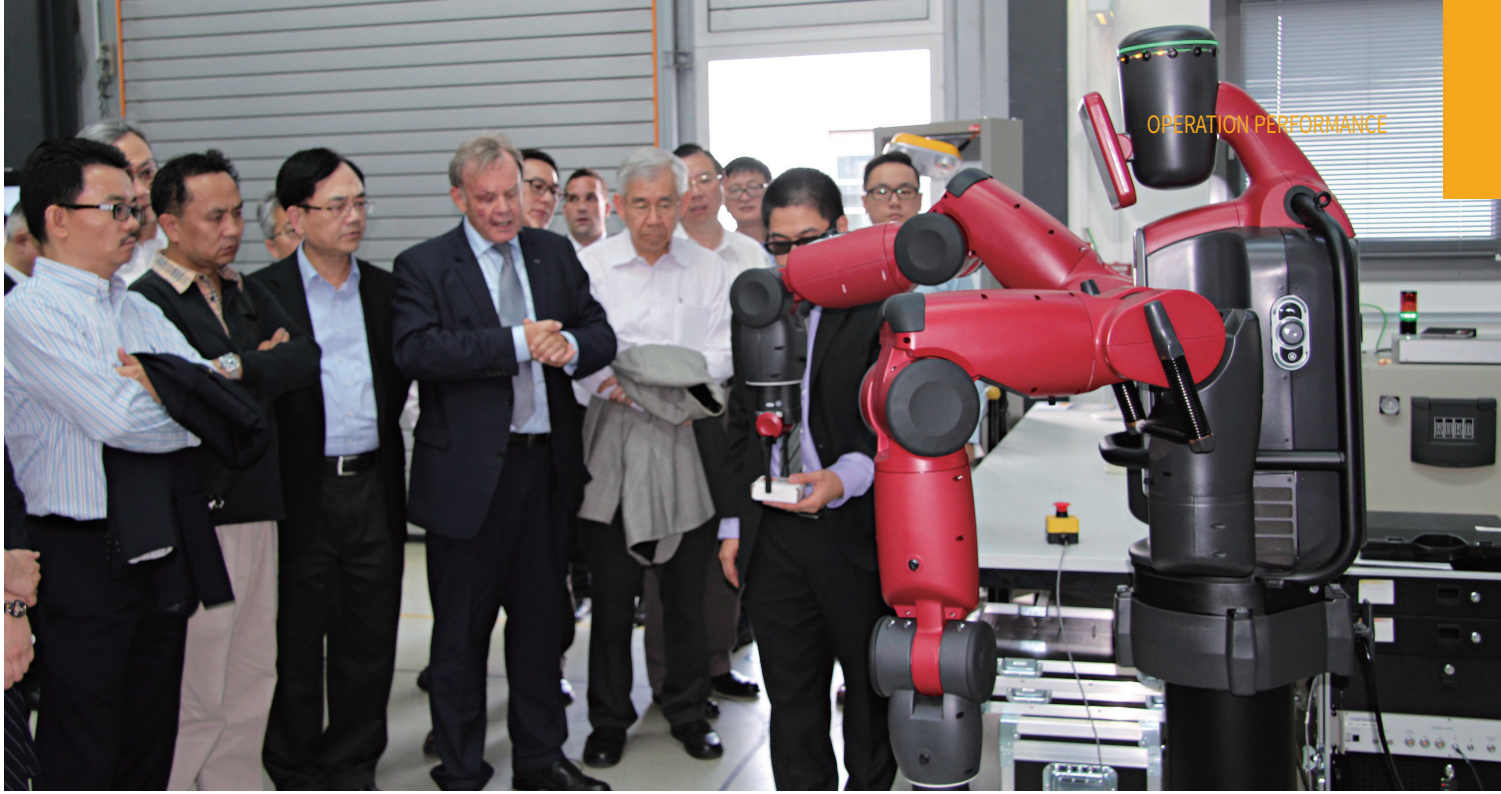
Support

The Biotech Support centre has been effective in delivering its mission. During the year, new equipment was installed to broaden the range of service. It includes next generation sequencer (NGS) for targeted sequencing and cancer profiling, confocal microscopy with enhanced resolution for cell imaging and cell imaging reader for high speed cell proliferation study and phenotypic analysis. The usage in terms of number of hours and users surged significantly indicating a vibrant growth of the biomedical sector in the Park.



Michael Tsui, CEO of Rehab-Robotics Company Limited, a graduated incubatee demonstrates their innovation – Hand of Hope





ROBOTICS

New Materials, Precision Engineering, Electronics Engineering are all critical elements in the development of robotic devices, and artificial intelligence, cognitive research, deep learning and machine language, and human interface are what enable the robotic devices to better serve human needs. What HKSTP does is to provide a facilitating platform for innovators in robotics to pursue their ideas and turn them into products and means to the aid of the economy and the welfare of mankind.

Portfolio

There are up to 130 local leaders like Solomon Systech and international technology heavyweights like Philips, Gibson, and TDK at the Park, joined by multinationals like Gold Peak (GP) Industries and Arrow Electronics Asia. The talent pool in electronics, materials and precision engineering at Science Park continues to grow. There are also an increasing number of technology start-ups and SMEs that focus on R&D of sensor devices from sensor components, sensing algorithm to sensor systems. In the coming year, HKSTP will step up effort to grow the R&D and innovation activities in sensor technologies at the Park, as development in the area is going to benefit all the three technology platforms on which the future stands.

Government funded R&D institutions including NAMI and ASTRI continued with their ground breaking R&D work on new materials and artificial intelligence at Science Park. And, the PolyU State Key Laboratory of Ultra-precision Machining Technology has recently established a R&D team and a laboratory in the Park to share its work with all in the ecosystem.

Led by HKSTP, a delegation comprised of stakeholders from different sectors visited the most advanced manufacturing industries in Germany



Robotics Garage



Robotics Garage provides various hand tools to robot makers



Science Park companies exchange innovative ideas on robotics development with industry veterans

Knowledge Sharing

During the year we hosted two international summits at which thought-leaders from around the world exchanged views and shared the latest development trends in robotics and advanced materials. The APAC Innovation Summit 2015 Series – Robotics, which was held in June 2015, brought together over 600 robotics experts, researchers, potential investors, and business executives from 14 economies to map out the global future of robotics and Hong Kong's role in helping to take the industry to the next level. The other summit in the same series and themed advanced materials, which was held in November 2015, was supported by entrepreneurs, researchers and investors in Hong Kong and from Mainland China and around the world who exchanged views and latest updates on emerging new materials.

Robotics Alliance

The alliance engages more than 50 representatives from industry, R&D centres and universities to identify technology areas of high relevance to Hong Kong's industry and societal needs. Its task is to devise a roadmap for robotics development and applications in Hong Kong, which will be key to the success of Hong Kong in achieving her re-industrialisation goal.

Industry Collaborations

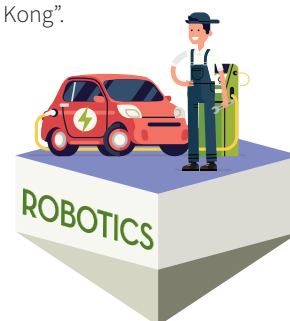
HKSTP established strategic collaboration with various companies and R&D centres during the year for the purpose of bringing new laboratory and technological development services to the Park community. A Precision Manufacturing Centre, an Arrow Open-Lab for Electronics, a Metal 3D Printing lab and Smart Automanulogistics Centre have been added, expanding the range of support to Park companies.

Robotics Garage

Robotics Garage is a makerspace and DIY fabrication centre for technology focused research students and entrepreneurs who want to turn a concept into commercial reality. The Garage adopts a membership scheme that gives subscribers access to a range of professional grade tools and advanced fabrication machinery including 3D Printers, CAD/CAM facilities, Laser Cutter and CNC platforms. It is also a space for networking conducive to the commercialisation of ideas.

Study Mission

In September 2015, HKSTP led a business study mission themed "Industry 4.0" to Germany. It was an inspiring journey for both HKSTP management and Hong Kong industry leaders. The delegation visited the most advanced factories and research institutes including BMW Plant, Fraunhofer IFF, Fraunhofer IPA and Model Factory in Cottbus, and explored how intelligent factory design can help automate complex production processes to achieve "customised mass production". As we drive forth the development of Hong Kong's innovation and technology ecosystem, we will encourage local manufacturing sectors to strive towards re-industrialisation and re-build the city's pride in "Made in Hong Kong".



VALUE ADDED SERVICES



APAC Innovation Summit 2015 Series - Robotics attracts many renowned experts in the field to Hong Kong

MARKET INTELLIGENCE

During the year, HKSTP organised a series of professional conferences gathering thought leaders from around the world to share their latest discoveries, researches and insights on the hottest technology trends that promise to shape the world.

APAC Innovation Summit Series 2015

The summit is an initiative of AIS (formerly known as InnoAsia) celebrating its 11th anniversary in 2015. Now a signature event of HKSTP, the summit stands as proof of the Corporation's commitment to propelling innovation and accelerating Hong Kong's advance to become a key technology hub in the region. Featuring topics including IoT, Robotics, Smart Cities and Advanced Materials, the conferences played an important role in encouraging knowledge transfer and business matching. Leading experts including academics, decision makers and thought leaders gathered to share their insights on the latest technology trends with participants. The internationally esteemed event attracted a total attendance of over 2,000 local and overseas executives as well as the support of 122 renowned speakers and more than 120 partners from universities, R&D centres, media agencies and industry associations.



Participants of APAC Innovation Summit Series 2015 always go home with lots of insights and inspirations



Humanoids developed by an incubatee - Hanson Robotics Limited catch visitors' attention during the 2-day AIS 2015: Robotics summit

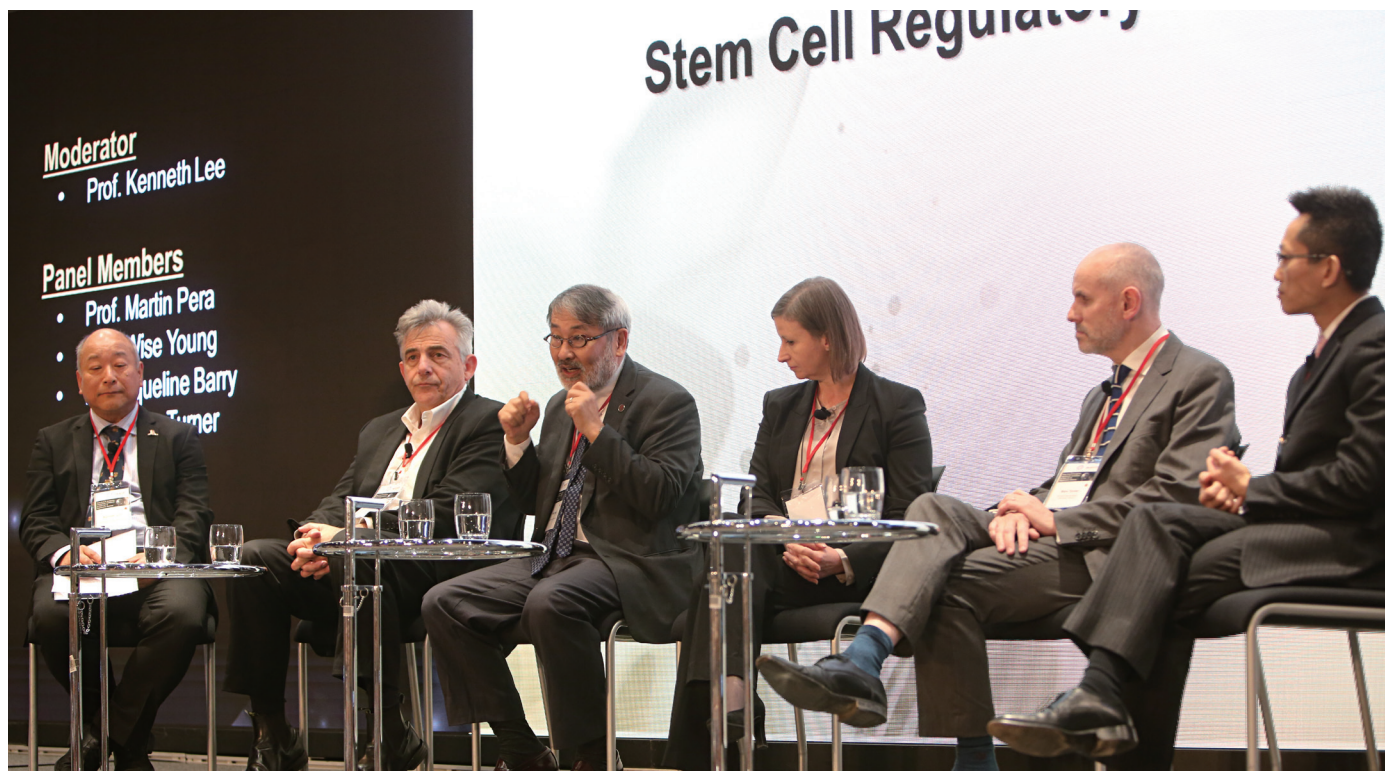
Stem Cell Conference

On 20 December 2015, HKSTP and the Guangzhou Institutes of Biomedicine and Health (GIBH) co-organised a satellite event – the Hong Kong & Guangzhou International Conference on Stem Cell & Regenerative Medicine – at the Grand Hall of Science Park. Keynote speakers included Professor Peter Greenberg, the Shaw Prize Winner in Life Science & Medicine 2015, and other speakers included researchers from globally renowned institutes, such as GIBH and Karolinska Institutet. The conference covered topics on stem cell research and applications and featured over 25 exhibits from promising local start-ups and researchers. The event was a great success and a clear demonstration of Hong Kong's weight in biotechnology development.

Prof. Urban Lendahl, Professor of Genetics, Karolinska Institutet announces the detail of the establishment of the stem cell research and regenerative medicine facility in Science Park during the Stem Cell Conference



Prof. Wise Young, Distinguished Professor of Cell Biology & Neuroscience shares his insight on stem cell therapy of spinal cord injury with the participants



Thought leaders from around the world participate in the discussion panel during the Stem Cell Conference



Incubatee Liricco Technologies Limited meets representatives from the Hong Kong General Chamber of Commerce (HKGCC)



Graduated incubatee B-free Technology Limited meets representatives from Hong Kong Medical & Healthcare Device Industries Association Limited (HKMHDA)



Incubatee Application Technology Company Limited meets representatives from the Federation of Hong Kong Industries (FHKI)

BUSINESS DEVELOPMENT

Local Industry Engagement – Industry Connect

We engage industries through IndustryConnect@Science Park which objective is to facilitate technological and industrial collaborations between partner companies/incubatees and relevant industries. During the year, we organised 8 sessions joined by 261 members from 11 trade and industry associations. At these events, 70 partner companies/incubatees presented an array of innovations and technologies in areas such as toy, medical devices, ICT, electronics and industry automation relevant to different industries.

The activities generated 75 potential collaborations for our partner companies/incubatees and new technologies, such as workflow application software for streamlining operation thus improving cost efficiency, and mobile applications for retail marketing promotion, were adopted.

Trade Shows

The 12th International ICT Expo

The ICT Expo held from 13-16 April 2015 showcased the newest products and solutions in information and communications technologies that can help SMEs maximise efficiency and minimise cost. Exhibits included social and business applications on the cloud and mobile platform; digital marketing and e-commerce; e-logistics and retail technologies; enterprise solutions and IT outsourcing; home-grown innovations; smartphone & tablet devices; telecommunications, network and data centre technologies.

At the HKSTP Pavilion, 10 partner companies from Science Park presented their latest innovations and grabbed the valuable opportunity to meet new business partners and potential investors.

Electronics Fair

The Hong Kong Electronics Fair (Spring Edition) was held from 13-16 April 2015. The Invention Zone at the fair was a display area for exciting developments in the field of electronics (many inventions are patent-registered) and where inventors and manufacturers could connect and see new ideas become commercial reality through IP trading. Participants included top-tier universities and companies endorsed by R&D institutes and industry associations in Hong Kong and from Mainland China and Taiwan. Five of our partner companies were shortlisted to showcase their innovations in the Invention Zone.

ICMCM

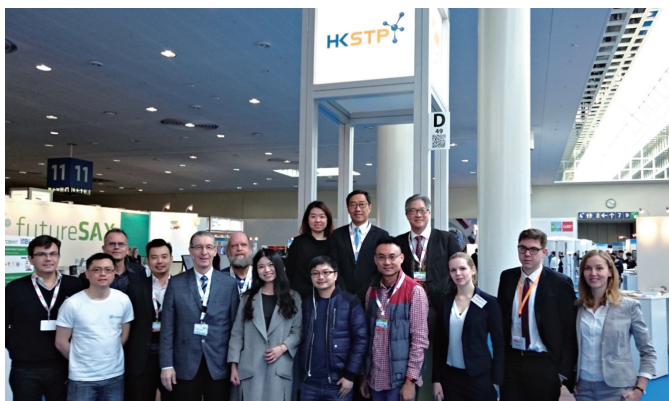
The Biomedical Technology cluster team also participates in the International Conference & Exhibition of the Modernization of Chinese Medicine & Health Products (ICMCM) and Hong Kong International Medical Devices and Supplies Fair. During the ICMCM last year, some of HKSTP's partner companies such as Eu Yan Sang, PuraPharm as well as graduated incubatees such as Rehab-Robotics and eNano Health have participated in the Fair in order to promote biomedical development and medical technology development in Hong Kong and Science Park's ecosystem. Also, through such events, participated Park companies can network with medical device companies and stakeholders of the industry, and have the opportunities to conduct business promotion.



A number of visitors collect information about Hong Kong's I & T development at HKSTP's Pavilion at the ICT Expo 2015



HKSTP's Pavilion at the ICT Expo 2015



HKSTP's delegation at the CeBIT 2016



CeBIT allows Hong Kong start-ups to raise their profile in the international market



HKSTP's delegation at the CES

CES

HKSTP led a delegation of 9 partner companies to CES, the largest electronics fair in the USA held in Las Vegas from 6 – 9 January 2016. The event allowed these companies to connect and explore business partnerships with international buyers and suppliers.

CeBIT

HKSTP also led 6 partner companies to join the CeBIT 2016 at Hannover, Germany, from 14 – 18 March, where they showed visitors electronics and ICT inventions at the Start-ups Pavilion. The companies were able to gain valuable experience at the event. Such international trade fairs can also help Hong Kong start-ups gain exposure and raise their visibility in the international market.

Mobile World Congress

The world's biggest event for the mobile communication industry was held in February and the HKSTP delegation to the event consisted of 11 partner companies and representatives from the VTC, Invest HK and HKEIA. Well Being Digital Limited, one of the companies in our IncuTech Programme, won the "Best Wearable Mobile Technology" award beating well-known multinational companies.



HKSTP's partner companies explored international business partnerships during the CES

R&D SUPPORT

11 Shared Laboratories

Robust design of new inventions needs the support of superb research and testing facilities on multiple dimensions. At Science Park, we have 11 shared laboratories for partner companies and external parties to conduct R&D. In year 2015-2016, we saw an 8% increase in usage rate of these laboratories, a significant number of new customers, and a 13% increase in the number of active users per month. These numbers tell us that the laboratory support at Science Park is helping the healthy growth of R&D of innovations that will benefit the society.

The shared laboratories include:

- 3D System in Package (SiP) Laboratory
- Biomedical Technology Support Centre (BSC)
- Integrated Circuits Design Centre (ICDC)
- Integrated Circuits Failure Analysis Laboratory (ICFAL)
- Intellectual Property Servicing Centre (IPSC)
- Material Analysis Laboratory (MAL)
- Probe and Test Development Centre (PTDC)
- Rapid Prototyping Laboratory (RPL)
- Reliability Laboratory (RL)
- Solid State Lighting Laboratory (SSL)
- Wireless Communications Test Laboratory (WCTL)



Probe and Test Development Centre at Hong Kong Science Park



Integrated Circuits Failure Analysis Laboratory



Reliability Laboratory



Biomedical Technology Support Centre

Biomedical Technology Support Centre

To enhance their services, new equipment had been installed in a number of the laboratories. The Biomedical Technology Support Centre (BSC), which offers state-of-the-art equipment and dedicated support to the Biomedical Technology cluster, brought in the past year the Next Generation Sequencer (NGS) for targeted sequencing and cancer profiling – Confocal microscopy with enhanced resolution for cell imaging; and a cell imaging reader for high speed cell proliferation study and phenotypic analysis. And, HKSTP reached a demo lab agreement with Waters China Limited to give its SME tenants access to the latest HPLC technologies from Waters. Growing in complement with the Biomedical Technology cluster, BSC is able to serve a wider and wider range of investigators. Relative to the previous year, it registered a significant increase in usage rate:

- a 25% increase in total number of usage hours
- significant increase in the Flow Cytometry, Mass Spectrometry and DNA Sequencing platform
- an 83% increase in number of confirmed projects
- a 38% increase in number of users

First@SciencePark

"First@SciencePark" provides a test-bed to Science Park companies to evaluate, test or pilot run new technologies and applications for obtaining real-life data and user feedback for products that they may fine-tune to meet market needs. In the past year, a total of 55 innovative solutions were tried out to gauge customer feedback and test data for their developers to have valuable reference to enhance their products.

HKSTP facilitated partner company Sunlight Eco-Tech Limited to collaborate with The Hong Kong Polytechnic University to develop highly dispersed screen-printable nano-composite paste for self-cleaning curtain wall. The technology has high potential to be applied to curtain walls around Hong Kong, as well as solar panels and internal coating for washing machines.

Aztech Hong Kong, the local branch of Singapore-rooted Aztech, specialises in diverse consumer and professional electronics, marine services and food, partnered with ASTRI on research and development of smart lighting control platform, a match facilitated by HKSTP.

Platysens engaged Science Park community members to try its PADDLESENSE at the Club House swimming pool of the Park. The smart wearable device can monitor every stroke a swimming makes hence can help athletes perfect their swimming moves and performance.



Cafe X, a remote control robotic cafe kiosk developed by incubatee Cafe X Technologies Limited is having their product trial in Science Park



HKSTP's partner company, The New Green Holdings Limited, has its Hydroponic technology-enabled HealthFarm installed in Science Park



Incubatee Well Bing Digital Limited snatches the “Best Wearable Mobile Technology” award at the World Mobile Congress



Winning teams from HKSTP's partner companies at Hong Kong ICT Awards 2015

AWARDS & RECOGNITION

HKSTP is dedicated to helping partner companies and start-ups raise their market profile and extend business reach. Related efforts include facilitating companies in entering their inventions in local and international contests, supporting them in product launches and gaining maximum media exposure.

For visitors to appreciate the diverse range of technology companies at Science Park, HKSTP helps partner companies put up logo signage in the lobby of their office building. As at March 2016, over 100 logos were displayed in various building lobbies to help raise tenant companies' visibility and boost their staff's sense of pride and belonging. The initiative is in popular demand and we shall continue to roll it out in the rest of the Park.

Awards

As the hub for innovation and technology, HKSTP is very glad that, in the year 2015-2016, 67 Science Park technology companies together won 118 awards in 31 competitions.

43rd International Exhibition of Inventions of Geneva

- Vitargent (International) Biotechnology Ltd – Grand Prix Du Salon International Des Inventions De Geneve, Honorable Mention, China Delegation of Invention and Innovation, Gold Medal, with congratulations of the jury
- 3DP Technology Ltd – Gold Medal, with congratulations of the jury
- B-Free Technology Ltd – Gold Medal, with congratulations of the jury
- S Square System Ltd – Gold Medal, with congratulations of the jury
- Well Being Digital Ltd – Award of the Romanian Delegation, Ministry of Education and Scientific Research, National Authority for Scientific Research and Innovation, Gold Medal
- Sunlight Eco-tech Ltd – Gold Medal, with congratulations of the jury



Innovations of six HKSTP's partner companies win big at the 43rd International Exhibition of Inventions of Geneva

EY Entrepreneur Of The Year China 2015

- Lee's Pharmaceutical (HK) Ltd – Pharmaceutical & Life Sciences Category Winner
- Bright Future Pharmaceutical Laboratories Ltd – Pharmaceutical & Life Sciences Category Winner
- Myndar (Megasoft Ltd) – Emerging Entrepreneur Category Winner

2015 HK Awards for Industries: Technological Achievement

- Eight Science Park companies were recognised for their outstanding achievements. AppoTech Limited and TFI Digital Media Limited won awards and the other 6 received Certificates of Merit

2016 GSMA Glomo Awards

- Well Being Digital Ltd bagged the “Best Wearable Mobile Technology” award at the World Mobile Congress held in Barcelona



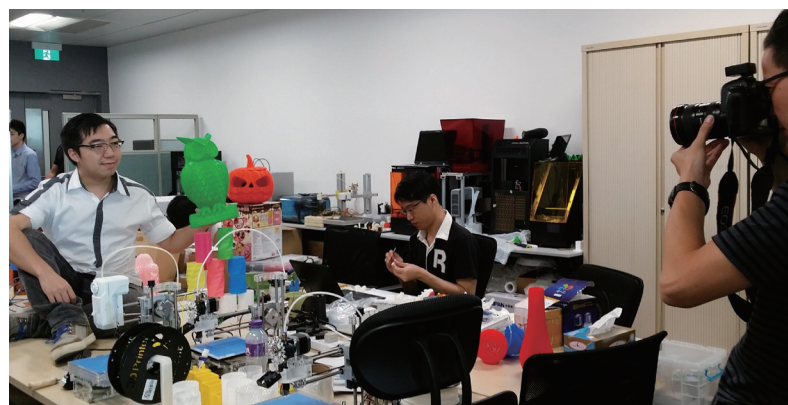
HKSTP supports Integrated Solutions Limited, a long time partner in the Park to launch its media outreach activities

MARKETING SUPPORT

During the year, HKSTP helped over 85 companies for media interviews as well as product launches. We also advised the companies on the best ways to promote their business and inventions. Such support enabled our partner companies to gain broad media coverage not only in Hong Kong, but also Mainland China and internationally, letting the world appreciate the vibrancy of the Park community and quality of innovations that originates from Hong Kong.



HKSTP supports graduated incubatee eNano Health Limited to achieve media exposure



3DP Technology Limited, Park company was being interviewed by the media on its innovative 3D printing technology



A group of overseas start-ups have their maiden media briefing at Science Park

OVERSEAS COLLABORATION

International Collaboration

The International Collaboration & Business Development team is dedicated to enhancing visibility of the innovation and technology ecosystem of Hong Kong among international stakeholders to encourage research and development collaboration and attract the best international innovators to come and contribute to Hong Kong.

During the year, 13 country-focused events were hosted for close to 50 Science Park companies to engage in high level discussions with relevant government representatives to explore ways to expand their businesses to those markets. Visitors to those events included Consul Generals and consulate representatives and technology companies from Switzerland, Germany, the UK, Sweden, France, the Netherlands, Italy, Belgium, the US, Canada, Israel, Japan, Korea and Australia.

And, 75 international delegations visited the Science Park the past year to see and experience the thriving innovation and technology ecosystem it has built and explore collaboration opportunities with local innovators. They included:

- EPFL Lausanne (Switzerland) – hosted inaugural EPFL Hardware Innovation Camp at Science Park;
- Imperial College (UK) – facilitated the discussion on global collaboration between UK Robotics and Autonomous Systems Network (UK-RAS Network) and the Robotic Alliance in Hong Kong;
- Schindler (Switzerland) – HKSTP showed the Future of City 3D video produced by its partner Schindler to 13,000+ visitors, giving them an eye opening experience of unconventional city planning that can create more space and a more sustainable environment for the society.



Park companies get to meet potential investors at one-on-one business matching activities



Overseas delegation attends networking activities at Science Park



Park companies present their technologies to overseas delegates



Think Asia Think Hong Kong in Toronto, Canada



HKSTP enters into partnership with technopreneurship incubators and co-working space providers from Beijing, Tianjin, Shanghai and Shenzhen



HKSTP collaborates with Beijing Institute of Collaborative Innovation to promote technology start-up in Hong Kong and Mainland China

The International team also worked with the Hong Kong Trade Development Council on a tech forum, a part of the “Think Asia Think Hong Kong” event held in June 2015 in Toronto. The 150 participants of the forum tuned in to the thought provoking presentations of our board members, Prof. Lap-chee Tsui and Prof. Albert Yu. HKSTP was able to connect with international stakeholders and look for collaboration opportunities for Hong Kong. The HKSTP delegation also visited and met with the Health Technology Exchange and MaRS in Toronto to explore partnership opportunities with leading scientists and researchers.

Mainland Collaboration

HKSTP has established a strong partnership network in Mainland China to facilitate the innovation and technology development in Hong Kong. We have been cooperating strategically with Shenzhen, Dongguan, Guangzhou, Tianjin, Baoding and Qianhai in the development of national industrialisation bases for semi-conductors (integrated circuit), green technology and modern service industries.

Throughout 2015-2016, HKSTP has been collaborating with Torch High Technology Industry Development Centre under the Ministry of Science and Technology of Mainland China and four leading technology incubators in Beijing, Shanghai, Tianjin and Shenzhen to promote the development of co-working space in the region. The new co-working space initiative will strive to facilitate entrepreneurial exchanges between Hong Kong and Mainland, provide comprehensive support for entrepreneurs including financial, legal and marketing consulting services, as well as promoting talent exchange between tertiary and research institutions. HKSTP has also played a pivotal role in encouraging entrepreneurs’ participation in the 5th China Innovation and Entrepreneurship Competition (Hong Kong, Macau and Taiwan region) to enable fellow HKSTP tenants and incubatees to experience the vibrant business atmosphere in Mainland and improve their business prospects.

In addition, HKSTP also signed a strategic collaboration agreement with Beijing Institute of Collaborative Innovation (BICI) to promote innovative and technological development, particularly in the robotics sector in the region. Both parties aspire to strengthen the collaboration network between universities, research institutions, technology companies and talent, as well as attracting high-potential start-ups in the region to establish a base of operations in Hong Kong.

TALENT DEVELOPMENT

Internship Programme

Through HKSTP's Internship Programme, Science Park partner companies can employ full-time student interns giving them the opportunity to gain exposure and experience in technology and innovation fields. Companies which joined the programme have found the students helpful to their technical project development and in bringing new ideas. The programme also allows companies to identify potential candidates to join their team in the future.

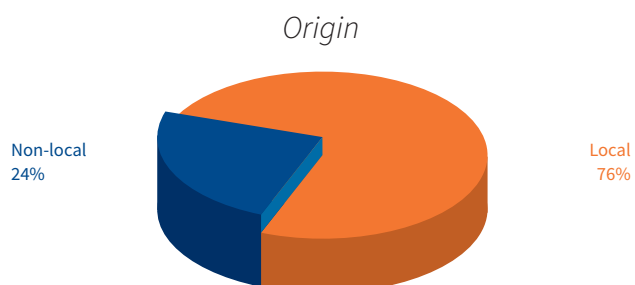
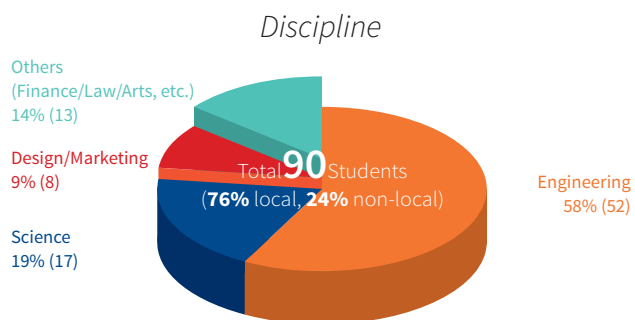
For students, the internship gives them precious opportunities to put knowledge into practice and beef up their resumes. Many of the students who finished their internship said they were inspired by the technology professionals at Science Park and were interested in joining the innovation and technology industry after graduation.

In the year 2015-2016, 90 student interns were employed by 38 Science Park companies.



Student interns in Science Park

Distribution of Student Interns



Internship Programme helps Park companies to identify potential candidates to join their team

COMMUNITY SERVICES

TecONE

TecONE, a one-stop-shop service centre, gives partner companies access to all the resources HKSTP provides to help them achieve business success.

From offering advice on how to set up a company, attract angel investment and tap public funding schemes to industry support programmes, TecONE put the resources and clout of the HKSTP brand at the service of Science Park companies, saving them time and effort on those areas so that they may concentrate on their R&D works.



Seminars and workshops are held regularly at TecONE to support SMEs in the ecosystem



SPARK Bubble Soccer Tournament

SPARK

SPARK, our community membership scheme, provides a dynamic and engaging community to tech innovators and entrepreneurs, including happy hour, inter-company sports games, weekend family picnics, innovation seminars, special promotional offers, volunteer activities and so much more.

Integrated into the Park's ecosystem, SPARK provides social and recreational programmes, knowledge enhancement opportunities, and networking opportunities for everyone who works in Science Park. The 6000+ members of the scheme are provided with a wide variety of life-enriching activities and services.



SPARK cohosts Christmas party with St. James' Settlement for elders



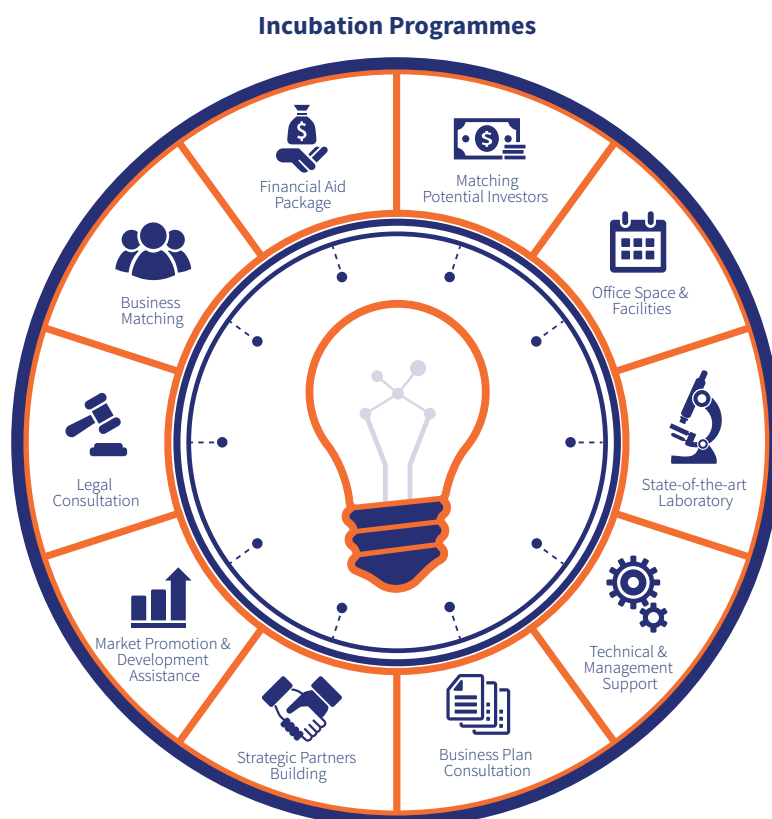
Organic Farm for SPARK members

PROPEL START-UPS



Graduates of the Incubation Programmes celebrate their achievements; (from left to right) Shing Chow of Easy Van, Dennis Kwan of QBS Limited and Alan Lee of B-Free Technology Limited

Start-ups are passionate entrepreneurs keen at seeing their ideas turn into reality, and technological knowledge into applications that benefit the society. Through its Incubation Programmes, HKSTP provides comprehensive support to nurture start-ups, facilitates technology transfer and commercialisation of academic research.





2015-2016 Incubation Programmes graduates pledge to take their innovation to new height

INCUBATEES AND GRADUATES STATISTICS

Cumulative Count



	Cumulative 1992/93 – 2015/16 (unless specified)
Incubatee graduates	402
Incubatee graduates still in business	302
Number of Angel/Venture capital investment cases since April 2003	186
IP registration applications filed since April 2003	874
Technical/design and management awards won since April 2003	402
IPO/Merger & Acquisition/Joint venture/Spin-off transactions	20



At their debut in Hong Kong, an incubatee Aivvy lets participants try their smart music device



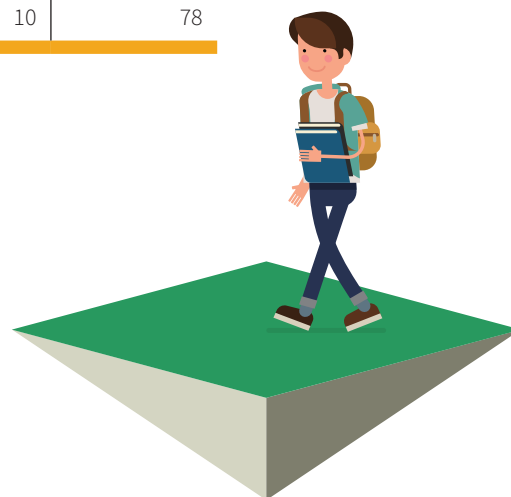
Hong Kong Organic Waste Recycling Centre Limited from the Incu-Tech programme introduces their fund-raising programme to the media

TOTAL 238 INCUBATEES

In 2015-2016, a record high of investment for HK\$323.42M was raised.

	Incu-Tech/ Incu-Bio	Incu-App	Total
Current Incubatees	146	92	238
New Intakes in the fiscal year TSSSU*/University Tech Transfer Intakes	68	65	133
Angel/Venture capital investment Incubatees & graduates	20 cases HK\$228.11M	6 cases HK\$95.31M	26 cases HK\$323.42M
Technical/design and management awards won	68	18	86
IP registration applications filed	68	10	78

* Technology Start-up Support Scheme for Universities (TSSSU)



YEAR-ON-YEAR COMPARISON

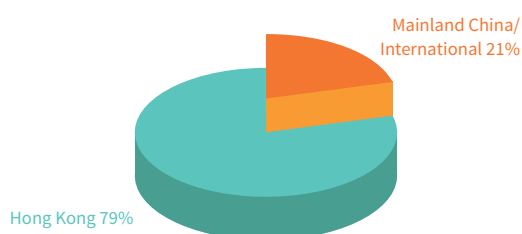
In 2015-2016, 133 start-ups joined the Incubation Programmes, bringing the incubatee count to 238, representing a 37.6% growth.

	2014/15	2015/16	%
Current Incubatees	173	238	37.6%
Graduated Incubatees	354	402	13.6%
Angel/Venture Capital Investment	HK\$200.17M	HK\$323.42M	61.4%
Awards Won	59	86	45.8%
IP Patents Application Filed	64	78	21.9%

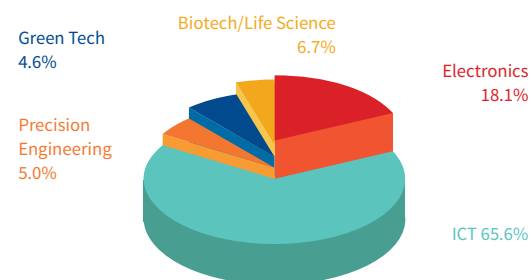


DISTRIBUTION OF INCUBATEES

by Country of Origin



by Cluster Distribution





Along with the recognition 2016 Technology/IT Incubator of the Year and 2016 Dinah Adkins Incubator of the Year – Technology Focus, HKSTP has won the 2016 Randall M. Whaley Incubator of the Year award, the highest commendation in the annual Incubator Awards hosted by the International Business Innovation Association in the U.S.

GLOBAL RECOGNITION FOR ALL-ROUND SERVICE

HKSTP is committed to providing all-round support to its start-up community to enable growth and prosperity of all its members. Our dedication and efforts did not go unnoticed. HKSTP has been named by the International Business Innovation Association (“InBIA”) as the 2016 InBIA’s Technology/IT Incubator of the Year (announced on 28 March 2016) and, at the Final Gala Award Ceremony on 18 April 2016, it received yet another title. The two honours are:

- 2016 Dinah Adkins Incubator of the Year – Technology Focus
- 2016 Randall M. Whaley Incubator of the Year



In the photo (from left to right): trophy of 2016 Dinah Adkins Incubator of the Year – Technology Focus, trophy of 2016 Randall M. Whaley Incubator of the Year award and 2016 Technology/IT Incubator of the Year

The Randall M. Whaley Incubator of the Year award is the highest commendation in the annual Incubator Awards hosted by InBIA, the world-leading organisation for advancing business incubation and entrepreneurship.



香港賽馬會慈善信託基金

The Hong Kong Jockey Club Charities Trust

同心同步同進 RIDING HIGH TOGETHER

TECHNOLOGIES FROM SCIENCE PARK

Large corporations in town show strong interest in the innovations for energy efficiency and power management from Science Park companies

Business development is fundamental for any start-up to grow. We had 18 leading organisations from different industries to share their insights on industry trends and business demands with the technologists at Science Park while the start-ups and SMEs in our ecosystem also took the chance to promote their innovations to these large organisations. These programme partners included:

- Airport Authority Hong Kong
- CLP Power Hong Kong Limited
- Computer And Technologies Holdings Limited (C&T)

- Hang Lung Properties
- MTR Corporation
- Sino Group
- The Hong Kong Jockey Club Charities Trust

During the year, these company briefings featured 129 companies submitting 117 proposals to the programme partners and 116 meetings/ presentations were held.

Eight confirmed solutions with total value of HK\$3.4M were adopted, including solutions for the retailing industry and public transport system, and other proposals are still under review and discussion with the programme partners.



Park companies present and exchange their innovative solutions with the large corporations and learn how they can modify their solutions to meet the needs of these large corporations



J.P. Morgan, HKSTP and Hong Kong Business Angel Network jointly launch NxTEC (Next Technologist Entrepreneurial Champion) programme, providing start-ups with a series of structured coaching and training activities focusing on business and management skills enhancement

INVESTMENT SUPPORT

In 2015-2016, funding secured by the start-ups in Science Park grew 61.4% to reach HK\$323 million. Contributing to this achievement is the investment support team, which provides business consulting and fundraising support to HKSTP companies including incubatees and tenants, as well as entrepreneurs referred by TechnoPreneur Partnership Programme (TPP) partners.



Andrew Butcher, Senior Country Officer for Hong Kong at J.P. Morgan believes the NxTEC programme will help unlock the hidden potential for high-growth enterprises

Professional Training

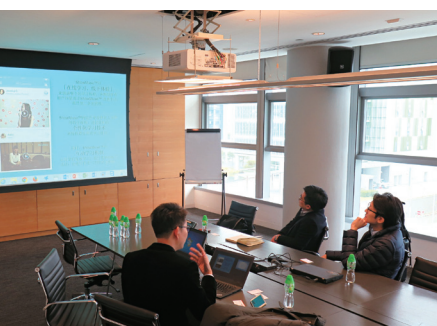
Big 4 CPA firms (EY and PWC) and IP experts (Eagle IP) conducted one-on-one clinic for 12 start-ups to provide them with intensive training on corporate structuring plans and fund raising strategy.



Science Park companies benefit from HKSTP's value added service, such as the one-on-one professional clinic

NxTEC (Next Technologist Entrepreneurial Champion) programme was jointly launched by JP Morgan, HKBAN and HKSTP. This programme provides fundraising training and investment roadshow to Hong Kong tech-start-ups in 3 intakes. In the first intake, 84 participants completed the training modules in February 2016, and 11 finalists were selected to join the fundraising roadshow.

Alibaba Entrepreneurs Fund Information Session at Science Park



Park companies having one-on-one meetings with Alibaba and Gobi Partners



The Alibaba Entrepreneurs Fund Information Session

Investor Pool

With a view to providing a unique platform to bridge investors and investment-ready technology enterprises, HKSTP established various investor channels, such as

- Angels (e.g. Angel Crunch, 中國青年天使會 and Hong Kong Business Angel Network, etc.)
- VC (e.g. IDG Capital Partner, Sequoia Capital China, etc.)
- PE (e.g. Ally Bridge Group, Orchid Asia Group Management, etc.)
- Corporate Venture (e.g. BASF, Comba Telecom, etc.)
- Family Office (e.g. Henderson, LCW, etc.)

Investment Pitch

Citi Mobile Challenge – HKSTP and Citi Group co-organised the event on 12 November 2015, at which 18 finalist teams showcased their fin-tech solutions to key influencers in the region.

Asian Financial Forum Deal Flow Matching – 5 teams from HKSTP were selected to enter the deal flow matching organised by HKTDC, the Hong Kong Venture Capital and Private Equity Association on 19 January 2016.

Alibaba Entrepreneurs Fund Information Session – 13 companies were invited to one-on-one meetings with Alibaba and Gobi Partners after the Information Session.

HKBAN – conducted 9 Investment Matching Gathering for 64 companies to pitch for investment in 2015-2016

BICI collaboration (Beijing Institute of Collaborative Innovation), one of Beijing's leading advanced technology research and development centres, established a HK\$100 million BICI Innovation Fund in Hong Kong to encourage young talent to pursue careers in the technology industry, and also attract high-potential start-ups in the region to operate in Hong Kong. A first batch of 4 Science Park start-ups had presented their business proposals to BICI for investment support.

CECEPHK collaboration (China Energy Conservation and Environmental Protection (Hong Kong) Investment Co., Ltd.) – HKSTP signed a cooperation agreement with CECEPHK to launch a Joint Incubation Programme for start-ups focusing on green technology for energy conservation and environmental protection. Under the Programme, the two parties will build a market-leading and resourceful research and development platform for the green technology enterprises at Science Park and CECEP will look for opportunities to invest in promising start-ups at the Park.



Incubatees and graduates from the Incubation Programmes attends briefing session for the "HKQAA Hong Kong Registration – Start-ups" scheme

Corporate Venture Fund

To better support the development of Hong Kong's start-up ecosystem, HKSTP launched the Corporate Venture Fund (CVF) in July 2015, earmarking HK\$50 million to co-invest with other investors into technology start-ups. The aims of CVF are to meet the funding need of local technology start-ups in early-stage development, providing investment capital to high potential start-ups to help them grow and move into the next stage of development. Furthermore, the co-investment mode of CVF is conducive to attracting more angel investors and venture capitalists to invest in technology start-ups in Hong Kong and in turn spur more private funding for the local I&T ecosystem.



As at March 2016, CVF had met with 55 potential investees and announced its 1st investment in DKJ Company Limited which is developing a smartphone-based personal development education and personalised learning platform named ShowMuse.

HKQAA HONG KONG REGISTRATION – START-UPS SCHEME

Designed by the Hong Kong Quality Assurance Agency ("HKQAA"), the scheme aims to assist start-ups in adopting a documentation system to help them run and manage their business in an organised manner ensuring the quality of their operations and outputs, be them products, solutions or services, their financial management and the security of critical information, hence lowering their business risk. For businesses interested in adopting locally developed technologies and services, the scheme allows them to easily recognise quality start-ups and gives them confidence in supporting local innovation. A total of 11 incubatees were in the first batch of companies taking part in the programme.



Incubatee Showmuse™ is the first Park company picked by HKSTP's Corporate Venture Fund



Networking events are regularly organised in Idea Lab to promote cross-discipline exchange in the Park



Scott McNealy, former CEO and Chairman of Sun Microsystems shares his insight on entrepreneurship at start-up gatherings

NETWORKING ACTIVITIES

Regular MINGLE gatherings enable participants to learn from renowned speakers like Shih Wing Ching, Chairman and CEO of Centaline Group, Scott McNealy, former CEO and Chairman of Sun Microsystems, on diverse topics from marketing strategy to brand management to their entrepreneurial journey; as well as latest technology trends and tools from corporations such as AliCloud, Yahoo, Google and WTIA.



TECHNOLOGY PARTNERS FOR INCU-APP

A total of 20 technology companies provide strategic support to our start-ups allowing them to use their tools, platforms and network to develop applications in a most cost-effective and time-efficient manner. These partner companies included Amazon Web Services Inc., Google Hong Kong Limited, Outblaze Ltd., Samsung Electronics HK Co., Ltd, Sony Mobile Communications AB, SoftLayer Technologies Inc. and AliCloud.



Co-supported "YDC E-Challenge 2015 – HKSTP Technopreneur Award" with Innovation and Technology Commission and Hong Kong Venture Capital and Private Equity Association

COMPETITIONS AND AWARDS

- Sponsored competition: Asia Smartphone Apps Contest 2015 (WTIA)
- Co-supported award: YDC E-Challenge 2015 – HKSTP Technopreneur Award
- Co-organised competition: The 4th China Innovation & Entrepreneurship Competition and the 2nd Innovation and Entrepreneurship Competition for University Students of Guangdong, Hong Kong, Macau and Taiwan (Semi-final and Final)



The management team of HKSTP inaugurates the opening of Idea Lab

IDEA LAB

Idea Lab, a vibrant networking space, was opened in November 2015 to provide a hub for young start-ups and university students to have briefing and sharing sessions, as well as jamming of idea to come up with innovative concepts that can serve market needs.

Soon after its launch, the Idea Lab has become the venue for go-to-market launches, start-up ecosystem building sessions, university engagement talks, as well as in-Park product sharing.

SOCIAL ENTREPRENEURSHIP

The incubation team secured funding support from The Hong Kong Jockey Club Charities Trust to kick-off the “Jockey Club Social-Tech Incubation and Youth Entrepreneurship Programme”. Co-organised by HKSTP, Hong Kong Children and Youth Services, and CDI (a subsidiary of French social entrepreneurship platform and impact investor Groupe SOS), the programme aims to equip and inspire disadvantaged youth through innovation and technology, to transform technology-based start-ups into social-tech ventures and to rate technology-based social enterprises according to European standards, which will be helpful to their global business development.



Idea Lab becomes a hot venue for start-ups to work on and exchange innovative concepts

LEAP

LEAP@HK (Leading Enterprises Acceleration Programme) is designed to nurture high potential enterprises into regional/global companies and prepare them for eventual IPO or M&A. Every member company will receive tailor-made assistance on market expansion, growth management and value building from HKSTP, various senior professionals and industry experts.

LEAP@HK has finalised 3 intakes since inception and 14 companies had been admitted to date. The enterprises selected have made tremendous progress in the areas of new product launch, strengthening market presence, revenue growth and securing funding and capital. Insight Robotics and Optical Sensing have already expanded into overseas markets, and eNano Health, Neo Mechanics and Liricco are actively exploring the huge Mainland market.

LEAP@HK Enterprises



KEVIN CHAN
INSIGHT ROBOTICS CEO

“I would recommend LEAP to tech firms in the growth/accelerating stage. Time is more important than money at this stage, and **LEAP does fast-track our relation building with top tier partners. The LEAP scheme provides excellent support to us, I feel that we have all the attention we need.**”



ANGELA NG
LIRICCO CO-FOUNDER

“We have been benefiting from the LEAP programme on many fronts, such as having more **business matching/support, mentors from different sectors to help us grow our business, connecting with VC, R&D facilities, in addition to the valuable inputs and advice from the LEAP team.**”



WINNIE LUN
ENANO HEALTH CEO

“We only have positive things to say about LEAP. As a very small company with human resources mostly in technical areas, we are happy to have **the seasoned professionals from LEAP working hand-in-hand with us, opening huge possibilities for us and helping us move fast onto the next steps in business development and financing.**”



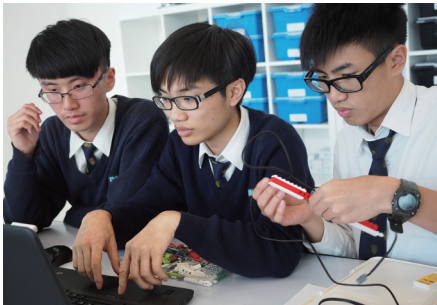
FUTURE DEVELOPMENT

To reinforce the incubation support to talented entrepreneurs, a new Incubation Centre – LionRock 72 – will be launched at InnoCentre in 2016. The design of this new Centre was approved earlier this year and renovation work is being carried out at full speed.

GROOM STEM TALENT



HKSTP is dedicated to nurturing future innovation and technology talent and promoting STEM education amongst teachers and students



Students from secondary schools learn practical STEM knowledge at Robo Workshop



HKSTP collaborates with the Education Bureau, schools and educational institutions to foster STEM education in Hong Kong

The key to our future is in the hands of young people. According to the World Economic Forum's report on the 'Future of Jobs', it is essential to equip our youth with logical thinking and analytic skills to come up with new discoveries that answer our future needs and enhance people's lives. Science, Technology, Engineering and Mathematics (STEM) education is fundamental to equipping our young learners with the needed skills.

SCIENCE EXPLORER

Over 28,000 students have taken part in the Science Explorer programme at Science Park to learn about latest local innovations and green technology, and amongst 3,000 of them have gained first-hand experience at the Robo Workshop building their own robots and integrating coding, engineering, physics and mathematics knowledge in practical applications.



PARTNERSHIP WITH EDB

To promote STEM education, HKSTP partnered with the Education Bureau to host STEM Education Symposiums to share industry development and career prospects in the innovation and technology sector with school principals, teachers and students. 80 schools showcased their science projects at Student Education Fair on Science, Technology and Mathematics 2016 at Science Park. About 9,000 students and teachers participated in the event to explore the best practices in STEM Education.

TEACHERS PROGRAMME

HKSTP provided a series of workshops to members of HKACE who are teachers of Computer and Information Technology subjects to share with them the latest technology trends and, via Robo Workshop, the approach of STEM teaching. Career prospect briefings were also arranged for principals and teachers that they may encourage their students to consider the innovation and technology field in planning for their future.



TEENovation is an event dedicated to 100 students aged between 9 and 13 for a series of interactive science-themed workshops



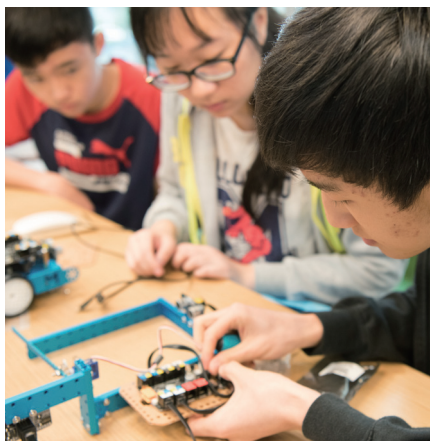
HKSTP is a key partner in the "STEM Education Partnership Programme" to support local teachers to promote the subject of Computer Literacy and STEM education

CITY CHALLENGE

To encourage students and the public to chip in on making Hong Kong a better place, City Challenge was launched in January 2016 to call on passionate individuals to come up with ways to leverage technology to create a better and smarter city. Over 3,000 entries were received from primary schools and close to 400 from secondary schools students, universities and public.

PARTNER ORGANISATIONS

HKSTP has been a strong supporter to NGOs committed to promoting STEM education including the Centre for Creative Science and Technology of The Hong Kong Federation of Youth Groups which hosted 238 workshops for 365 schools last year, the Hong Kong New Generation Cultural Association that organised the China Adolescents Science & Technology Innovation Contest, and the HKIE and HKCS, organisers of the largest Robocon event for university students.



Contestants (Intermediate and Open Group) of City Challenge attend a series of workshops, covering topics from product design, application development to maker skill



City Challenge provides a platform for the contestants to turn innovative ideas into applicable solutions



HKSTP co-hosts the Science, Mathematics, and Art (SMArt) Project 2016 with The Faculty of Science of the University of Hong Kong where 100 junior secondary school students gather to appreciate the integration of science, mathematics and art through interactive lectures and hands-on workshops

CAREER EXPO

The annual Career Expo was held on 5 March 2016 with 100 companies offering 1,000 jobs. The event attracted over 5,400 visitors. Exciting jobs offered ranges from data scientists to games developers, biochem researchers to robotic engineers. HKSTP also took part in the career fairs of HKUST and the Hong Kong Computer Society at which over 150 jobs from 24 Park companies were offered. These activities are means for young talent to explore the exciting career prospects they could have in the innovation and technology industry.

To let university students experience what it is like working in the innovation and technology field, we launched the first-ever “CEO Shadowing Programme” as one of the key highlights of the Career Expo 2016. With this rare opportunities to spend three days shadowing the C-level executives of leading industry corporations, the Programme had attracted close to 160 applicants. As the participants commented, this had been a fruitful experience for them as the Programme enhanced their understanding and interest in joining the I&T industry.

ENTRE- PRENEURSHIP SYMPOSIUM

For passionate innovators who want to set up their own businesses, the Entrepreneurship Symposium held on 3 July, 2015 gave them the perfect opportunity to learn from 25 speakers, 39 innovation case studies and 11 pitching teams. The audience of 800 was impressed by the brilliant presentations of the industry heavyweights.



Industry leaders from different industries share their insights on how to develop a successful career at the Career Expo



During Career Expo 2016, Akina Fong, former news anchor tells job seekers how they can develop good presentation skills

KNOWLEDGE ENRICHMENT

During the year, HKSTP organised 74 training sessions and seminars for the Science Park community on a diverse range of subjects including technical topics, industry trends, marketing and branding strategy, and presentation skills, among others, and also hosted 29 industry briefings on hot topics at the TecONE Center.

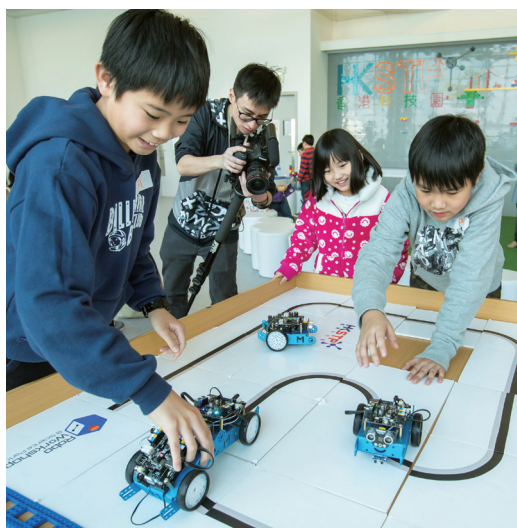


Professor Li Ze-xiang, Director of Da-Jiang Innovations Science and Technology Co., Ltd and Professor from Department of Electronics and Computer Engineering of The Hong Kong University of Science and Technology advises students how to journey towards success

COMMUNITY OUTREACH



HKSTP's "Vibrant Science Academy" gives kids and youth in Hong Kong a platform to explore their interest in STEM subjects, by taking part in tailored workshops, experiments and fun games



Children at Robo Workshop can learn how mathematics, engineering, physics, coding all work together to create robots



A visitor at our roadshow learns how a HK-based innovation, Hand of Hope can help stroke patients recover quickly

VIBRANT SCIENCE ACADEMY

A series of science workshops were offered at Science Park on weekends and holidays for close to 65,000 parents and students to learn more about STEM related topics through fun experiments.

ROADSHOWS

To broaden public appreciation of innovation and technology development, roadshows featuring exciting local innovations were staged at major shopping malls in Hong Kong. Of the visitors surveyed, 80% said they will support friends and young people in exploring a career in the technology area.

INNOVATION HEROES

A series of promotion of local innovation heroes in the areas of Smart City, Healthy Ageing and Robotics technologies were launched on different media featuring examples of inventions of young passionate start-ups hoping to benefit the society.



Innovation Heroes IV covers the applied research projects from start-ups and technology companies of Science Park on Robotics, Smart City and Healthy Ageing, three over-arching technology application themes that are closely related to our well-being in future



Kids exploring science and technology at the InnoCarnival's workshops



Visitors learning about latest innovation and technology development trends at HKSTP's booth during the InnoCarnival

INNOCARNIVAL

HKSTP sponsored the InnoCarnival hosted by the Innovation and Technology Commission at Science Park which attracted over 200,000 visits to see the latest research results of universities and R&D institutions, and the application of technologies in different industries and public service entities.



THE CORPORATION





CORPORATE SUSTAINABILITY

PEOPLE MANAGEMENT

Talent is the most critical contributor to the success of a corporation. At HKSTP, we are committed to ensuring that our staff members are equipped with the necessary skills and exposure that they may do their job well and also achieve work-life balance.

During the year, colleagues received various forms of training. In addition to over 100 seminars and training sessions arranged for the Science Park community on diverse subjects from technical and business topics to presentation and leadership skills, they were also given sessions hosted by physicians on emotional and physical health.

The Corporation also arranges regular learning activities for staff members, including SHE training with each member spending in the year past an average of 16.7 learning hours in the areas of creative problem solving and team synergies, communication, feedback and

coaching, on top of functional skills related training. Programmes included:

- Be Proactive – Key Customer Services Solution;
- Creative Problem Solving and Team Synergy Workshop;
- Give Effective Feedback;
- Coach Your People;
- Communication Skills;
- Stress Management; &
- The 7 Habits of Highly Effective People (Foundations)

A new series of sharing session – “Lunch and Learn” – commenced during the year for colleagues from various teams to share their work and experience with the rest of the Corporation. Its purposes are to broaden understanding and appreciation among its staff for each other’s work, as well as give participants the occasion to share new ideas with each other. These sessions are a great way for staff members to align their focus and work with HKSTP’s vision and goal.



“Lunch & Learn” is a regular sharing session to update internal staff about Corporation’s latest development as well as the most current topics in the innovation and technology ecosystem



HKSTP management team conducts site check of Science Park phase 3 development

FACILITY MANAGEMENT

A well managed and sustainable environment is very important to promoting a vivacious R&D ecosystem at Science Park. In the year 2015-2016, the Facilities Management team rolled out a number of new initiatives which have enhanced the environment for the Park community.

R&D Environment

To give more space for R&D facilities, the office floors 3/F and 5/F of building 15W were converted into laboratory-enabled space to accommodate the extension of existing base building laboratory facilities.

To ensure laboratory facilities have prompt and timely maintenance support, an SMS automatic alert monitoring system has been adopted to speed up maintenance service provision. The emergency call alarm system of the Phase 3 laboratories was enhanced to make sure immediate help would be provided in case of emergency.

Maintenance of the central dangerous goods store is operated in accordance with the security guideline and license. The facility provides important logistics and delivery support to tenants who rely on regulated gas for conducting R&D.

In line with our role as a Living Laboratory, a number of trial projects in relation to facilities management were undertaken through the First@SciencePark programme. The purpose of the programme is to facilitate showcasing and testing of technologies/inventions developed by Science Park companies. Those companies and projects included:



Creaxon Ltd. tries out their enterprise solutions to monitor and control electronic devices through the Internet in Science Park

- Delight Power Products Ltd. – Smart lighting control system for flexible ambience setting
- Integrated Solutions Ltd. – ReportNOW mobile reporting solution for raising operation efficiency
- Smart China – EV quick charger
- Nano and Advanced Materials Institute Ltd. – Anti-bacterial paint and plasma road lighting
- Liricco Technologies Ltd. – Intelligent light system for energy saving solution
- Creaxon Ltd. – Wireless camera module, solar panel and battery
- China Aerospace Telecommunication Ltd – Castel Hong Kong Limited – Camera and accessories for car park access control



Fluorescent lights at Bio-Informatics Centre car park were replaced by motion/photo sensor-embedded LED lights to save energy



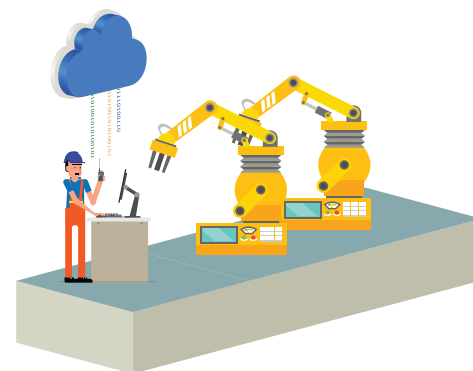
Installation of hand dryers is in progress to reduce the consumption of toilet paper

Facilities Enhancement

Science Park Common Area

Science Park Phase 1 and 2 office buildings maintained to achieve the status of Indoor Air Quality “Excellence Class” from 2014 to 2016. To help save energy, work to replace fluorescent lights in the Bio-Informatics Centre basement car park with new motion/photo sensor-embedded LED lights was completed in March 2016. The result has been satisfactory and the improvement work will be extended to other car parks in the coming year. While retrofitting of all road lights with LED lights was completed in February 2016.

Installation of hand dryers in restrooms to reduce toilet paper consumption is in progress and expected to be completed by December 2016. Works to Variable Speed Drive (VSD) for chiller control in the District Cooling Plant was completed in March 2016 and the VSD chiller is in operation.



InnoCentre

- Renovation of washrooms and drainage improvement work were completed in July 2015.
- Upgrading of the car park system to accept Octopus payment was completed in March 2016.
- The design for New Joint Incubation Centre (LionRock72) was completed in March 2016 renovation works will be completed tentatively by August 2016.

Laboratory Services

- Converted the office floors on 3/F and 5/F of B15W into laboratory-enabled space to accommodate the extension of existing base building laboratory facilities;
- Extended coverage of the emergency call alarm system to the Phase 3 laboratories to assure laboratory tenants’ access to prompt support in case of emergency;



Chemical spillage drill



HKSTP receives commendation at the Excellence in Facility Management Award 2015



Chemical gases in ICFAL

- Adopted the SMS automatic alert monitoring system to enhance control of laboratory facilities and speed up provision of maintenance service;
- Provided laboratory tenants with emergency cleaning service in the case of chemical spillage.
- Indoor Air Quality Excellent Level in Science Park Phase 1 and 2 buildings;
- Provided gas cylinder logistic and delivery service to the two heavy gas user tenants and renewed and updated the central dangerous goods license

Awards and Recognition

Science Park

- CLP Green Plus Award 2015 – Gold Award (Category: Public Organization, Utility, University)
- Grand Award – The Hong Kong Institute of Facility Management – Excellence in Facility Management Award 2015 (Institutional & Government Properties)

InnoCentre

- Building Surveyor Awards 2015 – A Total Life Cycle Approach for Modernization of InnoCentre



Handling of chemical

SUSTAINABILITY

Sustainability Reporting and Management Systems

HKSTP's second Sustainability Report was approved by the Board on 2nd November 2015 and published on its corporate website. Independent assurance (by HKQAA) concluded that the report complies with the ESG (environment, social and governance) reporting guidelines of the Hong Kong Stock Exchange (HKEx) and Global Reporting Initiative (GRI).

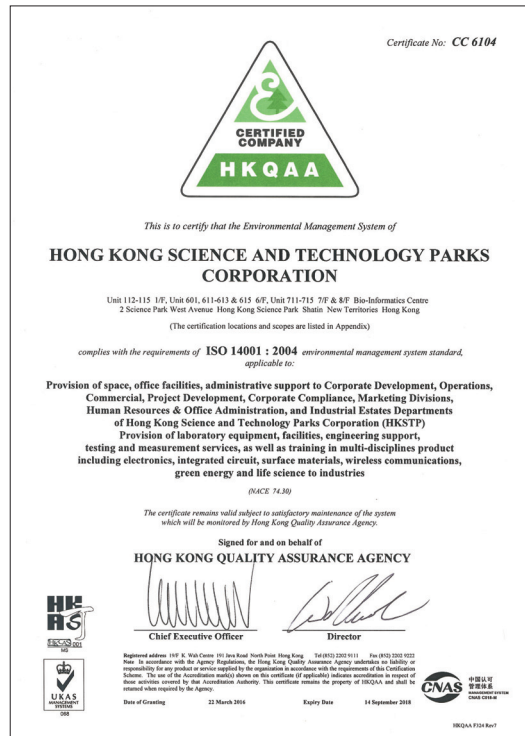
HKSTP was also a winner of the inaugural Hong Kong 2015 Sustainable Business Award, presented to it on 18th December by The Hon Paul Chan Mo-po, MH, JP, Secretary for Development. Organised by the World Green Organisation, the award celebrated HKSTP's adoption of best practice in ESG (environment, social and governance) performance.

HKSTP achieved OHSAS18001 (health & safety), ISO14001 (environmental) and ISO9001 (quality) management systems recertification from the certification body (HKQAA) in March 2016, with zero non-conformities.

HKSTP also completed the annual certification surveillance audit for its ISO27001 Information Security Management System in November 2015 (implemented by the Technology Support Centre, TSC), with zero non-conformities.

The Material Analysis Lab, IC Failure Analysis Lab, Reliability Lab and Wireless Communications Test Laboratory passed ISO 17025 recertification audits conducted by the Hong Kong Accreditation Service (HKAS, of the ITC) and China National Accreditation Service for Conformity Assessment (CNAS).

HKSTP continues to streamline its quality, health & safety and environmental management systems into an Integrated Management System (IMS), which is expected to reduce internal and external audit man-days and costs by an estimated 30%. Transition training for the latest ISO certification standards (version 2015) was provided to 20 divisional representatives in March 2016.



HKSTP achieved OHSAS18001 (occupational health & safety), ISO14001 (environmental management) and ISO9001 (quality) management systems



HKSTP staff joins the New Territories Walks for Millions organised by The Community Chest



All laboratories undergo meticulous inspection annually

Health and Safety

Incidents of injury affecting FMO staffers, contractors, tenants and visitors in 2015-2016 averaged at 2.67 per month (including “near-miss”) compared to 2.33 per month in 2014-2015 (excluding tenants’ own premises). A new series of H&S audits for common areas commenced in February 2016 with the aim of reducing incident risks.

HKSTP liaised with KMB on new bus stop and queuing arrangements for bus number 272K between Science Park and the University MTR Station. The new arrangement, which started in December 2015, has notably shortened passengers queue on the road and eased what was considered previously as a significant safety hazard.

Independent monthly safety audits of the Phase 3c construction site were concluded in January 2016. As at March 2016, the Accident Frequency Rate (AFR) stood at 0.56, which is better than the Development Bureau’s industry target of 0.6.

Annual SHE inspections of all 83 laboratories of tenants, incubatees and HKSTP’s own were completed, showing continued overall improvement in safety provisions when compared with previous years. Just five cases (6%, relating to dangerous goods) were deemed “unsatisfactory” and were corrected and re-inspected within two working days.

Food & beverage (F&B) outlets at the Science Park and InnoCentre were in full compliance with HKSTP’s Food Safety & Hygiene programme for 2015-2016, with every outlet following up on observations before set deadline each quarter.

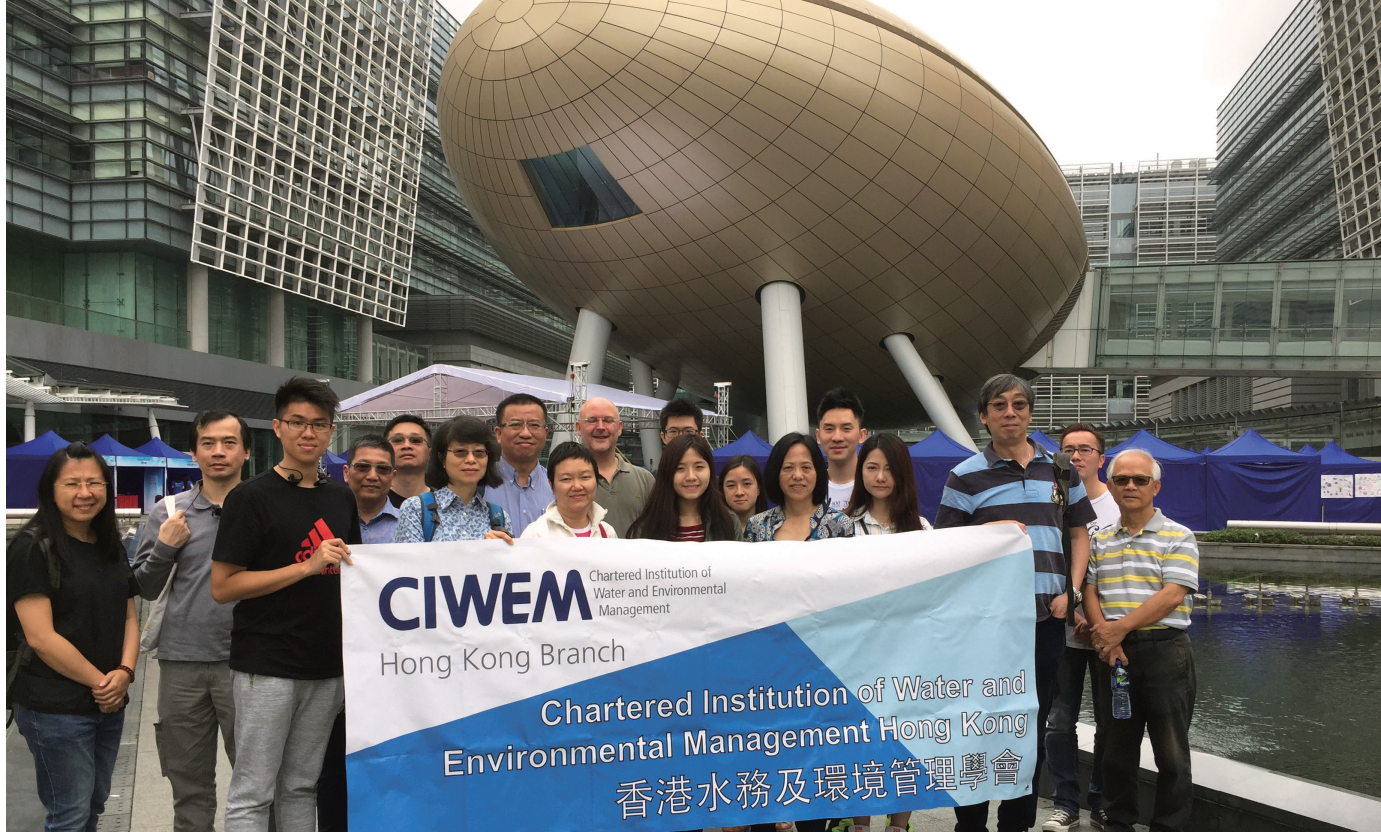
Energy and Environment

With many energy efficiency improvements made, facilities energy consumption in Phase 1 and 2 of the Science Park fell by 3.6% in 2015 compared with the previous year (a 2.02 GWh saving). HKSTP won the Gold Award at CLP’s Green Plus Award (Public Organization, Utility, University category) in September 2015.

HKSTP’s paper consumption in 2015-2016 reduced by 11% (on average 2 sheets per person per day) against the previous year, with the help of various IT workflow enhancements such as “e-billing”, which has been more widely adopted by partner companies, and e-procurement forms like Supplier Registration Forms, Supplier Performance Evaluation Forms.

Waste disposed to landfill from the Science Park automatic refuse collection system (ARCS) in 2015-2016 was reduced by 6 tonnes compared to the previous year (a 3.6% improvement). In the meantime, collection of waste paper, plastic, metal and glass for recycling increased by 5.2 tonnes (an 11% improvement).

Over 25 tonnes of food waste from Science Park F&B outlets collected in 2015-2016 were recycled into animal feed at the Government’s EcoPark in Tsuen Mun, instead of going into landfills. HKSTP’s “Automatic Refuse Collection System” (ARCS) was featured on TVB’s “Sidewalk Scientists” in February 2016.



Chartered Institution of Water and Environmental Management Hong Kong Branch visits Science Park



HKSTP's "Automatic Refuse Collection System" (ARCS)



HKSTP is in partnership with Hong Kong Quality Assurance Agency to support start-ups: the "HKQAA Hong Kong Registration – Start-ups" scheme

Raising Sustainability Awareness

Over 50 HKSTP employees and their family members joined the Community Chest "Walk for Millions" in March 2015. The staff Sports and Recreation Committee (SRC) also organised an "eco-tour" to Double Haven Bay marine park in January 2016 to explore the ecology of indigenous mangroves, wetland, Kat O Hakka village and the Ap Chau Geo trail.

Ten SHE (safety, health & environment) seminars were held during the year with a total participation of 688 staff, while nine staff members became qualified first aiders after passing their certification examinations in October 2015.

Operations Division (Sustainability Team) hosted visits by delegations of nine universities, NGOs and professional groups (from Hong Kong, Korea, the Netherlands and South Africa) showing them the green building and sustainability features of Science Park Phase 3.

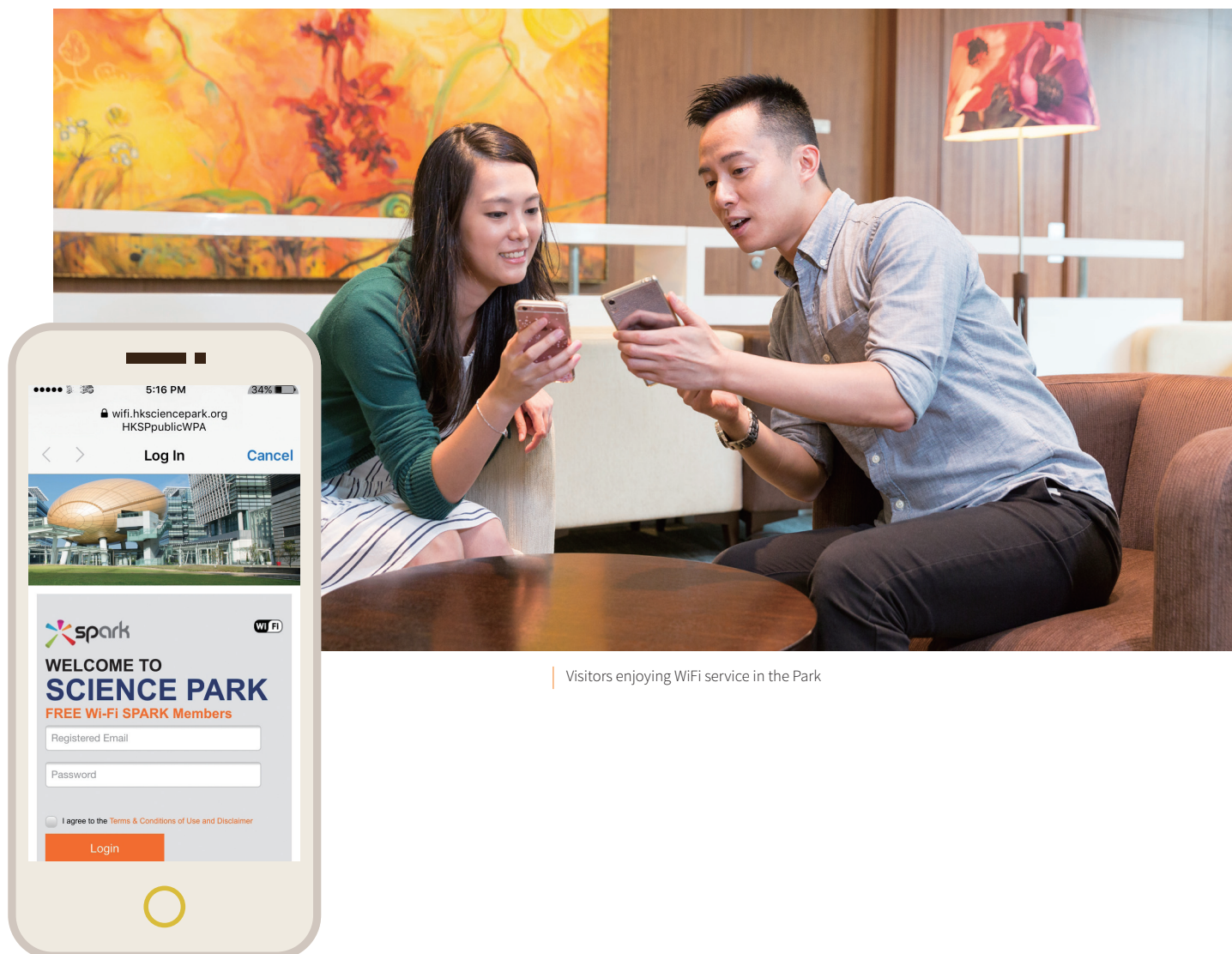
INFORMATION TECHNOLOGY

Portal Development

To encourage connection among individual workers at Science Park, the IT team and Marketing Division together built the SPARK membership web-portal for disseminating information regarding training, social and leisure activities to all members working in Science Park partner companies. The SPARK membership portal allows users to enrol for SPARK events and activities, track membership loyalty points and redeem offerings.

As a first step to make Science Park services accessible online, the PartnersConnect portal was launched in December 2015. Existing partner companies can now update their company information online. More online services are in the Business Process Management (BPM) programme pipeline, for example, incubation application, tenancy application, will be introduced in due course.

The Talent Pool website, a tool for HKSTP to nurture talent, was refreshed with new visual designs to prepare for the Career Fair in February 2016. The website serves Science Park partners companies as a platform to publish job openings for job seekers looking to work in Science Park.



Visitors enjoying WiFi service in the Park

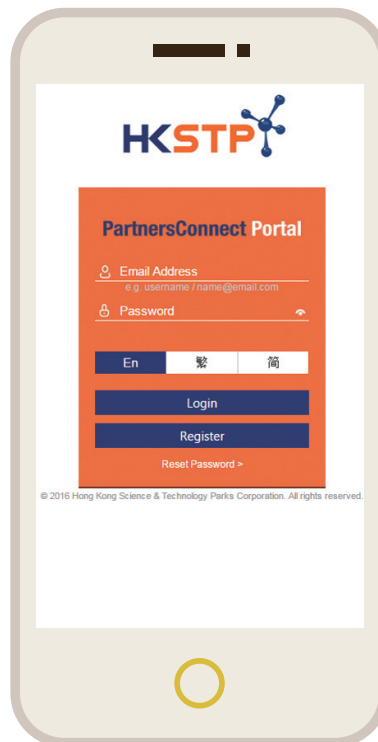


The multi-media-displays (MMD) provides updated information on events and news for the Science Park Community

Communication Display

The multi-media-displays (MMD) in Science Park and its associated backend Intranet system were replaced with off-the-shelf products. This upgrade has enabled easier content updates with improved security, and refreshed legacy hardware with modern equipment (e.g. plasma screen to LED screen, legacy servers to virtualised servers) in August 2015.

Collaborated with KMB to display KMB's Estimate Time of Arrival information for Science Park bus routes on Science Park's multi-media-displays (MMD). The displays provide real-time information helping users plan their travel. It was implemented in time for the APAC Innovation Summit – Smart Cities in September 2015.



Science Park companies can update its information online

Operation Enhancement

A venue booking system was launched to help the MICE venue team manage the venue booking operations in Science Park and InnoCentre. The new system, following MICE best practices, replaced the paper base operation which was error-prone and less efficient.

The WiFi system in Science Park was upgraded with the use of SPARK membership IDs for authentication. There are plans to expand WiFi access using SPARK membership IDs which will be launched in the next phase.

To improve the efficiency of internal operations, a number of new initiatives were implemented: digital signatures for internal documents, online application for staff expense claim, secure mobile email access for Android devices and secure mobile access to internal documents.

A number of obsolete IT infrastructure systems had been upgraded in 2015-2016. They included: WiFi in InnoCentre, WiFi in Science Park Phase 1 indoor, multiple storage system consolidated into one, server backup system replaced with a virtualisation optimised solution to enhance performance.

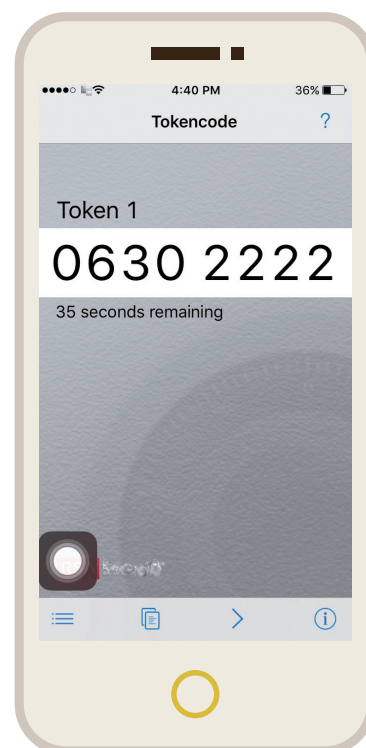
A number of IT application systems were upgraded to the current versions in 2015-2016 to ensure continual access to vendor support. They included: JDE upgraded and migrated to virtualised platform, HRIS application version upgrade, CRM application version upgrade.

Completed a unified communication proof-of-concept test and started to implement a unified communication system for HKSTP. It will enable staff members to communicate more effectively with customers and among themselves. It will also provide a foundation for the future workspace where staff members can make voice calls and send instant messages anywhere, anytime in Science Park.

IT Security

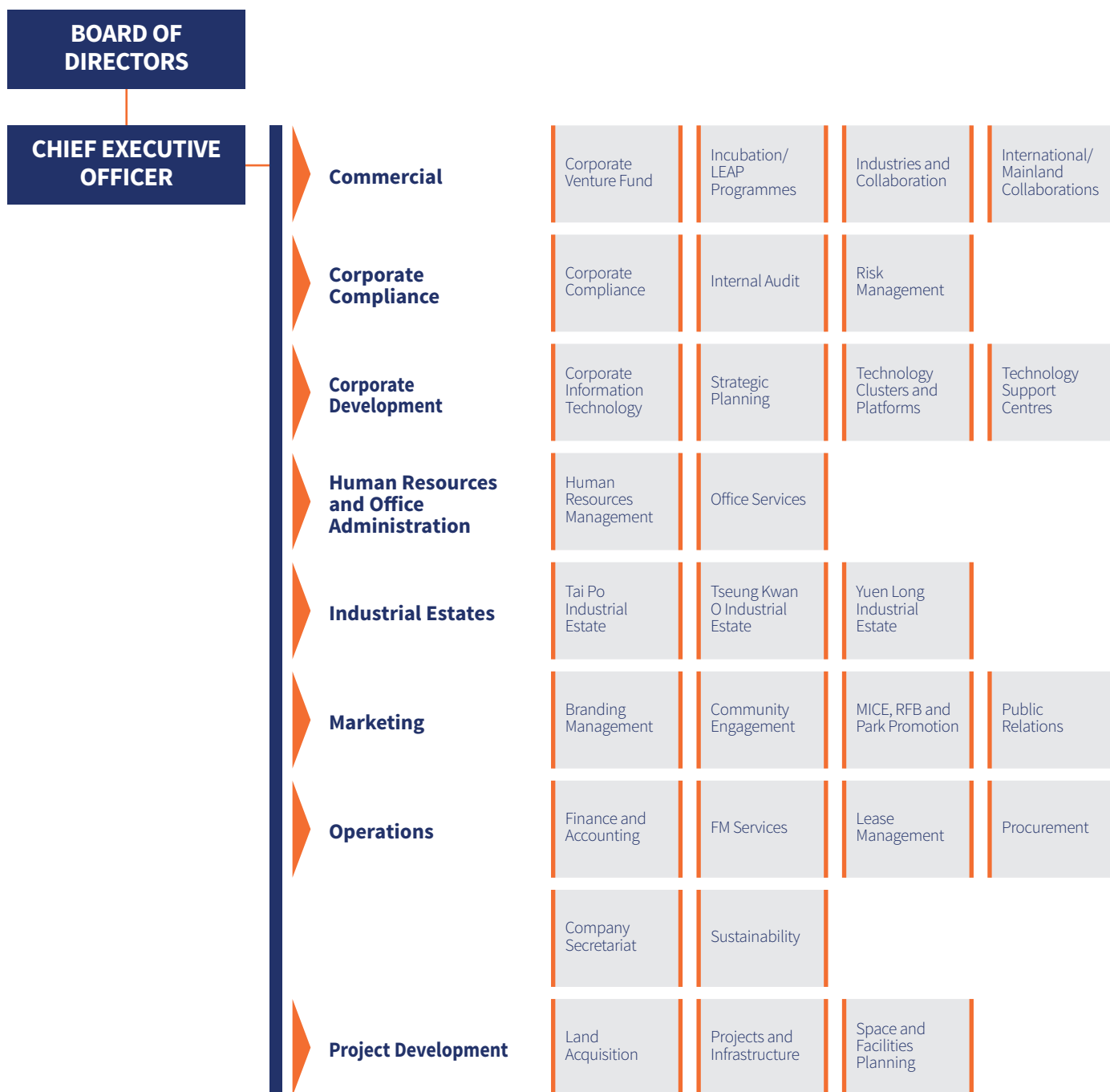
The Corporation's email system was upgraded to the latest version of Microsoft Exchange on a pay-as-you-go platform with increased capacity and enhanced compliance features like email journaling. Email security was enhanced with more secure remote access and content filtering to protect against phishing attacks.

With new information security threats and attack methods being discovered every day, HKSTP will continue to enhance its protection and detection capabilities to brace itself against malicious attacks.



Webmail security token has been launched to enhance web protection

CORPORATE STRUCTURE



CORPORATE INFORMATION

ADDRESS

Head Office

8/F, Bio-Informatics Centre
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

Industrial Estate Office

Tai Po Industrial Estate
Tel/Fax: (852) 2665 6755

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

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

Principal Banker

Standard Chartered Bank (Hong Kong) Limited

Solicitors

Deacons

Mayer Brown JSM

Auditors

KPMG

THE BOARD



THE HONOURABLE
MRS. FANNY LAW FAN CHIU FUN,
GBS, JP
(Chairperson)
(Appointed on 1 July 2014 as Chairperson)
(Appointed on 1 July 2013 as Director)

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, China Unicom (Hong Kong) Limited, DTXS Silk Road Investment Holdings Company Limited and Nameson Holdings 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.



MR. CHEUK WING HING, JP
(Appointed on 20 November 2015)

Mr. Cheuk Wing-hing is the Permanent Secretary for Innovation and Technology of the Government of the Hong Kong Special Administrative Region. The Innovation and Technology Bureau was established in November 2015.

Graduated from the University of Hong Kong in 1981, Mr. Cheuk entered the Government as an Inspector of Police in the same year. He joined the Administrative Service in 1984 and was promoted to his present rank of Administrative Officer Staff Grade A in 2010.

Mr. Cheuk is a veteran civil servant and has served in various bureau and departments. He was Commissioner for Labour from end 2010 to early 2014 and Chairman of the 2014 Administrative Officer Recruitment Board from February to March 2014. Before taking up the Permanent Secretary post, he was Director of Administration and Development in the Department of Justice.



DR. SUNNY CHAI NGAI CHIU

(Appointed on 1 July 2014)

Dr. Sunny Chai is the Group Managing Director of Fook Tin Group Holdings Limited. He graduated with a Bachelor of Science from Rochester Institute of Technology (USA), and was awarded the Young Industrialist Award of Hong Kong in 2004. Dr. Chai completed an Executive MBA program (EMBA) at the Chinese University of Hong Kong in 2007. In 2010, Dr. Chai was awarded the Doctor of Engineering (EngD) from the City University of Hong Kong.

Dr. Chai currently contributes to society by participating in:

- Board Chairman of Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies
- Vice Chairman of Federation of Hong Kong Industries, Group 25 (HKITIC)
- Consultative & Advisory Panel Member of Hong Kong Internet Registration Corporation Ltd
- Member of Copyright Tribunal
- Member of Design-Business Collaboration Scheme Assessment Panel
- Member of Vocational Training Council Metals Training Board
- Member of Professional Services Development Assistant Scheme Vetting Committee
- Member of Advisory Committee on Review of the Patent System
- Member of Electrical Safety Advisory Committee, Member of HKTDC Electronics/Electrical Appliances Industries Advisory Committee
- Chairman of Departmental Advisory Committee of Industrial and Systems Engineering Department (PolyU)
- Member of Departmental Advisory Committee of Systems Engineering and Engineering Management Department (CityU)
- Member of Outward Bound Hong Kong



MR. OWEN CHAN SZE WAI

(Appointed on 1 July 2014)

Mr. Owen Chan is Chairman and CEO, Cisco Greater China. With more than 30 years of management experience in the Asia Pacific region and extensive knowledge of the Greater China market, Mr. Chan is responsible for developing and executing Cisco's overall business strategy in Greater China.

Mr. Chan joined Cisco in 1999 as Vice President of the Cisco Services Group, Asia Pacific and Japan, and has since assumed leadership roles including Vice President of Cisco Asia Pacific Operations, Senior Vice President of Cisco Asia Pacific Operations as well as President and CEO of the Greater China Operations.

Prior to joining Cisco, Mr. Chan spent over 12 years with General Electric, where his last position was President of Information Services, Asia Pacific and Japan Operations. Mr. Chan is a member of the Advisory Board of Pactera Technology International Limited.



MR. RAYMOND CHENG SIU HONG

(Appointed on 1 July 2013)

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

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

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



MR. DAVID FONG MAN HUNG,

BBS, JP

(Appointed on 1 July 2010)

(Retired on 30 June 2016)

Mr. David Fong is the Managing Director of Hip Shing Hong (Holdings) Co Ltd. Mr. Fong obtained a Master degree in Business Administration from the University of Hong Kong and an Honorary Fellow of the City University of Hong Kong. Mr. Fong is currently a National Committee Member of CPPCC, a Member of Standing Committee of All-China Federation of Industry and Commerce, an Honorary Trustee of Peking University and a member of the Board of Trustee of Jinan University.

Mr. Fong is also the Chairman of Hong Kong Strategy, Chairman of Betting and Lotteries Commission, Chairman of the Board of Trustees of Lord Wilson Heritage Trust, a Member of Social Welfare Advisory Committee, a Council & Court Member of The Hong Kong University of Science and Technology, a Council Member of Hong Kong Committee for UNICEF and an Executive Council Member & Trustee of WWF Hong Kong.



MISS NISA LEUNG WING YU, JP

(Appointed on 1 July 2011)

Miss Nisa Leung is a Managing Partner of Qiming Venture Partners and leading its health care investments. Qiming Venture Partners is a leading investment firm in China which currently manages five USD funds and four RMB funds with over USD 2.75 billion in assets and investment in over 160 companies.

Miss Leung currently sits on the board of Gan & Lee Pharmaceutical, Zai Lab, Novast Pharmaceuticals, Nurotron Biotechnology, Venus Medtech, Goodwill Infotech, CanSino Biotechnology and Berry Genomics. Miss Leung oversees Qiming's investment in CITIC Pharmaceuticals (acquired by Shanghai Pharmaceuticals), OriGene Technologies, Shenogen, Crown Bioscience, Richen, Aeonmed, VR Medical Group, Wuxi Leiming and ACEA Biosciences.

Miss Leung earned her MBA from Stanford Graduate School of Business and a BS from Cornell University. She is currently visiting lecturer at Harvard Law School, a founding member and Vice Chair of PhIRDA (China Pharmaceutical Innovation and Research Development Association) Innovation Drug Investment Committee, convener of Venture Investors Alliance of Hong Kong, director of Young Entrepreneur Development Council, council member of HKUST Business School and serves on the Board of Governors of the Hotchkiss School.



IR DR. HONOURABLE LO WAI KWOK,

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

(Appointed on 1 July 2012)

Ir Dr. Hon. Lo Wai Kwok is Member of the Legislative Council of the Hong Kong Special Administrative Region, representing the Engineering Functional Constituency. He is currently serving as Chairman of the Hong Kong Quality Assurance Agency, member of the Housing Authority, the Hospital Authority, and the West Kowloon Cultural District Authority. 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. THEODORE MA HENG

(Appointed on 1 July 2014)

Mr. Theodore Ma is a Managing Director of MaBelle Jewellery Co. Ltd leading its overseas and online retailing business. Operating across 32 different online stores and platforms since 2004, MaBelle Jewellery has been serving customers in 76 countries and 400 cities around the world.

Mr. Ma is also the co-founder of CoCoon, one of largest entrepreneurship communities in Hong Kong with over 1200 members and alumni. CoCoon helps to bridge the business innovation community with the startup community through hosting startup events, developing entrepreneurship education and angel investing. Through its signature monthly event, CoCoon Pitch Night, over 164 startups have been featured and collectively raised over HK\$240M of angel funding since 2013.

Mr. Ma earned his Masters in E-Commerce & Internet Computing from the University of Hong Kong and his BA in Communication with a minor in Computer Science from Stanford University. He is the Board Chairman of the Stanford Club of Hong Kong, Member of the HKUST Entrepreneurship Center Advisory Board, Member of the HKMA/TVB Marketing Awards Organizing Committee, Member of the HKTDC Jewellery Advisory Committee and Advisor of Our Hong Kong Foundation.



PROFESSOR SHYY WEI

(Appointed on 1 July 2012)

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

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

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



MR. RICHARD SUN PO YUEN, JP,

CERTIFIED PUBLIC ACCOUNTANT

(Appointed on 1 July 2012)

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 served as a member of the Listing Committee of the Hong Kong Stock Exchange from 2009-2014. He was previously a director of the Estate Agents Authority, where he was a member of the Disciplinary Committee and the Finance and Strategic Development Committee and previously a director of the Hong Kong Applied Science and Technology Research Institute Company Limited, where he was 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

(Appointed on 1 July 2011)

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

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

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



PROFESSOR TSUI LAP CHEE,

GBM, GBS, JP

(Appointed on 1 July 2014)

Professor Lap-Chee Tsui is the Founding President of the Academy of Sciences of Hong Kong. He is also President of Victor and William Fung Foundation, Hong Kong, and Director of Qiushi Academy for Advanced Studies, Zhejiang University, China. He was the immediate-past Vice Chancellor of The University of Hong Kong and, prior to which, he was Geneticist-in-Chief at the Hospital for Sick Children in Toronto and University Professor at University of Toronto, Canada.

Professor Tsui received his Bachelor and Master degrees from the Chinese University of Hong Kong and his PhD from University of Pittsburgh in 1979. He is world renowned for his research work in human genetics and genomics, notably the identification of the gene for Cystic Fibrosis in 1989 and, later, other human genetic diseases while conducting a comprehensive characterization of human chromosome 7.

Dr. Tsui has over 300 peer-reviewed scientific publications and 65 invited book chapters. He is the recipient of many national and international prizes, and a Fellow of Royal Society of Canada, Fellow of Royal Society of London, Fellow of Academia Sinica, Foreign Associate of the National Academy of Sciences USA, Foreign Member of the Chinese Academy of Sciences, and Laureate of the Canadian Medical Hall of Fame. He has received many awards over the years, including 15 honorary doctoral degrees from universities around the world, the Order of Canada, the Order of Ontario, Knight of the Légion d’Honneur of France.



MR. BILLY WONG WING HOO,

BBS, JP, FICE, FHKIE, FIHT, FHKIHT, RPE

(Appointed on 1 July 2012)

Mr. Billy Wong is presently Director of Henderson China Properties Ltd., Senior Vice President of Henderson (China) Investment Co. Ltd., and General Manager of the Construction Department of Henderson Land Development Co. Ltd.

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

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



PROFESSOR WONG WING SHING

(Appointed on 1 July 2015)

Professor Wong Wing Shing graduated from the Yale University with an M.S. B.A. degree and a doctoral degree from Harvard. He is an IEEE Fellow, a Fellow of the Hong Kong Institution of Engineers, and a Fellow of the Hong Kong Academy of Engineering Sciences.

Professor Wong is Choh-Ming Li Professor of Information Engineering of the Chinese University of Hong Kong and had served as Chairman of the Information Engineering Department and Dean of the Graduate School. He was the Science Advisor at the Innovation and Technology Commission of the HKSAR government from 2003 to 2005 and was a Board Director and the Chairman of the Technical Committee of ASTRI from 2006 to 2008, and currently a Board Director of The Nano and Advanced Materials Institute Limited.

Professor Wong's research interests include information-based control and wireless communication. He has received more than twenty competitive research grants. He has served as editors in various international journals and as chairman/members of many committees in professional societies.



MS. WINNIE YEUNG CHEUNG WAH

(Appointed on 1 July 2011)

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

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

Ms. Yeung is a member of Personal Data (Privacy) Advisory Committee. She is a Vice President of Hong Kong Information Technology Federation. She also serves on the Advisory Council of Junior Achievement, Hong Kong.



PROFESSOR ALBERT YU CHEUNG HOI, JP

(Appointed on 1 July 2011)

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, Chairman of the Hong Kong Council for Testing and Certification, Director of Asian Fund for Cancer Research, Member of Board of Trustees of the Gordon Research Conferences, Vice-Chairman of Hong Kong – Taiwan Youth Exchange Promotion Association, Vice-Chairman of Hong Kong United Youth Science and Technology Association, Vice-Director of Neuroscience Research Institute of Peking University, Chief of the Laboratory of Translational Medicine at the Institute of Systems Biomedicine of Peking University, Committee Member of Henan Provincial Committee of the Chinese People's Political Consultative Conference of China, Vice-President of the Chinese Neuroscience Society, Advisor of the Beijing Society for Neuroscience and Member of the Standing Committee of the Beijing Association for Science and Technology.

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

MEMBERS OF THE BOARD OF DIRECTORS (effective 1 July 2015)

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

Mr. CHEUK Wing Hing, JP

Dr. Sunny CHAI Ngai Chiu

Mr. Owen CHAN Sze Wai

Mr. Raymond CHENG Siu Hong

Mr. David FONG Man Hung, BBS, JP

Miss Nisa LEUNG Wing Yu, JP

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

Mr. Theodore MA Heng

Professor SHYY Wei

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

Professor Paul TAM Kwong Hang

Professor TSUI Lap Chee, GBM, GBS, JP

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

Professor WONG Wing Shing

Ms. Winnie YEUNG Cheung Wah

Professor Albert YU Cheung Hoi, JP

Remarks:

Mr. Cheuk Wing Hing took up the post of Permanent Secretary for Innovation and Technology and joined the Board on 20 November 2015.

Mr. David Fong Man Hung retired from the Board on 30 June 2016.

Mr. Joseph Ngai has been appointed as Director of the Board with effect from 1 July 2016.

BOARD COMMITTEES

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE (BDAC)

The Honourable Mrs. Fanny Law Fan Chiu Fun, GBS, JP (Chairperson)
 Professor Shyy Wei (Vice-Chairman)
 Dr. Sunny Chai Ngai Chiu
 Ir Dr. Honourable Lo Wai Kwok, SBS, MH, JP
 Mr. Theodore Ma Heng
 Mr. Billy Wong Wing Hoo, BBS, JP
 Professor Wong Wing Shing
 Ms. Winnie Yeung Cheung Wah
 Professor Albert Yu Cheung Hoi, JP
 Mr. Cheuk Wing Hing, JP

FINANCE AND ADMINISTRATION COMMITTEE (FAC)

Mr. Raymond Cheng Siu Hong (Chairman)
 Mr. Richard Sun Po Yuen, JP, Certified Public Accountant
 (Vice-Chairman)
 The Honourable Mrs. Fanny Law Fan Chiu Fun, GBS, JP
 Mr. Theodore Ma Heng
 Professor Tsui Lap Chee, GBM, GBS, JP
 Professor Wong Wing Shing
 Mr. Cheuk Wing Hing, JP

PROJECTS AND FACILITIES COMMITTEE (PFC)

Mr. Billy Wong Wing Hoo, BBS, JP (Chairman)
 Professor Paul Tam Kwong Hang (Vice-Chairman)
 Mr. Owen Chan Sze Wai
 Mr. David Fong Man Hung, BBS, JP
 Professor Albert Yu Cheung Hoi, JP
 Mr. Cheuk Wing Hing, JP

AUDIT COMMITTEE (AC)

Mr. Richard Sun Po Yuen, JP, Certified Public Accountant (Chairman)
 Mr. Raymond Cheng Siu Hong (Vice-Chairman)
 Dr. Sunny Chai Ngai Chiu
 Miss Nisa Leung Wing Yu, JP
 Mr. Cheuk Wing Hing, JP

SENIOR STAFF ADMINISTRATION COMMITTEE (SSAC)

The Honourable Mrs. Fanny Law Fan Chiu Fun, GBS, JP (Chairperson)
 Mr. Raymond Cheng Siu Hong
 Mr. Richard Sun Po Yuen, JP, Certified Public Accountant
 Mr. Billy Wong Wing Hoo, BBS, JP
 Mr. Cheuk Wing Hing, JP

Remarks:

Mr. David Fong Man Hung retired from PFC on 30 June 2016.
 Mr. Owen Chan Sze Wai retired from PFC on 19 July 2016.
 Professor Wong Wing Shing retired from FAC on 19 July 2016.
 Ms. Winnie Yeung Cheung Wah retired from BDAC on 19 July 2016.

Updates with effect from 20 July 2016:

Mr. Owen Chan Sze Wai joined BDAC.
 Mr. Joseph Ngai joined BDAC.
 Ir Dr. Hon. Lo Wai Kwok joined PFC.



MARIA LAM
Chief Marketing Officer

ANDREW YOUNG
Chief Commercial Officer

ALLEN MA
Chief Executive Officer

ALBERT WONG
Chief Corporate Development Officer

THE EXECUTIVE TEAM

THE POWER OF TOGETHERNESS



BEN LUI
Chief Project Development Officer

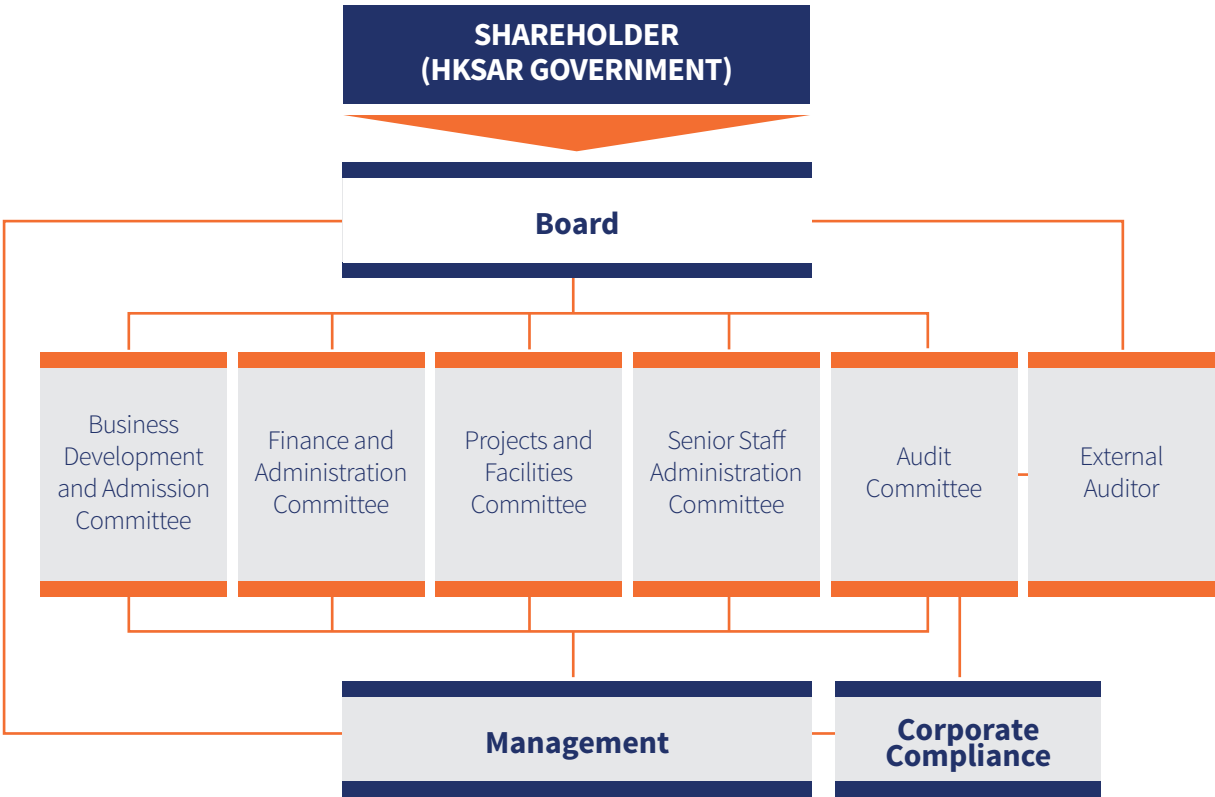
JANET TO
Chief Compliance Officer

FREDA WU
Chief Operating Officer

CORPORATE GOVERNANCE REPORT

Our Corporation is a statutory body incorporated under the Hong Kong Science and Technology Parks Corporation (HKSTP) Ordinance. We follow best governance practices and conduct our business according to prudent commercial principles. To this end, the Corporation has adopted all applicable aspects of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited. We believe accountability, transparency, fairness and ethics are the foundation on which to build trust and work with all our stakeholders for the benefits of Hong Kong.

CORPORATE GOVERNANCE STRUCTURE



THE BOARD

The Board governs and leads the Corporation by establishing the strategic direction of the Corporation and monitoring its performance. It comprises 17 Non-Executive Directors including a Chairperson and 16 Members. The Chairperson is appointed by the Chief Executive of HKSAR, and the Board Members are appointed by the Financial Secretary. All Board Members are appointed without honorarium, 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 Chairperson of the Board and the CEO are separate, enhancing independence and accountability.

BOARD COMPOSITION

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 Innovation and Technology has replaced the Permanent Secretary for Commerce and Economic Development (Communications and Technology) with effect from 20 November 2015 after the establishment of the Innovation and Technology Bureau. Biographical details of the directors are set out in the section of "The Board" of the Annual Report on pages 80 to 85.

INDUCTION PROGRAMME

Newly appointed Board Members are invited to attend an induction programme which consists of a meeting with the CEO and senior executives and a visit to major facilities of Science Park to familiarise themselves with the objectives, business plan and operations of the Corporation.

Board Members are given a Director's Manual which consists of HKSTP Ordinance and other key documents, including the Shareholding Agreement, the Terms of Reference of Committees, and the Schedule of Delegated Authorities, a Guide to Handle Corporate Governance Matters (CG Guide), and corporate 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.

The CG Guide was updated in January 2016 to comply with new requirements of ICAC and the updated CG Guide is posted on the corporate website.

KEEPING MEMBERS UP TO DATE

Continuous training programmes are arranged for Board Members to further develop and refresh their skills and knowledge. To keep abreast of the development of innovation and technology, Members attended a talk on "Digital Disruptions and Industrial Strategies" during the Board Workshop, APAC Innovation Summit 2015 Series – Robotics and Smart Cities as well as Hong Kong & Guangzhou International Conference on Stem Cell and Regenerative Medicine.

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 upon request.

CONFLICT OF INTEREST

The Ordinance under which the Corporation was established 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

The Board of Directors formulates strategic direction, oversees implementation of strategic plan, and approves the annual budget, corporate key performance indicators, 10-year financial projection, as well as major development and redevelopment projects. It monitors the overall performance of the Corporation and ensures that effective controls are in place to manage potential risks. It also approves the appointment of external auditors and their remuneration during the period under review. It met six (5 Board meetings plus a Strategy Workshop) times during the year with an average attendance rate of 77%.

The Chairperson maintains close contact with the Secretary for Innovation and Technology, the Permanent Secretary for Innovation and Technology, the Commissioner for Innovation and Technology and the Chairmen of the Board Committees, and meets regularly with the CEO and senior management to review strategic issues, business plans and future development.

PROFESSIONAL ADVICE

All Board Members have access to the advice and services of the Company Secretary who is appointed by the Board and reports to the Chairperson and CEO. The Company Secretary advises the Board on governance matters, facilitates good information flow and communications and ensures that the Board policies and procedures are followed.

In addition, the Corporation makes available to Board Members 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.

ACCOUNTABILITY

The Directors acknowledge their responsibility for ensuring that the preparation of the annual accounts of the Corporation is in accordance with statutory requirements and applicable accounting standards. The statement of the auditors of the Corporation about their reporting responsibilities is set out in the Independent Auditors' Report on page 6 of the Report of the Directors and Financial Statements.

BOARD 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 functions, duties and membership 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 95 of this report.

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE

The Business Development and Admission Committee reviews applications for admission as tenants and grantees into the Corporation's premises. It approves and monitors business initiatives and marketing programmes in accordance with the strategic plans approved by the Board. The Committee also keeps under review the Corporation's admission guidelines and terms and recommends major changes to the Board for approval.

- Chair: Mrs. Fanny Law
- Members: 9
- Meetings: 8
- Average Attendance of Members: 80%

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 approval. It reviews the financial performance and KPI results of the Corporation on a quarterly basis. It also reviews and recommends to the Board land premium, rental guidelines, investment and financing initiatives, changes of delegation of authorities, staff job grading structure, compensation and benefits policy and salary adjustment. It also advises the Board on human resources, procurement and IT policies.

- Chair: Mr. Raymond Cheng
- Members: 6
- Meetings: 5
- Average Attendance of Members: 74%

PROJECTS AND FACILITIES COMMITTEE

The Projects and Facilities Committee oversees and monitors the capital works projects, initiatives in respect of sustainability, safety, health and environment and facilities management of the Corporation's premises. It also reviews or recommends to the Board the awarding of contracts for capital works, facilities management and related consultancy services.

- Chair: Mr. Billy Wong
- Members: 5
- Meetings: 4
- Average Attendance of Members: 74%

AUDIT COMMITTEE

The Audit Committee oversees the corporate compliance 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 achieving continuous improvement. In 2015, it met the external auditors and Chief Compliance Officer without management presence and conducted a self-evaluation of its effectiveness and concluded that its performance was effective.

- Chair: Mr. Richard Sun
- Members: 4
- Meetings: 4
- Average Attendance of Members: 84%

SENIOR STAFF ADMINISTRATION COMMITTEE

The Senior Staff Administration Committee comprises the Board's Chairperson, all Committee Chairmen and the Government Member of the Board. This Committee is responsible for the selection of senior executives of the Corporation (first two tiers – CEO and Chief Officers) and setting performance targets and assessing performance of the senior executives on an annual basis. It recommends remuneration policies, determines appointment, remuneration package and variable remuneration awards, contract renewal and annual salary review for senior executives. It recommends appointment, remuneration package and variable remuneration awards and contract renewal of CEO to the Board for approval.

- Chair: Mrs. Fanny Law
- Members: 4
- Meetings: 3
- Average Attendance of Members: 100%.

SUBSIDIARY COMPANIES

In 2015, the Corporation set up two wholly-owned subsidiary companies namely STP Corporate Venture Limited and STP Asset Holding Limited for the purpose of investment holding of corporate venture fund and call options respectively. Correspondingly, two sub-committees have been set up to oversee the investments and report to Finance and Administration Committee on a regular basis.

INVESTMENT COMMITTEE

The Investment Committee was formed on 2 June 2015 to approve Corporate Venture Fund (CVF) investment and divestment decisions and oversee the operations of the CVF and the management of the investment portfolio.

- Chair: Mr. Allen Ma, CEO (retired on 22 July 2016)
- Members: 5 (including 3 Co-opted Members before 14 March 2016)
6 (including 4 Co-opted Members since 14 March 2016)
- Meetings: 3
- Average Attendance of Board Members: 100%

CALL OPTION COMMITTEE

The Call Option Committee was formed on 26 May 2015 to decide on all matters relating to call option terms and exits. During the year, no meeting had been held and the Committee approved the revised terms of call option scheme via paper circulation.

- Chair: Mr. Allen Ma, CEO (retired on 22 July 2016)
- Members: 2



Hong Kong Science Park Phase 3

MEETING PROCEDURES

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

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

The Company Secretary 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

The Board assumes the responsibility of ensuring each Member has spent sufficient time to engage in the affairs of the Corporation. A summary of the meeting attendance of Board Members for the financial year from 1 April 2015 to 31 March 2016 is provided in the following table:

BOARD MEMBERS	MEETINGS	Board of Directors	BDAC	FAC	PFC	AC	SSAC
The Hon. Mrs. Fanny LAW FAN Chiu Fun		6/6	8/8	4/5	–	–	3/3
Permanent Secretary for Innovation and Technology/ Permanent Secretary for Commerce and Economic Development (Communications and Technology) (prior to 20 November 2015) or his/her alternate		6/6	8/8	5/5	4/4	4/4	3/3
Dr. Sunny CHAI Ngai Chiu		4/6	6/8	–	–	2/4	–
Mr. Owen CHAN Sze Wai		3/6	–	–	1/4	–	–
Mr. Raymond CHENG Siu Hong		6/6	–	5/5	–	4/4	3/3
Mr. David FONG Man Hung (Joined PFC on 27 July 2015)		5/6	–	–	2/3	–	–
Miss Nisa LEUNG Wing Yu (Retired from BDAC on 26 July 2015 and joined AC on 27 July 2015)		3/6	2/2	–	–	2/3	–
Ir Dr. Hon. LO Wai Kwok		3/6	2/8	–	–	–	–
Mr. Theodore MA Heng (Joined FAC on 27 July 2015)		5/6	8/8	3/4	–	–	–
Professor SHYY Wei		4/6	6/8	–	–	–	–
Mr. Richard SUN Po Yuen		6/6	–	3/5	–	4/4	3/3
Professor Paul TAM Kwong Hang		5/6	–	–	2/4	–	–
Professor TSUI Lap Chee		3/6	–	2/5	–	–	–
Mr. Billy WONG Wing Hoo		6/6	8/8	–	4/4	–	3/3
Professor Wong Wing Shing (Appointed on 1 July 2015)		4/5	5/6	2/4	–	–	–
Ms. Winnie YEUNG Cheung Wah (Joined BDAC on 27 July 2015)		5/6	4/6	–	–	–	–
Professor Kenneth YOUNG (Retired on 30 June 2015)		1/1	1/1	1/1	–	–	–
Professor Albert YU Cheung Hoi		4/6	5/8	–	4/4	–	–

BDAC – Business Development and Admission Committee

FAC – Finance and Administration Committee

PFC – Projects and Facilities Committee

AC – Audit Committee

SSAC – Senior Staff Administration Committee



HKSTP Annual Dinner

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. They must comply with the Corporation's Employee Code of Conduct and apply prudent commercial principles as required under the HKSTP Ordinance.

ETHICAL BEHAVIOUR AND CULTURE

The ethical behaviour of the Corporation is well defined in the Employee Code of Conduct, which is reviewed on a regular basis. The last update on the Code of Conduct was approved by the Board in June 2014. It covers issues such as prevention of bribery, conflict 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. Staff members

are reminded every six months on the importance of compliance. The ICAC is invited to give briefing on the prevention of bribery and conflict of interest to employees on a regular basis. The last briefing session was conducted in December 2015.

INTERNAL CONTROL AND RISK MANAGEMENT

The Corporation maintains a high standard of corporate governance, 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 financial reporting or other matters. Information on this Programme can be found on the Corporation's website.

CORPORATE COMPLIANCE

The corporate compliance function was established in November 2004 as part of the on-going commitment on the part of the Board and the Management to improve the Corporation's corporate governance. The corporate compliance function reports directly to the Audit Committee. It plays an important role in monitoring the Corporation's internal governance and provides objective assurance to the Board that a sound risk management and internal control system are maintained and operated by Management.

Using risk-based methodology, corporate compliance 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 (including value-for-money audit) 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 corporate compliance 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 corporate compliance function, Management performs an annual review of the Corporation's internal control system in accordance with the COSO (the Committee of Sponsoring Organisations 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 corporate compliance 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

KPMG was the Corporation's external auditor. It 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. The Audit Committee reviews each year a statement 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 provided to the Corporation was \$325,000 for the year ended 31 March 2016.

Auditor's remuneration in respect of non-audit services provided to the Corporation was \$29,700 for the year ended 31 March 2016.

DELEGATION OF AUTHORITY

The authority of the Board and the levels of authority delegated to the Committees and the Management are clearly defined and documented in the Schedule of Delegated Authorities (SDA). An annual review of SDA was conducted and some changes in approval authorities were approved by the Board in March 2016 to further enhance operational efficiency while maintaining appropriate control.

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

Section 7 of the Hong Kong Science and Technology Parks Ordinance provides that the Corporation shall conduct its business according to prudent commercial principles. As such, the Corporation follows the compliance standards applicable to major commercial organisations in Hong Kong. The Corporation also adopts the principles set out in the Corporate Governance 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 Chairperson 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 Chairperson 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 quarterly financial update to the Board.
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 only has one shareholder and is not required to hold annual general meetings.

TRANSPARENCY

The Corporation reports annually to the Permanent Secretary for Innovation and Technology the remuneration arrangements for the top two tiers of senior management, including the CEO and Chief Officers.

For purposes of full transparency, the annual emoluments of the Corporation's five highest paid employees are disclosed under note 9 to the financial statements on page 29 of the Report of the Directors and Financial Statements.

The attendance of Directors at meetings is reported on page 95 of this report.

COMMUNICATION

We maintain continuous and transparent communication with all our stakeholders. Multiple channels were used to ensure easy and direct communication, including monthly e-newsletter, media briefings and interviews, and participation in a wide range of local and overseas exhibitions and conferences. Information about our services, offerings, latest news and events are available on the corporate website for easy public access.

SOCIAL MEDIA

Given the rapid growth of digital communication, we have enriched our Facebook page content and expanded our YouTube video content to facilitate ease of access for the public. Such content covers the range of exciting activities held at the Park, highlights of insights and technology trends from industry conferences, weekend science workshops for parents and students, as well as information on innovations from our start-up community. The number of Facebook fans increased 30% over the past year, thereby extending our reach to the community.

CARING COMPANY

Being a responsible corporate citizen, we are committed to embracing corporate sustainability and social responsibility initiatives. This is the eighth 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, and caring for employees as well as the environment.

SPONSORSHIP

During the year, the Corporation provided venue sponsorship for 55 events organised by non-government organisations to promote innovation and technology. These events included the annual "Hong Kong Student Science Project Competition" organised by The Hong Kong Federation of Youth Groups at Science Park to foster young people's interests in innovation and technology, UNESCO Peacemakers' Cultural Celebration that displayed creative ideas from students on how the community can work in a more collaborative manner to strive for sustainable development and harmony as well as 30th China Adolescent Science & Technology Innovation Contest held by Hong Kong New Generation Cultural Association Science Innovation Centre in developing adolescents' innovative ideas for applying their science knowledge in creating inventions.

STAFF ENRICHMENT

The Corporation continues to support programmes for professional skills enhancement and lifelong learning of employees, in the areas of creative problem solving and team synergies, communications, feedback and coaching apart from functional skills related training. In addition, stress management and staff engagement trainings were also provided to all levels of staff to promote psychological health and positive attitude in the workplace.

The Corporation continues the promotion of work-life balance among staff through various activities organised and sponsored by its Sports and Recreation Working Group as well as SPARK. In addition, the Corporation also encourages staff to participate in various charity events such as Dress Casual Day, CLP Your Love Program and Love Teeth Day.

Furthermore, the Corporation offers Internship Programme for local and overseas university students to gain understanding and hands-on working experience to facilitate their career planning.



Laboratories in Science Park maintained international management standards

SAFETY, HEALTH AND ENVIRONMENTAL (SHE) GOVERNANCE

Health, safety and environmental protection are of paramount importance to HKSTP. Our SHE management system adopts a risk-based approach to identify and minimise potential health, safety and environmental incidents, and to mitigate their consequences. Day-to-day implementation of the SHE management system is coordinated by two SHE Sub-Working Groups which focus on general and laboratory SHE matters respectively and report to a Central SHE Working Group.

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

SUSTAINABLE DEVELOPMENT

HKSTP's commitment to sustainable development is driven by the Sustainability Working Group, comprising the CEO (as chair), the five Chief Officers from the top-management, and senior representatives from key functional departments.

HKSTP published its second Sustainability Report in November 2015, covering our aspirations and progress in the areas of governance, environment, health and safety, employees and the community. We have also benchmarked HKSTP's practices against the new ESG (Environmental, Social and Governance) Reporting Guide issued by Hong Kong Exchanges and Clearing Limited (HKEx) in December 2015 and noted that HKSTP's existing practices address 41 out of 43 ESG disclosures in the revised Guide while the remaining 2 disclosure requirements are irrelevant to HKSTP. The new requirements for “*comply or explain*” and “*recommended*” disclosures will be incorporated into our future Sustainability Reports.

INTERNATIONAL MANAGEMENT STANDARDS

Throughout 2015-2016 we maintained our third-party certification of six management systems:

- ISO 9001 – quality management
- ISO 14001 – environmental management
- ISO 17025 – competence of testing and calibration laboratories
- OHSAS 18001 – occupational health & safety management
- ISO 27001 – information security management
- ISO 50001 – energy management

We also embarked on upgrading the above to ensure that they will meet the latest standards introduced by ISO, and will complete the full integration of our quality, environmental, health and safety management systems before the end of 2016/17.

INFLUENCING OUR VALUE CHAIN

With close to 40,000 people working at the Science Park, InnoCentre and three Industrial Estates, the potential for collaboration on sustainability is high. HKSTP is active in engaging its key stakeholders, including partner companies, facilities operators, construction contractors, laboratory occupants, transportation and F&B partners, in areas of greatest concern. Key issues addressed during the year included waste minimisation, energy efficiency, paper reduction, occupational health and safety, food hygiene and dangerous goods.

SUSTAINABILITY IN PHASE 3

HKSTP's Phase 3 development marks a new chapter in environmental conservation and carbon reduction. Sub-metering enables each partner company to formulate its own energy management strategy, in addition to monitoring Phase 3's energy use as a whole. "Pay-for-use" for air-conditioning is also available so that partner companies can directly control their own air-conditioning and benefit from energy saving. R&D office occupants can also choose to adopt hybrid natural ventilation, via openable ventilators in the building facades, when outside conditions are suitable, for instance after normal office hours.

In reaching out to the wider community, the "Green Trail" guided tour for the public has aroused enthusiastic interest of adults and children to see for themselves some of Phase 3's innovative features, and develop their own ideas for low-carbon living.

AWARDS AND RECOGNITION

HKSTP initiatives towards sustainability throughout the year were recognised through the attainment of the inaugural *2015 Sustainable Business Award* (from the World Green Organisation), the "Gold Award" under the CLP Green Plus Award 2015, the Excellence in Facility Management (Grand Award) from Hong Kong Institute of Facility Management, and the 2015 Royal Institute of Chartered Surveyors (RICS) Award for "Sustainability Achievement of the Year". Furthermore, Building 12W of Phase 3 was also recognised as the highest scoring BEAM Plus accredited project up to October 2015.

RISK MANAGEMENT REPORT

MEETING THE CHALLENGES OF THE FUTURE

A wide range of risks needs careful management

As the flagship for Hong Kong technology development, HKSTP connects, collaborates with and acts as a catalyst of a vibrant community of innovators and technology experts. To keep this “living lab” and its satellite premises running smoothly requires constant awareness of a wide range of potential risks.

The continued successful safeguarding, maintenance and expansion of our businesses requires a comprehensive approach to risk management. It is the policy of HKSTP to identify, assess, control and monitor all risks that the business may incur to ensure that the risks are appropriate in relation to the scale and benefit of the associated project, business or practice and to ensure that no individual risk or combination of risks result in a likely material impact to the financial performance, brand or reputation of HKSTP.

THREE KEY ELEMENTS

On top of the high profile Science Park, HKSTP also manages the InnoCentre in Kowloon Tong and 3 Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long respectively.

Hong Kong Science Park is a centre for research and development and InnoCentre a hub for design technology. As for the Industrial Estates, they provide high quality infrastructures for the manufacturing and service industries.

Each of these three constituents of HKSTP has its unique focus, when they work together they bring synergy, which contributes to HKSTP fulfilling its 3Cs strategy — Connect, Collaborate, Catalyse.

STAYING ON TOP OF CHALLENGES

Our risk management framework has 2 levels: an overall general strategy and policy, and a set of detailed rules and practical procedures (supported by monitoring and reporting mechanisms), which can ensure our best possible responses to challenges.

Once a year, HKSTP carries out an internal control review that evaluates its major operations and processes based on the five main components of the COSO (Committee of Sponsoring Organisations of the Treadway Commission) framework: control environment, risk assessment, control activities, information and communication, and monitoring.

The review requires all divisions to assess the risks associated with their key processes, and review the effectiveness of the control measures in place to mitigate them. An independent verification of the effectiveness of the control measures and mechanisms is conducted and the results presented to the Audit Committee and the Board.

ENTERPRISE RISK MANAGEMENT

In the annual review for 2015-2016, key enterprise risks in relation to strategic, reputation, human resources and operational risks including financial, information technology and safety, health and environmental were identified and mitigation measures were put in place.

STRATEGIC RISKS

At the top level, HKSTP's main challenge is to ensure it upholds and delivers on its core value, vision and mission. The critical mass of innovative companies in Science Park, InnoCentre and the three Industrial Estates is HKSTP's source of support. And, in collaboration with all stakeholders, it exerts in driving growth and shaping a brighter future for Hong Kong. Our mission is to create a vibrant innovation and technology ecosystem that can bring social and economic benefits to Hong Kong and the region.

In particular, we connect stakeholders, facilitate knowledge transfers and nurture talent, aiming to accelerate technological innovation and commercialisation of innovations. To this end, we provide facilities, services and a dynamic environment that can stimulate and nurture new ideas, that encourages Science Park companies to create and succeed.

WHAT ARE OUR STRATEGIC RISKS?

Several very real challenges were identified:

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

HOW WE DEAL WITH THEM

To ensure the recruitment of quality R&D tenant companies, and that we have sufficient space, we:

- REVIEW the existing infrastructure of Science Park and the Industrial Estates to ensure we can best utilise our available resources.
- OBTAIN regular updates on industry development through

close relationships with existing tenant companies and industry groups.

- DRIVE a cluster management structure to focus on building the soft infrastructure needed to support cluster-building strategies.
- CONDUCT regular marketing activities globally, regionally and in Mainland China to attract quality R&D companies.

To ensure we fulfil the goal of achieving financial self-sustainability, we:

- UNDERTAKE the annual rental review and align the headline rate with market conditions.
- IMPLEMENT stringent control on expenditure and conduct value for money audits.
- SEEK technology development funds for building new infrastructure.

To ensure infrastructure projects meet expectations, we:

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

REPUTATION RISKS

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

- 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.
- CONTINUE to review and improve the issue/crisis communication manual and guidelines to prepare key managers on how to respond in the event of an issue/crisis situation.

HUMAN RESOURCES RISKS

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

- CONTINUE to maintain the employer's branding to attract quality staff.
- SYSTEMISE the employee Development and Succession Planning Process.

FINANCIAL RISKS

As with any large organisations, HKSTP faces exposure to interest rate risks, credit risks and liquidity risks. These are managed by adhering to HKSTP's well established financial management policies, guidelines and practices.

INFORMATION TECHNOLOGY RISKS

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

- IMPLEMENT security measures and data loss protection for critical information.
- IMPLEMENT digital signature for internal documents.
- CONDUCT mandatory information security awareness training for staff members to raise their awareness of common security breach tactics and safe computing practices.
- CONTINUE to review and improve IT infrastructure and network to brace them against ever-changing threats.
- APPOINT professional security consultants to assess system vulnerability and implement solution to address any security issues.

- EMPLOY relevant solutions and procedures to improve security surrounding the use of mobile devices and control removable storage usage within HKSTP.
- EMPLOY solutions and procedures to improve security for email remote access and filtering and fine-tuning security alerts within HKSTP.

SAFETY, HEALTH AND ENVIRONMENTAL RISKS

Safety is always a priority in the pursuit of any initiatives and projects. To ensure that we best handle safety, health and environmental (SHE) risks in relation to the welfare of our staff, occupants and visitors, we:

- MAINTAIN third-party certification to international standards that help us systematically to identify, evaluate and manage SHE risks.
- CONDUCT annual lab walkthrough and safety inspection to all tenant laboratories to ensure all recommended safety practices are followed and implemented.
- CONDUCT independent safety audits of all common facilities, "back-of-house" areas and construction sites, to check continuous implementation of SHE requirements.
- IMPLEMENT SHE risk control evaluation for laboratory tenants during their applications for entry, their occupancy, and also subsequent renewals of lease.
- MONITOR food hygiene standards at our food and beverage outlets in the Science Park and InnoCentre, including swab tests, food and ice samples.
- ENGAGE our staff, partner companies and key contractors through regular briefings, circulars and emergency drills (particularly fire and chemical spillage).
- INVESTIGATE the root cause of SHE related incidents, no matter how small, so that we can monitor trends and reduce risk of reoccurrence.

RISK MANAGEMENT AT OTHER OPERATIONS

As mentioned above, HKSTP manages the Science Park, InnoCentre and three Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long respectively. All of them have benefited from the risk management process.

THE DESIGN HUB

For InnoCentre, the main challenge is to continue to grow its reputation as a design hub, and to increase its contribution to HKSTP'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

After the approval by the Executive Council of the Hong Kong SAR Government to revise the Industrial Estates Programme in early 2015, HKSTP has revised the strategy in management of its Industrial Estates. The New Industrial Estates strategy comprises mainly the shifting of its operation model from land grant to leasing of specialised multi-storey buildings in support of the development of science, innovation and technology based industries in Hong Kong. In the future, HKSTP will be more proactive to attract high value-added and high-tech industries, such as pharmaceuticals, biomedical, precision engineering, advanced manufacturing, in order to promote economic growth and development of Hong Kong. To ensure this, we:

- WORK closely with industry groups on new industrial developments.
- EXAMINE and evaluate different funding structure to support the new policy.
- SEEK government support for new development.

HIGHER GOAL FOR THE COMMUNITY

To all of us in HKSTP, sustainability is regarded as a key process in which our vision is balanced with our stakeholders' interests within a holistic management framework. This is exemplified through our annual Sustainability Reports, first produced in 2014, that set out our aspirations and achievements relating to the environment, health and safety, people and community.

During the year we benchmarked HKSTP practices against the new *ESG (Environmental, Social and Governance) Reporting Guide* issued by Hong Kong Exchanges and Clearing Limited (HKEx) in December 2015 and noted that HKSTP's existing practices address 41 out of 43 ESG disclosures in the revised Guide while the remaining 2 disclosure requirements are irrelevant to HKSTP. The new requirements for "comply or explain" and "recommended" disclosures will be incorporated into our future Sustainability Reports.

WAY FORWARD

Given the diverse and dynamic nature of our environment, we will be alert to emerging risks as well as monitoring known risks.

FINANCIAL PERFORMANCE





FINANCIAL REVIEW

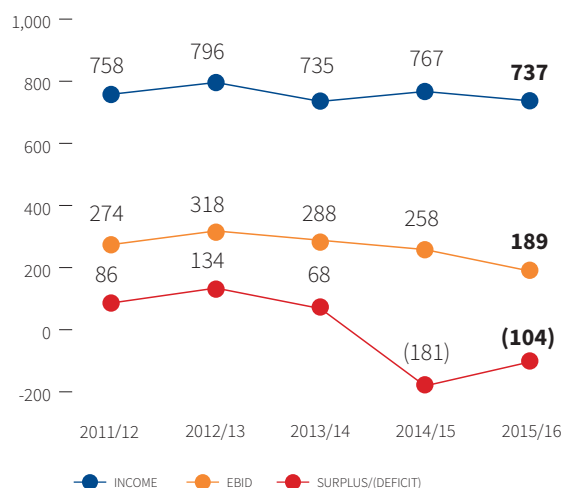
FINANCIAL SUMMARY

(In HK\$' million)	2015/16	2014/15	%
Income	737	767	-3.9%
Operating expenses	(548)	(509)	7.7%
Operating surplus before interest and depreciation (EBID)	189	258	-26.7%
Net interest income/(expense)	(10)	16	-162.5%
Depreciation (net of deferred income)	(283)	(455)	-37.8%
Result for the year	(104)	(181)	-42.5%

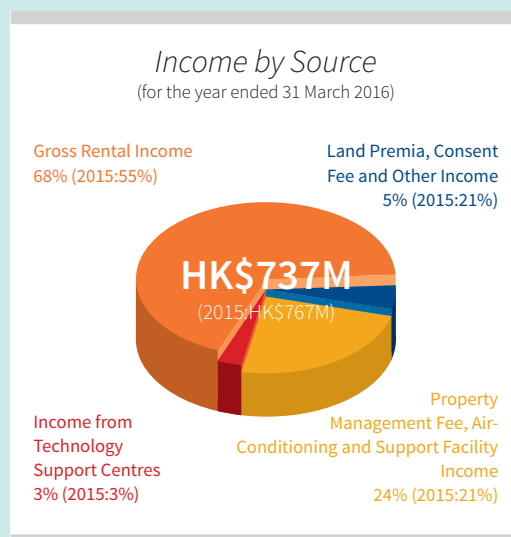
OVERVIEW

HKSTP and its subsidiaries (together the “Group”) reported an operating surplus before interest and depreciation (EBID) of \$189 million and the result for the year of \$-104 million, compared to EBID of \$258 million and result of \$-181 million last year.

Financial Performance in HK\$ million



INCOME



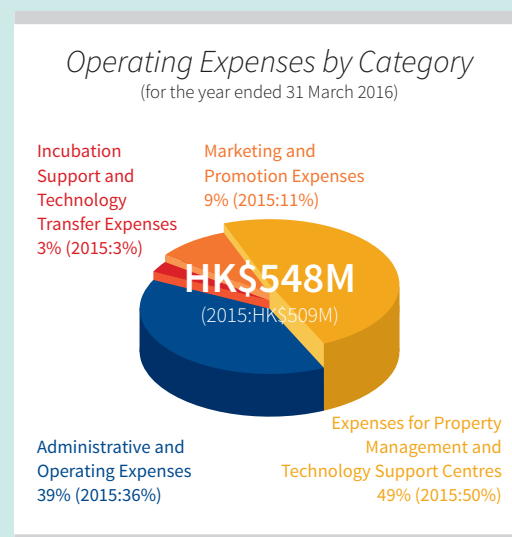
Total income decreased by \$30 million or 3.9% to \$737 million in 2015-2016 mainly due to lower income from Industrial Estates which was partly offset by the higher gross rental income.

Gross rental income grew by \$74 million or 17.4% to \$498 million mainly attributed to gradually increase in the occupancy of the first three buildings of Science Park Phase 3 during the year. Property management fee, air-conditioning and support facility income rose by \$17 million or 11.1% to \$176 million.

Industrial Estates land premia, consent fee and other income decreased by \$124 million or 79.1% to \$33 million upon stopping land sale in July 2014.

The Group's technology support centres provide research and development support services to assist technology companies and industries. Income from technology support centres was \$21 million, comparing to \$25 million in last year.

OPERATING EXPENSES



The Group conducts its business according to prudent commercial principles. It continues to maintain a stringent control on its operating expenses while extending its support to technology companies and industries. Operating expenses increased by 7.6% to \$548 million in 2015-2016 mainly due to expanded operation following the completion of first three buildings of Science Park Phase 3.

Expenses for property management and technology support centres increased by 5.0% to \$267 million due to expanded operation following the completion of first three buildings of Science Park Phase 3.

Administrative and operating expenses (including staff costs) rose by 16.1% to \$214 million to support the expanded operation of Science Park.

Marketing and promotion expenses decreased by 7.6% to \$51 million mainly due to adoption of cost saving measures.

DEPRECIATION

Depreciation (net of deferred income) decreased by 37.8% to \$283 million, mainly due to no impairment provision required on lab equipment and facilities in 2015-2016.

FINANCIAL POSITION

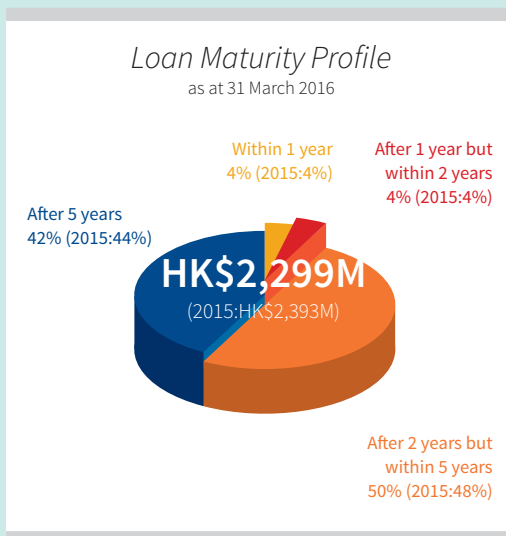
Fixed assets amounted to \$9,685 million, which accounted for 90.0% of total assets. The Group incurred capital expenditure of \$872 million during 2015-2016, mainly related to Science Park Phase 3 development.

Accrued charges and other payables decreased by 45% to \$397 million, mainly due to decrease in payables of capital expenditure related to Phase 3 development which was substantially completed.

CASH FLOW

Net cash flow from operating activities amounted to \$215 million for the year, mainly attributable to the EBID generated.

FINANCING



The Group's borrowing was from issuance of Notes under the Medium Term Notes Programme and Government of the Hong Kong Special Administrative Region. The government loan for Phase 2 development decreased by \$95 million to \$592 million due to repayment during the year.

CASH, BANK BALANCES AND DEPOSITS

As at 31 March 2016, cash, bank balances and deposits amounted to \$1,041 million, compared to \$2,139 million from the previous fiscal year. The decrease was attributed to the progress payment for the Phase 3 capital expenditure.

FINANCIAL RISK MANAGEMENT

The Group 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.

In view of future economic uncertainties in the coming years, the Corporation will continue to exercise diligent financial discipline to ensure financial stability of the Corporation for the continuous development of the ecosystem.

OUTLOOK

The Corporation expects to see growth in income as occupancy in the existing three buildings in Phase 3 continues to ramp up and the last two buildings in Phase 3 becomes ready for lease in 2016.

In addition to further strengthen the innovation and technology ecosystem to support the diversification of Hong Kong's economic development, the Corporation strives to expand the value chain into downstream to help technology companies to translate their research into commercial products, scale up and launch into advanced manufacturing of high value technological products. In May 2016, the Legislative Council's Finance Committee approved a funding of about HK\$12.7 billion to expand the Science Park and build an advanced manufacturing center and a data technology hub in Tseung Kwan O Industrial Estate.

FIVE-YEAR FINANCIAL AND OPERATIONAL SUMMARY

(In HK\$' million)	2015/16	2014/15	2013/14	2012/13	2011/12
Comprehensive Income					
Income	737	767	735	796	758
Operating expenses	(548)	(509)	(447)	(478)	(484)
Operating surplus before interest and depreciation	189	258	288	318	274
Net interest income/(expense)	(10)	16	8	27	24
Depreciation (net of deferred income)	(283)	(455)	(228)	(211)	(212)
Result for the year	(104)	(181)	68	134	86
Financial Position					
Non-current assets	9,685	9,156	8,803	7,492	6,807
Current assets	1,081	2,189	1,069	2,305	2,075
Current liabilities	(753)	(1,056)	(937)	(769)	(512)
Net current assets	328	1,133	132	1,536	1,563
Total assets less current liabilities	10,013	10,289	8,935	9,028	8,370
Non-current liabilities	(4,217)	(4,389)	(2,853)	(3,015)	(2,491)
Net assets	5,796	5,900	6,082	6,013	5,879
Share capital	5,734	5,734	5,734	5,734	5,734
Reserves	62	166	348	279	145
Total equity	5,796	5,900	6,082	6,013	5,879
Key operation statistics as at year end					
Number of tenant companies	360	416	384	382	361
Number of incubatees	238	173	142	127	132*
	598	589	526	509	493
Number of Industrial Estate grantees	165	167	170	171	168
Occupancy rates:					
Science Park	86.5%^	81.0%^	95.6%	96.0%	94.8%
InnoCentre	90.7%	92.6%	96.6%	94.3%	96.1%
Industrial Estates	95.0%	96.2%	96.4%	97.7%	95.1%

* Including incubatees under design incubation programme

^ Including the first three buildings of Science Park Phase 3 which opened in late September 2014



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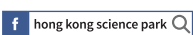


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LET'S SHAPE OUR FUTURE

Hong Kong Science and Technology Parks Corporation
2015-2016 Report of the Directors and Financial Statements

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DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 March 2016.

PRINCIPAL ACTIVITIES

The principal activities of 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. Details of the principal activities of the Corporation’s subsidiaries are set out in note 32 to the financial statements.

RESULTS

The results of the Corporation and its subsidiaries (the “Group”) for the year ended 31 March 2016 and the financial position of the Group at that date are set out in the financial statements on pages 7 to 46.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 11 to the financial statements.

SCIENCE PARK UNDER CONSTRUCTION

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

INDUSTRIAL ESTATES

Details of movements in the Industrial Estates of the Group during the year are set out in note 13 to the financial statements.

SHARE CAPITAL

Details of the share capital of the Corporation are set out in note 24 to the financial statements. There were no movements during the year.

DIRECTORS

In accordance with section 1(1)(b) of Schedule 2 to the Hong Kong Science and Technology Parks Corporation Ordinance (the “Ordinance”), the following director was appointed for a period from 1 July 2013 to 30 June 2014. In accordance with section 1(1)(a) of Schedule 2 to the Ordinance, she was appointed as the Chairperson with effect from 1 July 2014 to 30 June 2016 and re-appointed with effect from 1 July 2016 to 30 June 2018.

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

In accordance with section 1(1)(b) and 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. He retired on 30 June 2015.

Professor Kenneth YOUNG

In accordance with section 1(1)(b) and 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 and further re-appointed with effect from 1 July 2014 to 30 June 2016. He retired on 30 June 2016.

Mr. David FONG Man Hung, BBS, JP

In accordance with section 1(1)(b) and 1(3)(b) of Schedule 2 to the Ordinance, the following directors, who were appointed with effect from 1 July 2011 to 30 June 2013, were re-appointed with effect from 1 July 2013 to 30 June 2015, and further re-appointed with effect from 1 July 2015 to 30 June 2017.

Miss Nisa Bernice LEUNG Wing Yu, JP

Professor Paul TAM Kwong Hang

Ms. Winnie YEUNG Cheung Wah

Professor Albert YU Cheung Hoi, JP

In accordance with section 1(1)(b) and 1(3)(b) of Schedule 2 to the Ordinance, the following directors, who were appointed with effect from 1 July 2012 to 30 June 2014, were re-appointed with effect from 1 July 2014 to 30 June 2016 and further re-appointed with effect from 1 July 2016 to 30 June 2018.

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

Professor SHYY Wei

Mr. Richard SUN Po Yuen, JP

Mr. Billy WONG Wing Hoo, BBS, JP

DIRECTORS (continued)

In accordance with section 1(1)(b) and 1(3)(b) of Schedule 2 to the Ordinance, the following director was appointed with effect from 1 July 2013 to 30 June 2015, and re-appointed with effect from 1 July 2015 to 30 June 2017.

Mr. Raymond CHENG Siu Hong

In accordance with section 1(1)(b) and 1(3)(b) of Schedule 2 to the Ordinance, the following directors were appointed with effect from 1 July 2014 to 30 June 2016 and re-appointed with effect from 1 July 2016 to 30 June 2018.

Dr. Sunny CHAI Ngai Chiu

Mr. Owen CHAN Sze Wai

Mr. Theodore MA Heng

Professor TSUI Lap Chee, GBM, GBS, JP

In accordance with section 1(1)(b) of Schedule 2 to the Ordinance, the following director was appointed with effect from 1 July 2015 to 30 June 2017.

Professor WONG Wing Shing

In accordance with section 1(1)(b) of Schedule 2 to the Ordinance, the following director was appointed with effect from 1 July 2016 to 30 June 2018.

Mr. Joseph NGAI

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) (replaced by Permanent Secretary for Innovation and Technology with effect from 20 November 2015) (with Commissioner for Innovation and Technology, or Deputy Commissioner for Innovation and Technology or Assistant Commissioner for Innovation and Technology as alternate member)

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS

No contract of significance to which the Corporation, or any of its subsidiaries was a party, and in which a director of the Corporation had a material interest, subsisted at the end of the year or at any time during the year.

AUDITORS

KPMG was appointed as auditors of the Corporation for the year ended 31 March 2016 upon the retirement of Ernst and Young.

KPMG retire and their re-appointment as auditors of the Corporation was approved by the Board of Directors on 6 September 2016.

ON BEHALF OF THE BOARD

LAW FAN Chiu Fun Fanny, GBS, JP

Chairperson

Hong Kong

6 September 2016

INDEPENDENT AUDITOR'S REPORT

Independent auditor's report 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 consolidated financial statements of Hong Kong Science and Technology Parks Corporation (the "Corporation") and its subsidiaries (together the "Group") set out on pages 7 to 46, which comprise the consolidated statement of financial position as at 31 March 2016, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated 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 Group are responsible for the preparation of consolidated 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 for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Group as at 31 March 2016 and of the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
6 September 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	2016 \$	2015 \$
Income			
Gross rental income	5(a)	498,441,863	424,395,127
Property management fee, air-conditioning and support facility income		176,379,047	158,805,772
Income from technology support centres		21,130,133	24,930,055
Land premia		1,903,265	–
Consent fee and other income		30,740,054	156,414,690
Miscellaneous income		8,019,940	2,355,082
		736,614,302	766,900,726
Expenditure			
Expenses for property management and technology support centres	6(a)	(267,045,939)	(254,270,582)
Cost of construction recognised for transfer of possession of land in Industrial Estates		(1,108,128)	–
Administrative and operating expenses		(213,689,669)	(183,978,188)
Marketing and promotion expenses		(50,608,401)	(54,742,642)
Incubation support and technology transfer expenses		(15,259,143)	(16,136,924)
		(547,711,280)	(509,128,336)
Operating surplus before interest and depreciation		188,903,022	257,772,390
Interest income	5(b)	14,762,054	27,300,229
Interest expenses	6(b)	(25,090,130)	(11,205,632)
Surplus before depreciation		178,574,946	273,866,987
Depreciation	7	(359,319,753)	(379,620,159)
Deferred income	23	76,292,256	76,525,477
Impairment provision of property, plant and equipment	7	–	(152,097,814)
Deficit and total comprehensive income for the year	7	(104,452,551)	(181,325,509)

The notes on pages 12 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 31 March 2016
(Expressed in Hong Kong dollars)

	Note	2016 \$	2015 \$
Non-current assets			
Property, plant and equipment	11	8,114,174,746	8,453,209,125
Science Park under construction	12	1,403,963,516	569,877,109
Industrial Estates	13	166,370,424	133,061,271
Available-for-sale investment	14	1,000,000	–
Total non-current assets		9,685,508,686	9,156,147,505
Current assets			
Land premia receivables	15	6,526,807	6,508,853
Accounts receivable, prepayments, deposits and other receivables	16	33,613,936	43,808,957
Bank deposits with original maturities of more than three months	17	948,880,856	–
Cash and cash equivalents	18	91,776,003	2,138,864,281
Total current assets		1,080,797,602	2,189,182,091
Current liabilities			
Accrued charges and other payables	19	397,409,035	721,677,304
Deposits and rental received in advance	20	259,898,812	239,776,750
Government loan	21	95,604,560	94,055,826
Total current liabilities		752,912,407	1,055,509,880
Net current assets		327,885,195	1,133,672,211
Total assets less current liabilities		10,013,393,881	10,289,819,716
Non-current liabilities			
Deferred income	23	2,014,006,206	2,090,298,462
Government loan	21	496,724,853	592,538,246
Medium term notes	22	1,706,290,813	1,706,158,448
Total non-current liabilities		4,217,021,872	4,388,995,156
NET ASSETS		5,796,372,009	5,900,824,560
EQUITY			
Issued capital	24	5,734,397,594	5,734,397,594
Accumulated surplus		61,974,415	166,426,966
TOTAL EQUITY		5,796,372,009	5,900,824,560

Approved and authorised for issue by the board of directors on 6 September 2016

LAW FAN Chiu Fun Fanny, GBS, JP
Director

SUN Po Yuen Richard, JP
Director

The notes on pages 12 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Issued capital \$	Accumulated surplus \$	Total equity \$
At 1 April 2014	5,734,397,594	347,752,475	6,082,150,069
Deficit and total comprehensive income for the year	–	(181,325,509)	(181,325,509)
At 31 March 2015 and 1 April 2015	5,734,397,594	166,426,966	5,900,824,560
Deficit and total comprehensive income for the year	–	(104,452,551)	(104,452,551)
At 31 March 2016	5,734,397,594	61,974,415	5,796,372,009

The notes on pages 12 to 46 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	2016 \$	2015 \$
Cash flows from operating activities			
Deficit for the year		(104,452,551)	(181,325,509)
Adjustments for:			
Depreciation	7	359,319,753	379,620,159
Impairment provision of property, plant and equipment	7	–	152,097,814
Deferred income recognised	23	(76,292,256)	(76,525,477)
Interest expenses	6(b)	25,090,130	11,205,632
Interest income	5(b)	(14,762,054)	(27,300,229)
Loss/(gain) on disposal of items of property, plant and equipment	7	17,589,490	(1,059,729)
		206,492,512	256,712,661
Increase in Industrial Estates		(33,309,153)	(7,845,732)
Decrease/(increase) in accounts receivable, prepayments, deposits and other receivables		10,175,689	(7,452,399)
Increase in accrued charges and other payables		11,166,542	23,688,708
Increase in deposits and rental received in advance		20,122,062	33,077,960
		214,647,652	298,181,198
Net cash flows from operating activities			
Cash flows from investing activities			
Payment for purchases of items of property, plant and equipment		(10,636,708)	(26,433,176)
Construction cost paid in respect of Science Park under construction		(1,167,688,435)	(718,225,828)
Increase in available-for-sale investment		(1,000,000)	–
(Increase)/decrease in bank deposits with maturities of more than three months when acquired		(948,880,856)	160,000,000
Interest received from bank deposits		14,763,432	25,254,149
Proceeds from disposal of items of property, plant and equipment		170,510	1,414,848
		(2,113,272,057)	(557,990,007)
Net cash flows used in investing activities			

for the year ended 31 March 2016
(Expressed in Hong Kong dollars)

	Note	2016 \$	2015 \$
Cash flows from financing activities			
Medium term notes drawn down	22	–	1,707,000,000
Repayment of government loan		(94,264,659)	(92,761,799)
Interest paid		(54,199,214)	(34,813,408)
Net cash flows (used in)/generated from financing activities		(148,463,873)	1,579,424,793
Net (decrease)/increase in cash and cash equivalents		(2,047,088,278)	1,319,615,984
Cash and cash equivalents at the beginning of the year		2,138,864,281	819,248,297
Cash and cash equivalents at the end of the year		91,776,003	2,138,864,281
Analysis of balances of cash and cash equivalents			
Cash and bank balances	18	91,776,003	102,900,095
Bank deposits with maturities of less than three months when acquired	18	–	2,035,964,186
Cash and cash equivalents as stated in the consolidated statement of financial position		91,776,003	2,138,864,281

The notes on pages 12 to 46 form part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1 GROUP 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 and its subsidiaries (together the “Group”) are to facilitate the research and development and application of technologies in manufacturing and service industries in Hong Kong; to support the development, transfer and use of new or advanced technologies in Hong Kong; and to establish or develop any premises where activities related to the purposes prescribed above are, or are to be, carried out, and to manage and control the land and other facilities comprised in such premises.

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

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Corporation. Note 2.3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2016 comprise the Corporation and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.2 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS (continued)

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 3.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

No geographical segment information has been prepared as all the Group's operations are located within Hong Kong for the years presented.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Corporation's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2.4(h)).

(c) Available-for-sale equity securities

Available-for-sale equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs.

Investment in securities, being those held for non-trading purposes, are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2.4(h)).

When the investments are derecognised or impaired (see note 2.4(h)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and impairment losses (see note 2.4(h)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method at annual rates as follows:

– Science Park	Over the unexpired terms of the leases or 6 $\frac{2}{3}$ %*
– InnoCentre	Over the unexpired terms of the leases
– Industrial Estates buildings	5%
– Estate centre building	Over the unexpired terms of the leases
– Laboratories equipment and facilities	8 $\frac{1}{3}$ % to 33 $\frac{1}{3}$ %
– Leasehold improvements	Over the shorter of lease term or 8 $\frac{1}{3}$ % to 33 $\frac{1}{3}$ %
– Furniture, fittings and equipment	5% to 33 $\frac{1}{3}$ %
– Motor vehicles	25%

* Depreciation rate of 6 $\frac{2}{3}$ % 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 (see note 2.4(h)).

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 (see note 2.4(h)).

Industrial Estates buildings

Industrial Estates buildings are held to earn rental income 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. The properties are 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 (see note 2.4(h)).

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, plant and equipment and depreciation (continued)

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 (see note 2.4(h)).

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

(e) 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 (see note 2.4(h)).

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.

(f) Industrial Estates

Industrial Estates represented the pieces of land in each estate and are shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated impairment losses (see note 2.4(h)). 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.

(g) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Leased assets (continued)

(i) *Classification of assets leased to the Group*

Assets that are held by Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases.

(ii) *Operating lease charges*

Where the Group has the use of other assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made.

(h) Impairment of assets

(i) *Impairment of investments in equity securities and receivables*

Investments in equity securities and current and non-current receivables that are stated at cost or amortised cost are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of assets (continued)

(i) *Impairment of investments in equity securities and receivables (continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.
- For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of accounts receivable included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against accounts receivable directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) *Impairment of other assets*

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- Science Park under construction;
- Industrial Estates; and
- investments in subsidiaries in the Corporation's consolidated statement of financial position.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(h) Impairment of assets (continued)

(ii) *Impairment of other assets (continued)*

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. 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 time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

An impairment loss is recognised in profit or loss whenever the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

- Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(i) 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.

(j) Accounts receivable

Accounts receivable is initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2.4(h)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

(l) Accounts payable

Accounts payable is initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(m) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(n) Employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The Group 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 Group in an independently administered fund. The Group’s employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group provides employer’s contribution to the MPF 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

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) 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 profit or loss over the expected useful life of the relevant asset to match with the depreciation of the relevant asset.

Where the Group receives grants of non-monetary assets, the grants are recorded at the fair value of the non-monetary assets and released to profit or loss over the expected useful lives of the relevant assets to match with the depreciation of the relevant assets.

Where the Group 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. 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 profit or loss over the expected useful life of the relevant asset by equal annual instalments.

(p) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group or the Corporation has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

- (i) Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable;
- (ii) management fee, air-conditioning and support facility income, when the services are rendered to the tenants;
- (iii) 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 delivered and accepted by the tenants;
- (iv) 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 Group and the grantees;
- (v) consent fee income from grantees of the Group in relation to the premises granted to them, when the transfer of title of the premises from the grantees to other parties are completed;
- (vi) recognition of deferred income in profit or loss arising from assets granted by the Government and a third party, over the unexpired terms of the leases of the related assets and in accordance with the depreciation policies of the related assets; and
- (vii) interest income is recognised as it accrues using the effective interest method.

(r) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or the Group's parent.
- (b) An entity is related to the Group if any of the following conditions applies:
 - (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) Both entities 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 Group or an entity related to the Group;
 - (vi) The entity is controlled or jointly controlled by a person identified in (a);
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(Expressed in Hong Kong dollars unless otherwise indicated)

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Group's accounting policies, management has made the following accounting judgements:

(a) Impairment of property, plant and equipment

The Group determines whether the property, plant and equipment is impaired at least on an annual basis. This requires an estimation of the value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from its use. Discount rates of 4.75% (2015: 4.72%) are used to calculate the present value of future cash flows. Where the actual future cash flows are less than expected, material impairment provision may arise. As at 31 March 2016, the net carrying amount of the property, plant and equipment is \$8,114,174,746 (2015: \$8,453,209,125) after taking into account the accumulated impairment provision of \$152,097,814 (2015: \$152,097,814) recognised in respect of certain property, plant and equipment (note 11).

(b) 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 Group's working capital is devoted to land premia receivables. In determining whether allowance is required, the Group takes into consideration the aging status, likelihood of collection and discounted future cash flows which are determined based on 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 2016, the carrying amount of land premia receivables is \$6,526,807 (2015: \$6,508,853) (note 15).

(c) Impairment of accounts receivable

Accounts receivable represent rental income receivable from tenants. Where there is objective evidence of recoverability matter, the Group takes into consideration the estimation of future cash flows. The amount of allowance for doubtful debts 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 2016 and 2015, the carrying amounts of accounts receivable are \$11,723,946 (net of allowance for doubtful debts of \$86,986) and \$23,397,911 (net of allowance for doubtful debts of \$115,096), respectively (note 16).

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its services and has three reportable operating segments as follows:

(a) Science Park

The Science Park segment refers to all services in connection with development of Hong Kong into a regional hub for innovation and growth in several focused clusters including Electronics, Information and Communications Technology, Green Technology, Biomedical Technology, Material and Precision Engineering. It also covers value added services and comprehensive incubation programmes for technology start-ups to accelerate their growth.

(b) InnoCentre

The InnoCentre segment refers to creative design support to further advance Hong Kong's product design and brand building capabilities.

(c) Industrial Estates

The Industrial Estates segment refers to fully serviced land at the three Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long to companies engaged in skill-intensive manufacturing and service industries as well as data centres, pharmaceutical processing, recycling, and multimedia industries in order to cope with the growth of the industries.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results.

No measure of segment assets and liabilities are reported or used by the directors, which are the chief operating decision maker. Therefore, no segment assets and liabilities information is disclosed.

(Expressed in Hong Kong dollars unless otherwise indicated)

4 OPERATING SEGMENT INFORMATION (continued)

(c) Industrial Estates (continued)

	2016			Total \$
	Science Park \$	InnoCentre \$	Industrial Estates \$	
Income	621,192,165	55,172,193	60,249,944	736,614,302
Expenditure	(495,147,865)	(33,835,694)	(18,727,721)	(547,711,280)
Operating surplus before interest and depreciation	126,044,300	21,336,499	41,522,223	188,903,022
Net interest expenses	(10,352,320)	329	23,915	(10,328,076)
Surplus before depreciation	115,691,980	21,336,828	41,546,138	178,574,946
Depreciation, net of deferred income	(259,658,032)	(19,504,876)	(3,864,589)	(283,027,497)
Surplus/(deficit) for the year	(143,966,052)	1,831,952	37,681,549	(104,452,551)

	2015			Total \$
	Science Park \$	InnoCentre \$	Industrial Estates \$	
Income	533,005,241	52,901,801	180,993,684	766,900,726
Expenditure	(469,139,894)	(28,607,193)	(11,381,249)	(509,128,336)
Operating surplus before interest and depreciation	63,865,347	24,294,608	169,612,435	257,772,390
Net interest income	15,470,299	–	624,298	16,094,597
Surplus before depreciation	79,335,646	24,294,608	170,236,733	273,866,987
Depreciation, net of deferred income	(429,805,430)	(21,070,026)	(4,317,040)	(455,192,496)
Surplus/(deficit) for the year	(350,469,784)	3,224,582	165,919,693	(181,325,509)

(Expressed in Hong Kong dollars unless otherwise indicated)

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

	2016 \$	2015 \$
Interest income on		
– bank deposits	14,744,100	27,273,148
– land premia receivables	17,954	27,081
	14,762,054	27,300,229

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 \$232,506,822 (2015: \$219,598,025) and expenses for technology support centres of \$34,539,117 (2015: \$34,672,557). Included in expenses for property management were salaries and other benefits of \$54,754,922 (2015: \$54,308,040) and contribution to defined contribution retirement scheme of \$2,403,749 (2015: \$1,555,793) that the management companies paid to its staff and employees.

(b) Interest expenses

	2016 \$	2015 \$
Interest expenses on medium term notes	45,646,721	32,799,616
Interest expenses on government loan	8,933,564	10,872,014
	54,580,285	43,671,630
Less: Interest capitalised to Science Park under construction	(29,490,155)	(32,465,998)
	25,090,130	11,205,632

The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation is 1.73% (2015: 2.39%) per annum, which is calculated based on interest expense incurred on average loan balance used to settle construction cost less interest income received from specific borrowings.

(Expressed in Hong Kong dollars unless otherwise indicated)

7 DEFICIT FOR THE YEAR

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

	Note	2016 \$	2015 \$
Depreciation charged for property, plant and equipment	11	359,319,753	379,620,159
Impairment provision of property, plant and equipment	11	–	152,097,814
Auditors' remuneration		325,000	477,000
Employee benefit expenses (excluding staff costs of property management, as set out in note 6(a)):			
– Wages and salaries		160,165,991	143,103,215
– Retirement scheme contribution		9,741,954	9,140,423
– Provision for other salaries		–	14,939,353
Operating lease charges: machinery and equipment		5,325,442	4,636,787
Loss/(gain) on disposal of items of property, plant and equipment		17,589,490	(1,059,729)

8 DIRECTORS' EMOLUMENTS

No directors received any fees or emoluments in respect of their services rendered to the Group during the year (2015: Nil).

9 FIVE HIGHEST PAID EMPLOYEES

Details of the remuneration of the five non-directors and highest paid employees, including the remuneration to the Chief Executive Officer of the Corporation, for the year are set out as follows:

	2016 \$	2015 \$
Salaries and other benefits	12,202,710	11,879,527
Performance related incentive payments	3,079,055	3,024,835
Retirement benefit scheme contributions	555,791	87,500
	15,837,556	14,991,862

(Expressed in Hong Kong dollars unless otherwise indicated)

9 FIVE HIGHEST PAID EMPLOYEES (continued)

The remuneration of the Chief Executive Officer for the year is \$4,494,272 (salary and other benefits: \$3,456,976; performance related incentive payments: \$900,000; retirement benefit scheme contributions: \$137,296).

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

	2016	2015
\$2,000,001 to \$2,500,000	1	1
\$2,500,001 to \$3,000,000	2	2
\$3,000,001 to \$3,500,000	–	1
\$3,500,001 to \$4,000,000	1	–
\$4,000,001 to \$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 taxation in Hong Kong in accordance with section 25 of the Ordinance and the subsidiaries within the Group did not earn any assessable profits during the year.

(Expressed in Hong Kong dollars unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT

	Properties*			Estate centre building	Laboratories equipment and facilities	Leasehold improvements	Furniture, fittings and equipment	Motor vehicles	Total
	Science Park	InnoCentre	Industrial Estates buildings						
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost:									
At 1 April 2014	6,749,374,454	204,970,122	44,270,399	938,009	460,447,553	447,757,509	106,660,119	2,776,905	8,017,195,070
Additions	-	-	-	-	17,204,531	5,063,338	3,269,120	896,187	26,433,176
Disposals	-	-	-	-	(206,300,490)	(13,135,979)	(3,513,594)	(664,766)	(223,614,829)
Transferred from Science Park under construction	2,909,309,272	-	-	-	84,154,384	113,512,658	24,052,397	108,615	3,131,137,326
At 31 March 2015	9,658,683,726	204,970,122	44,270,399	938,009	355,505,978	553,197,526	130,468,042	3,116,941	10,951,150,743
At 1 April 2015	9,658,683,726	204,970,122	44,270,399	938,009	355,505,978	553,197,526	130,468,042	3,116,941	10,951,150,743
Additions	120,000	-	-	-	941,666	2,478,744	7,096,298	-	10,636,708
Disposals	(19,610,000)	-	-	-	(7,203,618)	-	(468,442)	-	(27,282,060)
Transfer from Science Park under construction	-	-	-	-	-	17,054,881	10,353,785	-	27,408,666
At 31 March 2016	9,639,193,726	204,970,122	44,270,399	938,009	349,244,026	572,731,151	147,449,683	3,116,941	10,961,914,057
Accumulated depreciation and impairment provision:									
At 1 April 2014	1,367,001,400	60,194,941	24,121,688	327,947	370,243,768	282,110,271	84,046,466	1,436,814	2,189,483,295
Charge for the year	257,803,385	4,670,167	2,213,520	25,419	39,464,886	62,416,983	12,501,446	524,353	379,620,159
Written back on disposals	-	-	-	-	(206,300,490)	(12,781,444)	(3,512,950)	(664,766)	(223,259,650)
Impairment provision recognised	-	-	-	-	152,097,814	-	-	-	152,097,814
At 31 March 2015	1,624,804,785	64,865,108	26,335,208	353,366	355,505,978	331,745,810	93,034,962	1,296,401	2,497,941,618
At 1 April 2015	1,624,804,785	64,865,108	26,335,208	353,366	355,505,978	331,745,810	93,034,962	1,296,401	2,497,941,618
Charge for the year	270,033,421	4,669,110	2,213,520	25,412	53,308	66,316,011	15,397,073	611,898	359,319,753
Written back on disposals	(1,850,000)	-	-	-	(7,203,618)	-	(468,442)	-	(9,522,060)
At 31 March 2016	1,892,988,206	69,534,218	28,548,728	378,778	348,355,668	398,061,821	107,963,593	1,908,299	2,847,739,311
Net book value:									
At 31 March 2016	7,746,205,520	135,435,904	15,721,671	559,231	888,358	174,669,330	39,486,090	1,208,642	8,114,174,746
At 31 March 2015	8,033,878,941	140,105,014	17,935,191	584,643	-	221,451,716	37,433,080	1,820,540	8,453,209,125

* These properties are held for rental

(Expressed in Hong Kong dollars unless otherwise indicated)

11 PROPERTY, PLANT AND EQUIPMENT (continued)

- (a) At 31 March 2016, the Group's leasehold properties with aggregate carrying amount of \$7,897,922,326 (2015: \$8,192,503,789) are situated in Hong Kong and held under medium term leases.
- (b) In the opinion of the directors, the fair value of the Group's properties held for rental cannot be reliably measured as there are no active market prices for similar properties.
- (c) The directors made an adjustment to the comparatives to group together Industrial Estates buildings and other buildings to conform with current year's presentation. Industrial Estates buildings were previously presented as the sole component of investment properties, which were disclosed as a separate line item on the face of the consolidated statement of financial position. As a result of the change in the presentation, Industrial Estates buildings and other buildings are presented in property, plant and equipment. The details of the Industrial Estates buildings and other buildings have been retained in this note.
- (d) At 31 March 2015, the Board of Directors decided to review the business strategy in relation to its laboratories having regard to a detailed study conducted by management on the usage of the shared laboratories that support start-up and small to medium size companies for their research and development operation, the faster pace of development in certain technologies and equipment, the historical and projected utilisation rate, and income potential of the equipment. As a result of the aforesaid review of business strategy, management conducted a value in use review of these equipment and facilities and an impairment provision of \$152,097,814 has been recognised which has been included under the accumulated depreciation and impairment losses of the laboratories equipment and facilities.

12 SCIENCE PARK UNDER CONSTRUCTION

	2016 \$	2015 \$
Carrying amount at the beginning of the year	569,877,109	2,899,095,185
Additions	861,495,073	801,919,250
Less: Cost of construction recognised and transferred to property, plant and equipment	(27,408,666)	(3,131,137,326)
Carrying amount at the end of the year	1,403,963,516	569,877,109

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.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INDUSTRIAL ESTATES

	2016 \$	2015 \$
Carrying amount at the beginning of the year	133,061,271	75,924,279
Additions	34,417,281	7,845,732
Transfer from surrendered premises held for re-grant	–	49,291,260
Less: Cost of construction recognised for transfer of possession of land	(1,108,128)	–
Carrying amount at the end of the year	166,370,424	133,061,271

As a result of the approval by the Executive Council of the Government to revise the Industrial Estates Programme in early 2015, the Board of Directors has revised the strategy in management of the Group's Industrial Estates during the year ended 31 March 2015. The New Industrial Estates strategy comprises mainly the shifting of its operation model from land grant to leasing of specialised multi-storey buildings in support of the development of science, innovation and technology based industries in Hong Kong. Accordingly, the surrendered premises held for re-grant carried forward from prior years had been reclassified under non-current assets during the year ended 31 March 2015.

14 AVAILABLE-FOR-SALE INVESTMENT

	2016 \$	2015 \$
Unlisted equity investments, at cost	1,000,000	–

15 LAND PREMIA RECEIVABLES

Land premia receivables represent the premia from transfer of possession of land and re-grant of premises which are receivable by instalments.

The aged analysis of land premia receivables that are not individually nor collectively considered to be irrecoverable is as follows:

	2016 \$	2015 \$
Less than 1 year past due	–	1,229,581
Over 1 year past due	6,526,807	5,279,272
	6,526,807	6,508,853

(Expressed in Hong Kong dollars unless otherwise indicated)

15 LAND PREMIA RECEIVABLES (continued)

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 past due but not irrecoverable as the total balances are covered by collateral. On default of payment, the Group 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

	2016 \$	2015 \$
Accounts receivable	11,810,932	23,513,007
Less: allowance for doubtful debts (note 16(b))	(86,986)	(115,096)
	11,723,946	23,397,911
Prepayments	9,003,196	7,180,907
Deposits and other receivables	12,886,794	13,230,139
	21,889,990	20,411,046
	33,613,936	43,808,957

- (a) The Group allows an average credit period of 14 days to its tenants, extending up to 30 days. Before accepting any new tenant, the Group 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.

For receivables due from grantees of Industrial Estates, the Group may reclaim the premises granted to the grantees in default of payments and the directors consider there are no significant credit risks. As at 31 March 2016, the balance of accounts receivable covered by collateral amounted to \$8,696,748 (2015: \$17,734,922). Except for receivables from Industrial Estates' grantees and tenants, the Group does not hold any collateral or other credit enhancements over these balances.

(Expressed in Hong Kong dollars unless otherwise indicated)

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

(b) The movement in the allowance for doubtful debts during the year is as follows:

	2016 \$	2015 \$
At the beginning of the year	115,096	115,096
Uncollectible amounts	(28,110)	–
At the end of the year	86,986	115,096

Included in the above allowance for doubtful debts of accounts receivable is a provision for individually irrecoverable accounts receivable of \$86,986 (2015: \$115,096) with carrying amounts before provision of \$86,986 (2015: \$115,096).

(c) The ageing analysis of accounts receivable that are neither individually nor collectively considered to be irrecoverable are as follows:

	2016 \$	2015 \$
Neither past due nor impaired	899,253	5,432,144
1-60 days past due	2,348,135	5,361,397
61-90 days past due	224,182	1,627,426
91-120 days past due	162,054	744,720
Over 120 days past due	8,090,322	10,232,224
	11,723,946	23,397,911

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

Receivables that were past due but not irrecoverable related to a number of independent tenants that have a good track record with the Group. Based on past experience, the directors are of the opinion that no allowance for doubtful debts 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.

(Expressed in Hong Kong dollars unless otherwise indicated)

17 BANK DEPOSITS WITH ORIGINAL MATURITIES OF MORE THAN THREE MONTHS

The balance at 31 March 2016 represented cash placed with banks, with original maturities of more than three months, but less than twelve months.

As at 31 March 2016, these bank deposits carried interest at the average interest rate of 1.08% (2015: 1.50%) per annum.

18 CASH AND CASH EQUIVALENTS

	2016 \$	2015 \$
Cash at bank and on hand	91,776,003	102,900,095
Short term time deposits	–	2,035,964,186
Cash and cash equivalents	91,776,003	2,138,864,281

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 to three months depending on the immediate cash requirements of the Group, 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

	2016 \$	2015 \$
Accrued charges	345,510,462	670,235,820
Other payables	51,898,573	51,441,484
	397,409,035	721,677,304

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

20 DEPOSITS AND RENTAL RECEIVED IN ADVANCE

Deposits received from tenants of \$104,867,601 (2015: \$127,307,920) are expected to be settled after one year. The remaining balances are expected to be settled within one year.

(Expressed in Hong Kong dollars unless otherwise indicated)

21 GOVERNMENT LOAN

Government loan is repayable as follows:

	2016	2015
	\$	\$
Current		
Amount due within one year	95,604,560	94,055,826
Non-current		
Amount due within second year	96,830,211	95,367,905
Amount due within third year	98,071,574	96,698,287
Amount due within fourth year	99,328,852	98,047,229
Amount due within fifth year	100,602,248	99,414,987
Amount due after five years	101,891,968	203,009,838
Amount due over one year	496,724,853	592,538,246
	592,329,413	686,594,072

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

Government loan is unsecured and bears interest rate at the “no-gain-no-loss” floating interest rate of the Government of 1.28% (2015: 1.40%) per annum during the year. The loan is repayable to the Government by 15 annual instalments until 2022.

(Expressed in Hong Kong dollars unless otherwise indicated)

22 MEDIUM TERM NOTES

	2016	2015
	\$	\$
Medium term notes ("MTN")	1,706,290,813	1,706,158,448

5-year term notes of \$855,000,000 and 10-year term notes of \$852,000,000 were issued in July 2014 for the construction of the Science Park Phase 3, with direct transaction costs of \$935,500.

MTN are guaranteed by the Government and bear interest rate at the fixed interest rate at 2.12% and 3.20% for 5-year term notes and 10-year term notes, respectively, per annum during the year. The 5-year term and 10-year term MTN are repayable on 11 July 2019 and 11 July 2024, respectively.

23 DEFERRED INCOME

	2016	2015
	\$	\$
At the beginning of the year	2,090,298,462	2,166,823,939
Credited to the consolidated statement of comprehensive income	(76,292,256)	(76,525,477)
At the end of the year	2,014,006,206	2,090,298,462

The balance mainly 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 consolidated statement of comprehensive income to match the charges of depreciation of the relevant assets granted.

24 ISSUED CAPITAL

	2016	2015
	\$	\$
Authorised, issued and fully paid:		
5,734,397,594 shares of \$1 each	5,734,397,594	5,734,397,594

(Expressed in Hong Kong dollars unless otherwise indicated)

24 ISSUED CAPITAL (continued)

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 \$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. Subsequently, over the prior years, additional 3,898,000,000 ordinary shares of \$1 each were issued in six lots to the Government for cash at par.

At the end of the reporting period, the entire amount of 5,734,397,594 shares of \$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.

25 OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group 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 2016, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2016 \$	2015 \$
Within one year	394,399,415	369,577,556
In the second to fifth years inclusive	409,791,940	357,845,172
After five years	36,938,648	41,187,980
	841,130,003	768,610,708

(Expressed in Hong Kong dollars unless otherwise indicated)

25 OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

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

At 31 March 2016, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2016	2015
	\$	\$
Within one year	2,387,778	2,184,000

26 COMMITMENTS

At 31 March 2016, the Group had the following capital commitments at the end of the reporting period:

	2016	2015
	\$	\$
Contracted, but not provided for:		
– construction of the Science Park	331,729,446	975,086,371
– others	35,848,682	840,073
	367,578,128	975,926,444
Authorised, but not contracted for:		
– construction of the Science Park	574,661,934	579,942,653
– others	123,097,604	43,795,927
	697,759,538	623,738,580

(Expressed in Hong Kong dollars unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS

The Corporation is wholly owned by the Government. Transactions between the Group and Government departments, agencies or Government controlled entities are considered to be related party transactions and identified separately in these financial statements.

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

	Note	2016 \$	2015 \$
The Government:			
– Interest expenses on government loan	(i)	8,933,564	10,872,014
– Financial guarantee received on MTN issued	(ii)	1,707,000,000	1,707,000,000
The Government's controlled-entities:			
– Rental income	(iii)	31,550,545	24,506,561
– Management fee and air-conditioning income	(iv)	14,225,501	11,627,391
– Equipment rental and procurement sales income	(v)	9,176,673	6,973,555

Notes:

- (i) Interest expenses on the government loan were charged at the 'no-gain-no-loss' floating interest rate of the Government.
- (ii) MTN issued were guaranteed by the Government (note 22).
- (iii) Rental income from the Government's controlled entities was determined according to terms similar to those offered to the Group's third party tenants.
- (iv) Management fee and air-conditioning income from the Government's controlled entities was determined according to terms similar to those offered to the Group's third party tenants.
- (v) Equipment rental and procurement sales income from the Government's controlled entities was determined according to terms similar to those offered to the Group's third party tenants.

(b) Outstanding balance with the Government

The Government has agreed to make available a loan facility of up to \$1,043,000,000 to the Group 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 Group has not additionally drawn down any loans during the year (2015: Nil). At 31 March 2016, the outstanding balance of the government loan amounted to \$592,329,413 (2015: \$686,594,072) (note 21).

(Expressed in Hong Kong dollars unless otherwise indicated)

27 MATERIAL RELATED PARTY TRANSACTIONS (continued)

- (c) No directors received any remunerations in respect of their services rendered to the Group during the year (2015: Nil).

Details of the remuneration of the five non-directors and highest paid employees, including the Chief Executive Officer of the Corporation are disclosed in note 9 to the financial statements.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

The Group'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 Group's financial management policies and practices described below:

(a) Interest rate risk

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

Sensitivity analysis

The Group'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 amount of variable-rate 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 Group's deficit for the year ended 31 March 2016 would increase/decrease by \$5,923,294 (2015: \$6,865,941).

(b) Credit risk

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

With respect to credit risk of the Group's other financial assets which mainly comprise cash and cash equivalents and bank deposits, the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments at the end of the reporting period.

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

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(c) Liquidity risk

In the management of the liquidity risk, the Group monitors its liquidity requirements to ensure it maintains a level of cash and cash equivalents deemed adequate by management and adequate utilisation of available loan facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following table details the Group's remaining contractual maturities 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 Group can be required to pay.

	2016					Carrying amount \$
	On demand or less than 3 months \$	Within 1 year \$	2 – 5 years \$	Over 5 years \$	Total Undiscounted cash flows \$	
Accrued charges and other payables	387,460,553	9,948,482	–	–	397,409,035	397,409,035
Deposits and rental received in advance	57,427,636	97,603,575	89,918,512	14,949,089	259,898,812	259,898,812
Government loan	–	103,198,223	412,792,894	103,198,223	619,189,340	592,329,413
Medium term notes	–	45,389,994	1,005,448,060	941,485,685	1,992,323,739	1,706,290,813
	444,888,189	256,140,274	1,508,159,466	1,059,632,997	3,268,820,926	2,955,928,073

	2015					Carrying amount \$
	On demand or less than 3 months \$	Within 1 year \$	2 – 5 years \$	Over 5 years \$	Total Undiscounted cash flows \$	
Accrued charges and other payables	711,977,529	9,699,775	–	–	721,677,304	721,677,304
Deposits and rental received in advance	52,319,341	60,149,489	123,623,645	3,684,275	239,776,750	239,776,750
Government loan	–	103,633,814	414,535,254	207,267,627	725,436,695	686,594,072
Medium term notes	–	35,565,875	1,027,696,258	974,575,962	2,037,838,095	1,706,158,448
	764,296,870	209,048,953	1,565,855,157	1,185,527,864	3,724,728,844	3,354,206,574

(Expressed in Hong Kong dollars unless otherwise indicated)

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

(d) Capital management

The primary objectives of the Group's capital management are to safeguard the Group'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 Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group 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 2016 and 2015.

The Group 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 Group would provide no additional useful information to the users of the financial statements.

29 CORPORATION-LEVEL STATEMENT OF FINANCIAL POSITION

	2016 \$	2015 \$
Non-current assets		
Property, plant and equipment	8,114,174,746	8,453,209,125
Science Park under construction	1,403,963,516	569,877,109
Industrial Estates	166,370,424	133,061,271
Investment in subsidiaries	20,000	–
Total non-current assets	9,684,528,686	9,156,147,505
Current assets		
Amounts due from subsidiaries	3,607,831	–
Land premia receivables	6,526,807	6,508,853
Accounts receivable, prepayments, deposits and other receivables	33,613,936	43,808,957
Bank deposits with maturities of more than three months	948,880,856	–
Cash and cash equivalents	91,776,003	2,138,864,281
Total current assets	1,084,405,433	2,189,182,091

(Expressed in Hong Kong dollars unless otherwise indicated)

29 CORPORATION-LEVEL STATEMENT OF FINANCIAL POSITION (continued)

	2016	2015
	\$	\$
Current liabilities		
Accrued charges and other payables	397,409,035	721,677,304
Deposits and rental received in advance	259,898,812	239,776,750
Government loan	95,604,560	94,055,826
Total current liabilities	752,912,407	1,055,509,880
Net current assets	331,493,026	1,133,672,211
Total assets less current liabilities	10,016,021,712	10,289,819,716
Non-current liabilities		
Deferred income	2,014,006,206	2,090,298,462
Government loan	496,724,853	592,538,246
Interest-bearing borrowings	1,706,290,813	1,706,158,448
Total non-current liabilities	4,217,021,872	4,388,995,156
NET ASSETS	5,798,999,840	5,900,824,560
EQUITY		
Issued capital	5,734,397,594	5,734,397,594
Accumulated surplus	64,602,246	166,426,966
TOTAL EQUITY	5,798,999,840	5,900,824,560

(Expressed in Hong Kong dollars unless otherwise indicated)

30 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

On 25 June 2016, the Board of directors approved the increase in authorised share capital of the Corporation from \$5,734,397,594 to \$15,210,397,594 for financing the Science Park expansion project and two Industrial Estates 2.0 pilot projects.

31 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2016

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual Improvements to HKFRSs 2012-2014 Cycle	1 January 2016
Amendments to HKAS 1, <i>Disclosure initiative</i>	1 January 2016
Amendments to HKAS 16 and HKAS 38, <i>Clarification of acceptable methods of depreciation and amortisation</i>	1 January 2016
HKFRS 9, <i>Financial instruments</i>	1 January 2018
HKFRS 15, <i>Revenue from contracts with customers</i>	1 January 2018
HKFRS 16, <i>Leases</i>	1 January 2019

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

(Expressed in Hong Kong dollars unless otherwise indicated)

32 LIST OF SUBSIDIARIES

At 31 March 2016, the particulars of the Corporation's subsidiaries are as follows:

Subsidiary	Place of incorporation and operations	Particulars of issued and paid up capital	Group's effective interest	Principal activity
STP Assets Holding Limited	Hong Kong	\$10,000	100%	Investment holding
STP Corporate Venture Limited	Hong Kong	\$10,000	100%	Investment holding
CVF One Limited	Hong Kong	\$1,000	100%	Investment holding
CVF Two Limited	Hong Kong	\$1,000	100%	Investment holding
CVF Three Limited	Hong Kong	\$1,000	100%	Investment holding

33 APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 6 September 2016.