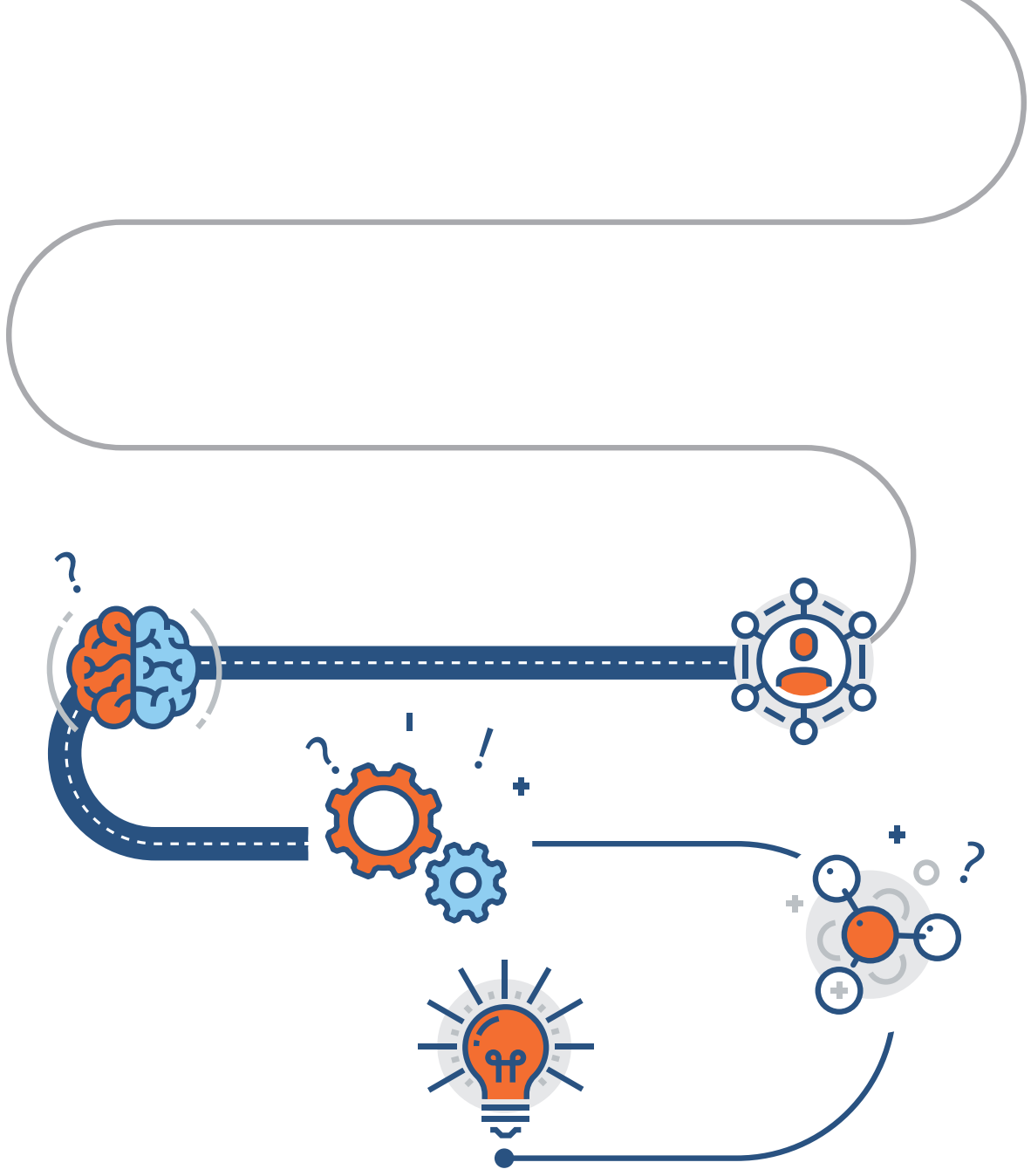


**EMPOWERING
INNOVATION
DELIVERING
SUCCESS**

Hong Kong Science and Technology Parks Corporation
2016-2017 Annual Report

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MANAGEMENT REPORT

LETTER FROM THE CHAIRPERSON

Dear Readers,

Over the past year, we have seen encouraging signs of an emerging innovation culture in the community, with a substantial increase in the number of co-working spaces and start-up companies, and highly popular pitching events, technology forums and contests. More and more success stories of technopreneurs were featured in the local media and STEM education was given renewed emphasis in the school curriculum.

Hong Kong Science and Technology Parks Corporation (“HKSTP”) continued to make steady progress on the journey of transformation that began in 2014. Our “3C” strategy of Connect, Collaborate and Catalyse has borne fruit, leading to closer collaboration with academia, the investment community, business and industry organisations, research institutes, consulates and counterparts in Mainland China and overseas. The stream of mainland and overseas visitors to Hong Kong Science Park over the year has given us comfort that Hong Kong’s innovation and technology is gaining recognition.

While we are pleased to receive compliments from visitors, we also see the need to step up publicity on Hong Kong’s talent and research strengths, alongside our competitive advantages as an international financial and

business centre. To many, Hong Kong has never crossed their mind as an innovation hub as we consistently lag behind in global innovation indices in various studies. Much work remains to be done to improve Hong Kong’s innovation ecosystem and project a fair and balanced image of Hong Kong to the international community.

Innovation and technology excels with collaboration, bringing together bright and beautiful minds from every corner of the world to work together for a common cause, and breaking down administrative and ideological barriers. Hong Kong is an open society and a small economy. We must bring in talent, as well as nurture our own, in order to expand our capacity. This must be the vision as Hong Kong aspires to be a global innovation hub in the Greater Bay Area of China, which comprises nine Guangdong cities, Macau and Hong Kong.

The signing of a Memorandum of Understanding between Shenzhen and the Hong Kong Special Administrative Region Government in January 2017, followed by the Chinese Premier’s announcement to develop the Greater Bay Area, are exciting new developments that hold immense prospects for Hong Kong entrepreneurs. To capitalise on the opportunities, we must identify the niche areas where Hong Kong has relative advantages and complement the strengths of other cities in the Greater Bay Area. Enhancing mutual

understanding, building trust and embracing innovative solutions to remove barriers under “One Country, Two Systems” are the essential conditions for success. Where there is a will, there is a way.

I am most grateful to the new leadership team and colleagues at HKSTP for their hard work and contribution over the year. In particular, I am impressed by the sense of mission and urgency that prevails among staff members and the energy that they exude. At HKSTP, we value people and team work, and we reward innovation. As Steve Jobs once said, “Innovation distinguishes between a leader and a follower. . . . It’s not about money. It’s about the people you have, how you’re led and how much you get it”.



Fanny Law, GBM, GBS, JP
Chairperson

CEO'S REPORT

The year just passed (2016-17) was another fruitful one for Hong Kong Science and Technology Parks Corporation ("HKSTP") as our strategic initiatives to develop an innovation and technology ecosystem in Hong Kong gathered great momentum.

Last year also marked a milestone for HKSTP as we celebrated our 15th Anniversary in May. Our team has been relentless in its efforts to build on the solid foundation laid down by our predecessors to create a community and an ecosystem fostering innovation, technology and entrepreneurship. We understand that HKSTP's value will be judged by the success of companies in Hong Kong Science Park. Thus, we are committed to positioning the Park as the centrepiece of Hong Kong's R&D endeavours and showcasing the latest science and technology developments from our Park community.

Within our ecosystem, start-ups, technology SMEs, multinational corporations, branding and creative agencies and advanced manufacturing players gathered at the Park, InnoCentre and our three Industrial Estates to explore new ideas

that can drive innovation, and more importantly, spur diversified economic growth for Hong Kong.

The launch of the Innovation and Technology Bureau in late 2015 has led to higher awareness of the potential of science and technology entrepreneurship for Hong Kong by both the public and business communities. Academia today is more determined than ever to translate its discoveries into commercialised products and services. Business is increasingly keen to adopt locally developed technology. Most importantly, we see growing international recognition of Hong Kong as a regional innovation and technology hub.

ENABLING DIVERSIFIED GROWTH

HKSTP is a place that brings scientists, technologists and entrepreneurs together with investors to turn dreams into reality. Completion of the Park's Phase Three development signifies an important milestone for HKSTP and the new development is fast becoming an exciting home to a range of technology start-ups, SMEs

and major corporations. At year-end 2016, while we welcomed new tenants moving into Phase Three, HKSTP also launched the Park's Stage One Expansion Programme. The aim is to increase the Park's capacity to accommodate more start-ups spinning off from local universities and international research institutes. These entrepreneurs see Hong Kong as a unique place where their R&D projects can succeed and our goal is to build top-notch laboratory facilities and common workspaces that are conducive to cross-disciplinary collaboration.

To date, we have identified three areas with significant growth potential in Hong Kong, namely Healthy Ageing, Smart City and Robotics. To accelerate the expansion of these platforms, we are speeding up our IE2.0 strategic initiative, under which two pilot developments in the Tseung Kwan O Industrial Estate have made impressive progress. Upon completion, these two new state-of-the-art buildings will not only provide a real shot in the arm to the development of data management, multi-media production and advanced manufacturing, but also serve as a test model for re-industrialisation in Hong Kong.

Meanwhile, the refurbishment of existing industrial buildings in the Tai Po Industrial Estate as multi-storey, multi-tenant manufacturing buildings is also underway. This development is in line with our vision for the emergence of advanced manufacturing in Hong Kong, where the integration of artificial intelligence, robotics, Internet of Things and automation in the workflow will be made possible. We are dedicated to facilitating Hong Kong's industrial players, from large corporations to SMEs, to launch their pilot production locally. We believe that location advantage and market-driven priorities will benefit their technology and innovation development. During the reporting period, one of the buildings was fully refurbished and we will have the first batch of partner companies settled in by year-end 2017.

DELIVERING SUCCESSFUL COMPANIES

To go from innovative ideas to high-value business solutions, start-ups and young SMEs need to have a strong rapport in terms of knowledge and financial resources. Last year, we allocated specialised manpower to strengthen the network and build

connections with institutional and individual investors, including venture capital, angel investment funds, private equity and family offices. An investment team, whose responsibility is to generate deal flow, was created in the last quarter of 2016 to enable better alignment between technology companies and investors. Our efforts to connect high potential start-ups and SMEs with investors have proven worthwhile as the Park is becoming a frequent meeting point for the local and international financial communities. We can look over the past year and see a growing number of successfully completed transactions. As a footnote, we are excited to report that one of the young ICT ventures in the Park has surpassed the valuation threshold of US\$1 billion, making it Hong Kong's first "unicorn".

CONTRIBUTING TO THE SUCCESS OF HONG KONG

HKSTP takes pride in promoting innovation and technology development to create jobs as well as social and economic benefits for the people of Hong Kong, while reinforcing the city's ability to develop and transfer technology.

It's clear that 2016 was an important year as we continued our transformation into a corporation that focuses on putting research into applications and accelerating the commercialisation process. Looking ahead, we will keep driving our strategic expansion initiatives to spearhead technology development while engaging anchor companies to enrich and diversify the technology community. We look forward to expanding our Incubation Programmes to help more incubatees succeed. At the same time, we are committed to supporting the companies in the Park to scale up to become more valuable; and we will generate and expand investor deal flow by building more partnerships with industry leaders.

The team and I at HKSTP are ready to make every effort to contribute to the success of Hong Kong through innovation and technology.



Albert Wong
Chief Executive Officer



OPERATION REVIEW

ROBUST ECOSYSTEM

Momentum has been building for Hong Kong's innovation and technology sector, following the upbeat announcement of development plans for the "Hong Kong-Shenzhen Innovation and Technology Park" in January 2017, and the increasing focus on developing Guangdong-Hong Kong-Macau Greater Bay Area into the global innovation and technology hub of Southern China.

In the 2016-17 fiscal year, Hong Kong Science and Technology Parks Corporation ("The Corporation" or "HKSTP"), at the forefront of Hong Kong's innovation and technology development, continued to strengthen its ecosystem through a string of strategic initiatives. This provided a solid and fertile ground for many companies in Hong Kong Science Park and the Corporation's ecosystem and made 2016-17 a year of growth and transformation.

HKSTP has developed a well-established ecosystem for helping technology companies achieve success. We saw increasing numbers of partnerships and collaborations formed between local and international technology companies in our ecosystem with the industry, academia and business community. Besides, the number of incubatees under our Incubation Programmes has increased around 12% from last year. The interactive innovation and technology community comprised of Science Park, InnoCentre and the three Industrial Estates provides end-to-end value-added support services to technopreneurs and technology companies of all sizes; while Science Park has been serving as the showcase of cutting-edge technologies from all around the world.

HONG KONG SCIENCE PARK

Complete with purpose-built facilities to support the evolving and growing R&D and commercialisation needs of technology companies, Hong Kong Science Park provides a living laboratory that the innovative minds of Hong Kong and the world can leverage to turn their game-changing ideas into marketable products.

Enlarged footprint

During the year, the final phase of Hong Kong Science Park's three-phase development was completed on time in April 2016. This turns Science Park into a world-class innovation and technology hub with a total floor area of 330,000 sqm of office and laboratory space in 21 office buildings on the 22-hectare picturesque waterfront site.

Having accomplished the three-phase development plan, with government funding support, Science Park broke ground again for further expansion in November 2016. At a projected cost of HK\$4.4 billion, two purpose-built office buildings of fourteen and fifteen storeys are to be added on a 1.18 hectare site west of Science Park Phase Three. A further floor area of 74,000 sqm, or 22% more office space, will come on stream when the development is completed in 2020.

Evolving thematic facilities

Science Park is optimising its facilities in support of the three key platforms identified by the Corporation, i.e. Smart City, Robotics and Healthy Ageing. The Corporation launched Robotics Garage in May 2016 and Data Studio in February 2017.

Robotics Garage is a dedicated "Makerspace and DIY fabrication destination" comprehensively equipped with software and equipment to let robotics entrepreneurs and enthusiasts build their prototypes and innovations.

Data Studio provides physical space and online platform where data owners and developers can co-create data applications. This collaborative platform is designed to accelerate the proof of concept technology development with data, promote business partnerships and contribute to Hong Kong's data-driven economy.

The new facilities complement the range of laboratories and other facilities that can be used flexibly and creatively to facilitate collaboration and interaction between innovative minds to fuel the growth of the innovation and technology ecosystem within and outside Science Park.

Strategic consolidation of laboratory services

To cater for the changing research needs of the companies in Science Park, HKSTP revamped its laboratory service during the year. The Corporation provides the following types of technical support services in the Park:

1) Biomedical Technology

1.1. Biomedical Technology Support Centre (BSC)

BSC offers state-of-the-art equipment and provides dedicated technical support to Park companies in the Biomedical Technology cluster. New equipment includes:

- Digital Polymerase Chain Reaction (PCR) System for rare mutation detection
- High Content Screening Imaging System for drug screening
- Bioreactor for mammalian and microbial cell culture

1.2. Healthcare Devices Innovation Hub (HDIH)

HDIH aims to provide small office and co-working space for device development from conception, prototype testing to clinical validation where appropriate in Hong Kong. Design and fitting out work of the Hub were started during the reporting period. It will be open to both local and overseas entities from universities to start-ups, companies from cross-disciplines (Information, Communication and Telecommunication, Electrical Engineering and Biomedical) and research institutes. There will be more than twenty small offices and over twenty floating desks in HDIH, which is scheduled to be launched in October 2017.

2) Engineering Laboratories

The Engineering Laboratories are accredited with required certifications and available to Park companies on time-sharing basis. The laboratories have full range of support from integrated circuit (“IC”) design tools to system-in-package packaging, analysis and testing for, and not limited to, electronics devices, media content processing, sensors enabled and Internet connected product R&D.

2.1. Probe and Test Development Centre (PTDC)

Probe and Test Development Centre (PTDC) supports IC testing development, wafer probing and final testing to return merchandise analysis. With the dedicated and professional PTDC engineering team and the state of the art Automated Test Equipment (ATE), PTDC is able to help IC design companies to verify their IC design as well as tune production yield by running pilot production.

2.2. Reliability Laboratory (RL)

The Reliability Laboratory is equipped with advanced test equipment to support product life simulation, environmental room simulation for semiconductor devices and electronic products. Experienced engineers provide reliability tests, reports and product qualification services for customers.

2.3. Integrated Circuits Failure Analysis Laboratory (ICFAL)

IC Failure Analysis Laboratory is equipped with advanced test equipment to support the product analysis for semiconductor devices and electronic products. To complete the product analysis capability, a 3D X-ray machine with CT was added for non-destructively looking inside products to help find and rectify problems.

2.4. 3D System in Package Laboratory

3D System-in-Package (SiP) Laboratory offers advance IC packaging R&D and small volume pilot production run to the industry. The Lab enables the industry to deliver SiP packaging with high level of silicon integration while maintain at a low cost.

INNOCENTRE

InnoCentre is Hong Kong’s creative hub converging companies engaged in creativity-driven businesses – from product design to brand promotion, digital marketing, films, augmented visual displays and inter-disciplinary design integrated with technology.

Convenient incubation hub launched

Lion Rock 72, a dedicated space under HKSTP’s Incubation Programmes for encouraging creativity and innovation, was opened in the centrally-located InnoCentre in October 2016. The 10,000 sq ft co-working space is fully equipped with creative work benches, meeting areas and design tools. It also provides comprehensive 24/7 support to budding innovators. It is designed to be a convenient location where young innovators in downtown universities can access and take advantage of the Corporation’s pre-incubation and soft landing supports, in preparation for becoming a fully-fledged technology company. Lion Rock 72 serves as another development hub for local start-ups besides Science Park.

Activities to support innovation

To cater for the growing needs for cross-disciplinary collaborations at InnoCentre, the Corporation improved facilities in the centre in 2016-17. Three sizable meeting rooms ideal for training workshops, brainstorming sessions and private meetings were added. The centre’s AV equipment was upgraded and exhibition space was revitalised for more efficient utilisation.

With collaboration as a key theme for the past year, InnoCentre saw an increasing number of biomedical technology forums and events, large-scale talent development forums, education workshops for the e-publishing sector, as well as a range of exhibitions and experience workshops for the design and creative industries. A total of 476 events were held during the year, drawing a total of nearly 42,000 visitors to InnoCentre.

INDUSTRIAL ESTATES

Our industrial estates in Tai Po, Tseung Kwan O and Yuen Long have been the base for large-scale and technology-driven industrial production in Hong Kong. During the year, in line with the push for re-industrialisation by the Government, HKSTP implemented a string of initiatives in Tseung Kwan O and Tai Po industrial estates to accelerate the development of advanced manufacturing in the city. The new model will enable the research and development results of Hong Kong's innovation ecosystem to be commercialised and industrialised locally.

Levelling up manufacturing capacities

During the year, the Corporation reviewed its industrial estates strategy to enhance supporting functions for advanced manufacturing and re-industrialisation in Hong Kong. A surrendered site in Tai Po Industrial Estate is being retrofitted as Precision Manufacturing Centre. A new leasing mode has been adopted for this centre to position it as an SME manufacturing base where research results from Science Park can be advanced to the small batch production or prototype manufacturing stage.

In Tseung Kwan O Industrial Estate, work to develop the Data Technology Hub and Advanced Manufacturing Centre with HK\$8.2 billion of government funding has also begun in 2016-17, in line with the Corporation's strategy of supporting advanced manufacturing.

VIBRANT PLATFORMS AND CLUSTERS

Encouraging progress was made in facilitating cross-pollination of innovative ideas across the five technology clusters in focus – Biomedical Technology, Electronics, Green Technology, Information and Communications Technology ("ICT"), Material and Precision Engineering. We leverage Hong Kong's long-established strengths in these five areas and facilitate their developers to turn their R&D achievements into much needed solutions under three major application platforms, namely Smart City, Healthy Ageing and Robotics. During the year, much effort was devoted to support the clusters and platforms so as to expand our ecosystem and realise economic and social benefits for Hong Kong.

SMART CITY

Hong Kong Science Park plays a pivotal role as a test bed and living laboratory to enable Hong Kong to realise the Smart City vision such as Smart Mobility, Smart Living, Smart Environment and Smart People through its world-class mobile infrastructure and connectivity. As at the end of March 2017, there was a total of 100 companies focusing on Smart City related technologies and capabilities in Science Park.

In partnership with The Chinese University of Hong Kong ("CUHK"), a Smart Region between Science Park and CUHK has been set up that serves as a "living lab" to support and pilot the application of innovative Smart City solutions using technologies from Science Park. The collaboration has been adopted by the consultancy study on the Smart City blueprint for Hong Kong.

Drawing in key players

Technologies in the area of ICT and Green Technology are key to the development of Smart City, and Science Park saw a stronger take-up in these technological clusters in 2016-17, with leading global market leaders in Smart City development setting up a base in Science Park. Among them, Hitachi, a market leader in Smart City solutions, moved in to Science Park in December 2016 and officially opened in March 2017. The company, known for its leading-edge smart transportation, energy storage, water treatment, healthcare, robotics technology, big data and cloud computing, will generate ample partnership opportunities with Park companies for Smart City development.

Notable initiatives

Since the official launch of Data Studio in February 2017, more than 190 developers had registered as platform users and the number of data streams reached nearly 300 in 2016-17. Data Studio provides a collaborative platform for data owners to publish their big data in Application Programming Interface ("API") format, enabling registered developers to create proof-of-concept applications with the ultimate goal of commercialising them. Moreover, we collaborated with Hong Kong Applied Science and Technology Research Institute Company Limited to set up the Smart City Innovation Centre and 5G testbed which aim to provide a needed environment for 5G application innovations; both of them were launched in July 2017.

A Bitcoin ATM was set up in Science Park in September 2016 and has been running successfully under the First@Science Park programme, designed to provide a real-life testing ground where partner companies can try out their technologies and get instant feedback and suggestions. Using blockchain technology, the initiative is intended to facilitate digital currency transactions to support FinTech in Smart City development. In November 2016, we joined force with Hong Kong Monetary Authority by signing a Memorandum of Understanding ("MoU") to promote FinTech in order to accelerate the smart city development.

CashAlgo Finance Group and HKSTP co-organised the second annual Inter-University Algo-Trading Contest in February 2017. Teams from thirteen universities in Hong Kong and Mainland China competed in simulated trading. Other than testing the Algo trading strategies designed and created by the contestants themselves, the event also helped identify talent and provided a platform to them to access real-life trading. As a co-organiser, the Corporation raised its profile in the world of security trading technology and opened up opportunities for similar collaborations with other stakeholders in the future.

Knowledge sharing

APAC Innovation Summit (“AIS”)-Sensors in August 2016 explored future trends of sensor development that could revolutionise healthcare, environmental safety and lifestyle convenience. The event was attended by 591 people and featured sixty business matching sessions, as well as mini exhibitions for six companies and seven First@Science Park projects. It created an opportunity for Park companies to explore collaboration with overseas sensor experts to upgrade their capabilities in the R&D of sensors.

AIS-Smart City in September 2016 featured smart city experts from around the world who discussed the global megatrend of smart city development and the latest innovations in creating a smart living environment. The conference was attended by over 1,000 people. More than 240 business matching sessions were organised and a mini exhibition was held for fourteen companies and First@Science Park projects.

Innovations launched

During the year, a number of innovations were launched by our Park companies to help accelerate smart city development. Under HKSTP’s support, the launches of the smart city innovations have generated business opportunities and a notable amount of news coverage which benefited the growth of Park companies and the development of their innovations. These innovations include:

- Hong Kong Intelligent Cognitive Assessment Platform (HK-iCap) developed by Cognix Limited
- Marlin, an app-based bone conduction headset developed by Platysens Limited to help swimmers during training
- A quick and budget-friendly genetic test for identifying the risk of diabetes onset for individuals, developed by GemVCare Limited
- Ampd Silo, the zero-pollution energy storage system developed by Ampd Energy Limited
- Portable smart remote and DIY smart switch under the Yoswit brand developed by Lincogn Technology Co. Limited

At the heart of Smart City development are data, connectivity and sensors. The three core elements power various technologies including artificial intelligence, FinTech, core enterprise system, new generation multimedia and IoT. The objective of smart city platform is to drive societal benefits, increase productivity, enhance business outcomes and even reduce risks.

HEALTHY AGEING

Supported by various kinds of technologies such as biomedical, Internet of Things (IoT), data analytics and electronic devices, the development of healthy ageing-related innovations within our ecosystem is encouraging. As at the end of March 2017, 65 biomedical technology companies and fifteen Incu-Bio companies had anchored their R&D hubs in Science Park.

High-profile newcomers

A strong line-up of world-class biomedical companies, in areas such as stem cell research, genome studies and drug development, joined the Science Park ecosystem during the year, notably:

- Stockholm-based leading medical university Karolinska Institutet set up its first overseas offshoot, the Ming Wai Lau Centre for Reparative Medicine, in Science Park. The centre was officially opened in October 2016.
- Guangzhou Institutes of Biomedicine and Health, under Mainland China’s research and development authority the Chinese Academy of Sciences, announced plans in December 2016 to set up the Guangzhou Hong Kong Stem Cell and Regenerative Medicine Research Centre in Science Park.
- Bio-pharmaceutical firm Arbele Limited established its base in Science Park in May 2016, and signed an MoU with China Stem Cell Clinical Applications Centre Limited, a subsidiary of China Regenerative Medicine International Limited, to jointly pursue CAR-T immunotherapy clinical trials on liver and other cancers.

The presence of Karolinska Institutet, Guangzhou Institutes of Biomedicine and Health and an array of young biomedical technology companies in Science Park accentuates Hong Kong’s unique advantage as a strategic biomedical research base in the “Belt and Road” context, where clinical trial results are readily accepted by the health authorities in the US, Europe and Mainland China.

Leading the regulatory discussion

Creating a regulatory environment conducive to biomedical studies in advanced cell therapies while safeguarding the interests of patients is key to making Hong Kong a biomedical innovation stronghold. The Corporation took an active role in leading positive dialogue for framing regulatory guidelines.

The Corporation steered a round-table discussion prior to the second Hong Kong and Guangzhou International Conference on Stem Cell & Regenerative Medicine on 16 December 2016. World stem cell experts from Mainland China, the United States, the United Kingdom, Europe and Australia joined Hong Kong biomedical experts in the discussion. After the meeting, they recommended the way forward for the regulatory environment in Hong Kong, referencing the regulatory structures in other countries.

Healthy ageing showcase

The Smart Living@Science Park exhibition area at Science Park was turned into an “Ageing in Place” showroom since March 2017. Within the 500 sq ft space converted into a demo flat, more than thirty types of technology developed by Park companies and industry partners are showcased to demonstrate how an elderly citizen can comfortably enjoy life in his/her own home supported by the technologies. The exhibition also serves to provoke discussions between elderly care institutions and technology developers about how to match ongoing R&D with healthy ageing needs and accelerate application development.

Progress achieved by Park companies

During the year, Park companies have made prominent progress on healthy ageing R&D. For instance, Maz World Limited has moved to Science Park to commercialise its revolutionary ostrich antibody technology for different markets around the world. Having this new member to join our ecosystem to further develop its innovative technology underscores Hong Kong’s status as a biotechnology hub.

Healthy Ageing aims to bring forth useful and safe technologies that would benefit elderlies and the general public by offering preventive care solutions beginning from home or elderly centres. These solutions integrate advance technologies from multiple disciplines from biosensors, IoT, ICT, genomics based diagnostics, nano engineering and even new vaccines to provide early detection or prevention of diseases, while maintaining the quality of life and esteem of every individual to live life to the fullest.

ROBOTICS

New initiatives in the clusters of Electronics and Material Precision and Engineering, especially nano-fabrication and advanced materials, continue to drive robotics development. The advancement of artificial intelligence, cognitive research, deep learning and human-centred machine learning are accelerating the development of robotics technologies which in turn herald more innovative solutions that can better serve human needs.

Having a network of Park companies involved in different disciplines and different stages of research and development, as well as a diverse range of visionary partners in our three Industrial Estates, the Corporation is in a unique position to connect start-ups, technology companies and industrialists to accelerate collaborative result-driven innovative efforts. This approach enables Hong Kong to effectively reap the benefits of innovation and enjoy economic results. During the year, the Robotics Platform team facilitated over twenty collaboration projects involving stakeholders from construction, logistics, food processing and digital printing industries.

Strategic additions

In partnership with Park company Arrow Electronics Inc., Arrow Open Lab was launched in Science Park in June 2016 to provide free use of advanced electronic lab equipment and facilities and, more importantly, consultation services to support technology companies with their R&D efforts. Arrow Electronics Inc. has also become a partner instrumental to incubating SMEs involved in robotics development and a key partner for Science Park’s Robotics Garage.

In early January 2017, Mainland China’s leading AI company Xiaoi opened its Hong Kong subsidiary in Science Park. The company intends to leverage Hong Kong’s multi-cultural environment to facilitate deeper learning in order to enhance the sophistication of the Xiaoi Bot. The presence of this AI pioneer in Science Park is expected to stimulate adoption of AI in local businesses and enhance human-machine interaction, as well as the development of chatbot and other related applications in the ecosystem.

Facilitating interaction

The Corporation continued to play an active role in bringing together stakeholders through different events and platforms to stimulate interaction and collaboration on the Robotics platform.

In June 2016, the Corporation facilitated the signing of an MoU between EPSRC UK Robotics and Autonomous Systems Network (UK-RAS) and the Robotics Alliance of Hong Kong. The partnership will promote knowledge exchange, facilitate proof-of-concept projects and spearhead joint R&D projects.

Robotics Garage helps create and foster a “maker community”. It was frequented by Park companies and developers from the ecosystem during the year since its inauguration in May 2016. The garage, fitted with advanced equipment such as a high-powered laser cutter, 3D printers, milling machine and more, is open to students, hobbyists as well as start-ups and Park companies to build their prototypes and innovations. Robotics Garage has enabled a number of cross-industry collaborative projects since its inception.

Various forums focusing on robotics or related technologies were held in 2016-17:

- AIS-Robotics in June 2016 was attended by more than 900 people. In the forum, 36 global speakers discussed trends and insights on robotics from their research and examined the implications of artificial intelligence to the future of robotics application.
- Robocon 2016 held in June was joined by eleven teams from local universities and institutions. The “Power Shuttle” from CUHK won the contest which was designed to cultivate young people’s interest and curiosity in making use of electronic, mechanical, automation and information technologies to create intelligent robotics.
- AIS-Advanced Materials and Printed Electronics Conference in November 2016 attracted more than 260 attendees to explore topics such as printed electronics applications with advanced materials, smart packaging, printed battery, printed memory, printed sensors and flexible displays, as well as the latest market trends, industry drivers and development of printed electronics devices.

Propelling industry adoption

HKSTP endeavoured to steer successful cases of automation and robotics application during the year, especially for those solutions that could support “3D” (Dangerous, Dull, Dirty) tasks in the society.

Construction: An automatic welding robot has been developed to simplify the process and tackle the difficulties for onsite welding, make it easier for workers to complete the task within a shorter period of time.

Factory Automation: Vogue Laundry Service Limited, our partner company from Yuen Long Industrial Estate has adopted a robotics solution with the agility for towel folding and sterilising. It helps to re-direct the workforce to other non-tedious tasks.

Logistics: Smart Warehouse Solution developed by RV Automation Technology Company Limited is able to automate the logistics flow for material handling in a warehouse. It works together with a warehouse management system to optimise warehousing efficiency.

Artificial intelligence, which is supported by deep learning and autonomous actuation, would be the core cluster technology to enable the application of Robotics. The future’s Robotics solution will perform four basic tasks namely “Sense, Analysis, Decide and React” through analysing the data collected from sensors and cognitive deep learning; different kinds of human-machine interaction as well as machine-machine interaction will thus be generated.

EFFECTIVE INCUBATION

Grooming promising start-ups is a key strategy to keep our ecosystem growing. The Corporation has been operating effective Incubation Programmes to support start-ups and help them turn their innovative ideas into commercially viable products.

EXTENSIVE GUIDANCE AND SUPPORT

The Incubation Programmes comprise Incu-App, Incu-Tech and Incu-Bio, tailored for start-ups in the fields of technology, web and mobile technology and biotechnology. Through the programmes, the Corporation offers incubatees access to office space and facilities, technical and management assistance, promotion and development assistance, and business support and financial aid packages. Coaching in all aspects, from business knowledge sharing to funding sourcing and commercialisation of R&D results, is designed to help incubatees make their business a success. As at end of March 2017, there were 267 start-ups in the Incubation Programmes. Since the introduction of the programmes in 1992, the Corporation has incubated 470 start-ups with more than 70% of them still in business.

FROM PRE-INCUBATION TO ACCELERATION

To strengthen the incubation strategy, pre-incubation for budding technology talent and acceleration programmes for exceptional incubatees have also been put in place during the year.

Pre-incubation

Launched in October 2016, LionRock 72 is a co-working space that serves to support the incubatees, and lets aspiring technology talent access the Corporation’s full range of pre-incubation and soft-landing business support services in a downtown location. It is designed to encourage young talent still in universities to gather and stay on the Corporation’s radar on the road to becoming a start-up business.

Joint Incubation

The Joint Incubation programme, also inaugurated in October 2016 in conjunction with three local universities, namely Hong Kong Baptist University, City University of Hong Kong and The Hong Kong Polytechnic University, identifies high-potential projects on campus and admits them into the Corporation's Incubation Programmes to access the Corporation's and the universities' R&D premises and value-added services to speed up their technology research.

TechnoPreneur Partnership Programme (TPP)

TPP pools the academia of the six local universities, accelerators and key players in the start-up community to share their collective knowledge and market insights with start-ups. TPP offers investment support services, access to Soft Landing Centre and laboratory facilities, coaching and training, promotion and community outreach and business development, paving the way for start-ups to qualify for the Corporation's Incubation Programmes. During the year, HKSTP provided not only venue support to events co-organised with our TPP partners, we also worked together in a hackathon event, an exhibition at the Hong Kong Convention and Exhibition Centre and the "Career Expo at Science Park 2016". As well, our TPP partners have helped us reach out to a much wider group of entrepreneurs, encouraging them to join our various technology start-up supporting events, services and competitions.

Leading Enterprises Acceleration Programme (LEAP@HK)

High-potential Park companies and incubatee graduates that have viable innovative technology ready for market or show potential to develop regionally or globally can apply to join LEAP@HK. The Corporation and industry experts in various fields provide tailor-made support on business and corporate development, as well as a greater degree of assistance in managing their growth, financing and governance. In 2016-17, one intake of eight acceleratees were admitted to the programme, bringing the accumulative total of acceleratees in the programme to 22 since its inauguration in 2014.

SOURCING FUNDING

The Corporation is instrumental in connecting start-ups with investors and funding channels through a range of formulated programmes and special events. In 2016-17, the Corporation strengthened the start-up investment ecosystem through growing the angel investment community and developing closer collaboration with various institutional investors. These efforts expanded the investment pipelines for the companies in Science Park. The amount of capital raised by incubatees and graduates in 2016-17 was more than HK\$332 million for 22 cases.

Corporate Venture Fund (CVF)

Launched in July 2015, CVF provides seed to Series A funding to high-potential start-ups to take their ideas to the next stage of development. The co-investment mode of CVF serves to attract angel investors and venture capitalists to invest in start-ups that have received initial CVF funding from the Corporation, as it is perceived as a vote of confidence in their technology. In 2016-17, the number of engaged companies since the fund's inception increased to 74, from 55 in the previous year. Five deals were approved up to date while the others were in different stages of the approval process.

Elevator World Tour™

The first Asia stop of global start-up event Elevator World Tour™ was brought to Hong Kong for the first time in 2016 by the Corporation in partnership with organiser STARTUPFEST. In the event, 100 start-ups pitched individually to a panel of investors and experts within a sixty-second ride up the elevator of Hong Kong's tallest building International Commercial Centre to vie for the top prize of investment funding worth up to US\$120,000. Business matching sessions were also organised during the event to help start-ups connect with potential investors. The event received over 300 applications. The participants were from Hong Kong and other places including Mainland China, Taiwan, the United States, Canada and France.

Angel Investment Group

In November 2016, the Corporation announced angel investment partnerships with three leading investment organisations in Mainland China – Hong Kong Chamber of Commerce in China, Beijing P.A. Fortune Investment Management Co. Ltd. and Innovation Angel Funds. The partners will present more financing and opportunities to support start-ups. The three partners set aside HK\$50 million for investment, giving priority to projects recommended by the Corporation. Other than funding, the recommended start-ups also receive joint incubation support, one-on-one mentorship as well as business and investment matching.

VALUE-ADDED SERVICES

As the statutory body tasked to drive Hong Kong's innovation and technology development, the Corporation continues to refine a comprehensive range of value-added services for partner companies, incubatees and other stakeholders of the ecosystem. The services provide market intelligence, expand funding channels, offer a test bed and showcase for technologies developed by the ecosystem, and facilitate networking platforms for business development by leveraging the synergy of the ecosystem.

MARKET INTELLIGENCE

Making good use of the Corporation's local and global connections, information knowledge sharing forums are staged regularly featuring a stellar cast of authoritative speakers, academia, decision makers and thought leaders keen to impart their professional insights. Discussion topics are carefully chosen to provide global industry updates on the key technology platforms and clusters championed by the Corporation.

APAC Innovation Summit (AIS)

AIS 2016 cast the spotlight on:

- Internet of Things, in April 2016,
- Robotics, in June 2016,
- Sensors, in August 2016,
- Smart City, in September 2016, and
- Advanced materials and printed electronics, in November 2016.

In 2016-17, the events drew a total attendance of more than 4,000 local and overseas executives as well as support from 130 renowned speakers and more than 100 partners from universities, R&D centres, media agencies and industry associations.

Stem Cell and Regenerative Medicine Conference

The conference progressed to the second edition in December 2016. Co-hosted by the Corporation and Guangzhou Institute of Biomedicine and Health, the event brought together the world's leading experts on stem cell to explore how Hong Kong's regulatory landscape and wide acceptance of Hong Kong's clinical trial data can be leveraged to accelerate biomedical R&D projects. The 2016 event was attended by over 300 participants from Hong Kong, Mainland China and overseas.

EXPAND FUNDING CHANNELS

Connecting partner companies and incubatees with investors and funding channels is a key manifestation of the Corporation's role as a super-connector. Business matching and networking gatherings with investors are arranged in all possible settings to maximise the opportunities for technology companies to access different funding channels. The Corporation has also formed various partnerships to channel investment into the ecosystem.

Angel Investment Matching

The Hong Kong Business Angel Network (HKBAN) was formed in 2010. Through collaborating with HKBAN, the Corporation organises Investment Matching Gatherings where entrepreneurs from partner companies present their business plans to over eighty selected angel investors. A total of twelve gatherings were held in 2016-17.

Science Park Venture Partnership Programme

Science Park Venture Partnership Programme connects Science Park companies ready to pitch for investment with some of the world's top venture capital firms. Programme partners include renowned venture capital firms and corporate ventures. Up to end of March 2017, there were over fifty active investor partners under the programme.

Technologies from Science Park

Through the Technologies from Science Park programme, the Corporation arranges business sharing, product demonstration sessions and one-on-one business matching between companies at Science Park and enterprises. Since launching this programme in March 2015, HKSTP has built partnerships with nineteen leading business entities in Hong Kong. They have met with 200 technology companies from Science Park to identify locally-grown solutions to enhance all aspects of business efficiency.

These programmes complement Corporate Venture Fund, TechnoPreneur Partnership Programme and business matching sessions organised in conjunction with industry conferences and events designed to connect partner companies and incubatees with potential investors and commercialisation partners.

TESTBED AND SHOWCASES

One of the key benefits of conducting R&D at Science Park, which has a working population of over 13,000 people as at the end of March 2017, is the opportunity to test innovative ideas and concepts in a controlled real-life setting and showcase them in the city's innovation and technology hub.

Three "Living Labs" were initiated in Science Park in 2016-17:

- Robotics Garage, opened in May 2016 for enabling robotics R&D, was used by fifty Park companies and facilitated more than 200 projects up to end of March 2017.
- Smart Living@Science Park, launched in December 2015, staged exhibitions of different themes showcasing practical home applications of technologies developed by partner companies and incubatees. The exhibition attracted more than 34,000 visitors in Phase One and Phase Two, and various exhibits were selected for larger scale exhibitions such as InnoTech Expo and Global Sources Mobile Electronics Show.
- Data Studio drew 190 registered developers and close to 300 data streams since it was launched.

The First@Science Park programme lets Park companies use Science Park as a live testing ground to get instant feedback and suggestions for their latest concepts. During the year, 35 cases were completed, among them were notable technologies such as the Bitcoin Machine, wireless charging table, Automatic Retinal Image Analyser, crowd-tracking solution and WIZOR X-Spatial 4D Magic Sound.

BUSINESS DEVELOPMENT

The Corporation creates opportunities for partner companies, incubatees, academia, business owners, investors and other stakeholders to mingle and network, through local industry engagement initiatives such as Technologies from Science Park and IndustryConnect@Science Park, and Park's networking platforms such as TecONE and SPARK. The Corporation also leads delegations to major innovation and technology trade shows in Hong Kong or overseas for local companies to gain wider visibility.

Local connections

IndustryConnect@Science Park facilitates technological and industrial collaboration among partner companies, incubatees and relevant industries. In 2016-17, we organised seventeen sessions joined by 654 members from 31 trade and industry associations and 126 partner companies and incubatees. Through these activities, 123 potential collaborations were generated and six technology solutions were adopted by various industries.

Science Park's one-stop service centre TecONE connects partner companies with all of the Corporation's resources. In 2016-17, over 8,200 visitors made use of TecOne facilities and services.

Science Park's community members scheme SPARK builds a dynamic community through recreational activities, seminars and other networking opportunities. During the reporting period, SPARK engaged its more than 6,600 members in a wide range of relationship building activities and services.

Exposure in high-profile trade shows

In 2016-17, the Corporation led delegations of partner companies and incubatees to join a range of important trade shows, including:

- Mobile World Congress 2017 in February, in which eleven Park companies joined the Hong Kong Pavilion co-organised for the first time by the Corporation, Hong Kong Trade Development Council and InvestHK. Six participants gained promising business opportunities and leads from the event.

- CES® in January 2017 in the United States, joined by eight partner companies and nine incubatees, who collectively received close to 1,000 serious business enquiries and more than twenty media interviews. Three companies also won Innovation Awards in the show.

Mainland collaboration

During the year, HKSTP collaborated closely with various national industrialisation bases and partners in Mainland China to facilitate the innovation and technology development in Hong Kong. We partnered with Hong Kong University of Science and Technology to organise a business matching session for our partner companies and incubatees to establish connection with Yingli Green Energy Holding Company Limited, one of the world's leading solar panel manufacturers. Besides, we supported the growth of technopreneurs by collaborating with incubators from Mainland China, which included being one of the co-organisers of the Qianhai Shenzhen-Hong Kong Innovative Start-Ups Competition.

The Corporation also leveraged the extensive network of its partners in Mainland China to accelerate the business development of technology companies. During the year, we had built connections for over sixty projects with our Mainland China partners, including Beijing Institute of Collaborative Innovation and Midea Group Co., Ltd.

International collaboration

During the reporting period, eighteen international companies from eleven countries moved into Science Park. Also, fifty international delegations from over twenty countries visited HKSTP over the year. Through these visits, we conducted high-level dialogue with relevant government representatives, created visibility in the international arena and built connections to generate more collaboration opportunities with other countries. Besides, in May 2016, we entered into strategic partnership with Medical Valley EMN from Germany, Hong Kong Biotechnology Organization and Hong Kong Medical & Healthcare Device Industries Association Limited to enhance cross-country collaboration in the biomedical industry.

ENGAGEMENT AND OUTREACH

The Corporation is committed to engaging the community to communicate the economic significance and the social benefits of building a strong innovation and technology ecosystem. An extensive programme for grooming aspiring STEM (Science, Technology, Engineering and Mathematics) talent and reaching out to the community was implemented in 2016-17.

BUILD STEM TALENT POOL

Growing a sustainable talent supply for the innovation and technology sector was a key objective for the Corporation in 2016-17. This was accomplished through promoting employment opportunities and presenting local and overseas internship opportunities to young talent.

To gauge the manpower needs of the innovation and technology sector, the Corporation keeps track of high-value R&D projects among partner companies and incubatees. As at the end of March 2017, among the total working population of over 13,000 people in Science Park, nearly 8,500 R&D personnel are developing technologies across our five technology clusters.

The Career Expo at Science Park held in February 2017 pooled around 1,000 job opportunities in the innovation and technology field. The jobs, offered by over 100 local and overseas companies, were open to fresh university graduates or people with less than ten years of work experience. Expo visitors also learnt from Incubation Programmes graduates about how to embark on entrepreneurship, and had the opportunity to join a “CEO Shadowing Programme”, through which they could observe and learn from C-level executives over three days. In conjunction with Career Expo, the Talent Pool website was launched in February 2017. The website features additional functionality to let job seekers explore all career opportunities at Science Park on an ongoing basis.

The Corporation has achieved great success with Vibrant Science Academy (VSA) and Science Explorer. The programmes are designed to instil interest in STEM subjects in young people through fun games, workshops and experiments, with a total attendance of close to 50,000 during the reporting period. A survey of more than 1,400 interviewees, who were mainly parents of children joined STEM-themed events under the VSA platform, indicated that over 98% of respondents ranked STEM knowledge as important and were positive about taking STEM subjects in school.

During the year, the Corporation also took part in various programmes to groom STEM interest in young people. Such activities included:

- A half-day programme for teaching staff at Youth College on 6 January 2017, attended by 140 people;
- Co-organising ROBOFEST Hong Kong 2017, a robot competition for school students, with Robot Institute of Hong Kong in February 2017. The event attracted 540 participants;
- A half-day professional development programme for teachers about guiding extra-curricular activities on innovation and technology. The event was organised by Hong Kong Extra-curricular Activities Masters’ Association on 16 March 2017 and was attended by fifty people;
- Partnering Hong Kong University of Science and Technology and The Institute of Electrical and Electronics Engineers to host the “IEEE Electronic Endeavour Match” training day on 18 March 2017. The event was attended by twenty people.

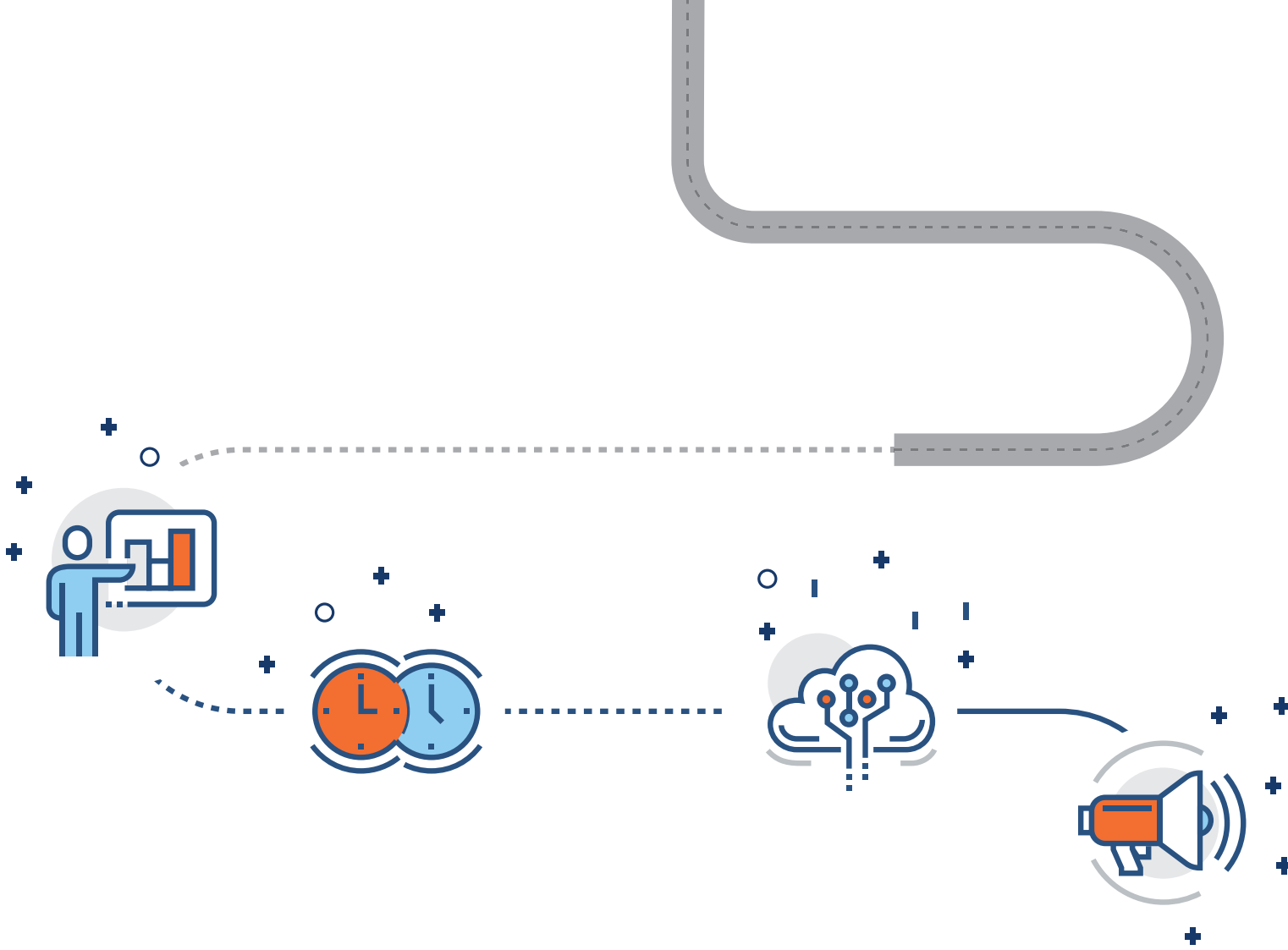
Internship programmes

The Corporation actively works with partner companies and incubatees to provide internship opportunities for university students. It has been a win-win arrangement for employers and students as companies gain fresh thinking from young talent and identify technology talent at an early stage, while students gain valuable exposure in a real work environment.

As at the end of March 2017, a total of 285 internships were arranged with partner companies and incubatees. Overseas internship opportunities were also explored with universities in the US, Australia and Sweden, while 115 internship places were arranged with eleven Mainland China companies.

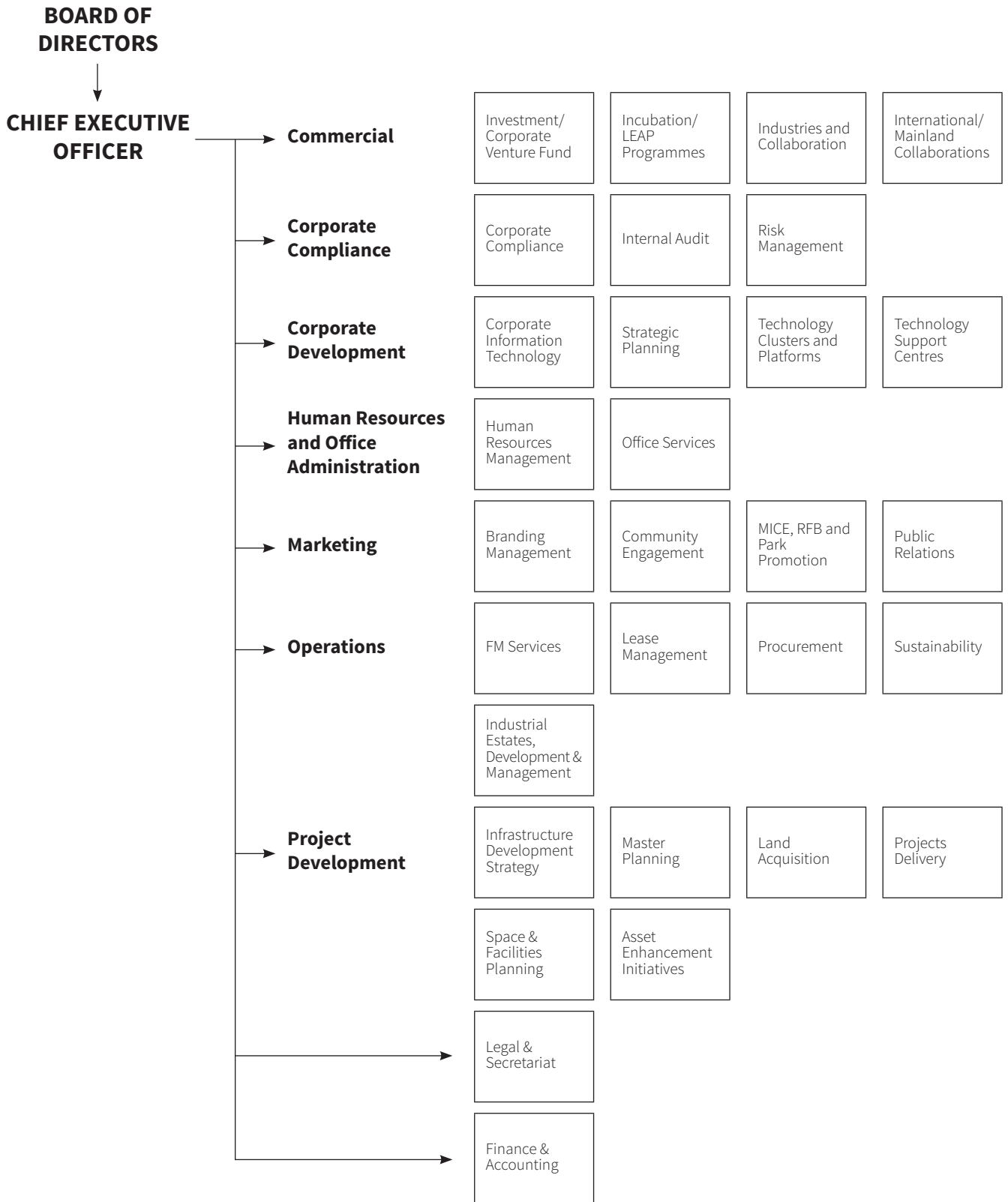
COMMUNITY ENGAGEMENT

“City Challenge – Bridge to a Smarter City” held in 2016 achieved the dual purpose of grooming STEM talent and inspiring the community with the ideals of bettering the city we live in through innovation and technology. More than 520 teams from Primary, Intermediate and Open Groups, with participants aged from 6 to 76, submitted more than 3,400 entries presenting their novel ideas for tackling one of five smart city challenges – transportation, energy management, waste management, public services digitisation and smart home living. Participants in the Intermediate and Open Groups were offered a series of training courses on product design, application development and fabrication skills with mentorship from technology professionals. Extensive support from more than fifty corporate partners and the public sector ensured the City Challenge achieved the goal of inspiring Hong Kong citizens to utilise their creativity to work towards Hong Kong’s smart city transformation.



THE CORPORATION

CORPORATE STRUCTURE



Remarks:

- Investment/Corporate Venture Fund and Incubation/LEAP Programmes will be grouped under Corporate Development with effect from July 2017

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Yuen Long Industrial Estate
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Tseung Kwan O Industrial Estate
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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, GBM, GBS, JP

MEMBER
HKSAR EXECUTIVE COUNCIL

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, a Special Advisor to the China-US Exchange Foundation, a HK advisor of China Development Bank, and an advisor of Hong Kong X-Tech Startup Platform. Mrs. Law is also an External Director of China Resources (Holdings) Co. Ltd. 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 the HKSAR 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

PERMANENT SECRETARY FOR INNOVATION AND TECHNOLOGY*
INNOVATION AND TECHNOLOGY BUREAU

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 A1 in 2017.

Mr. Cheuk is a veteran civil servant and has served in various bureau and departments. He was the 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 the Director of Administration and Development in the Department of Justice.

* Appointed on an ex-officio basis.

DR. SUNNY CHAI NGAI CHIU

MANAGING DIRECTOR
FOOK TIN GROUP HOLDINGS LIMITED

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:

1. Board Chairman of Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies
2. Chairman of Federation of Hong Kong Industries, Group 25 (HKITIC)
3. Consultative & Advisory Panel Member of Hong Kong Internet Registration Corporation Ltd
4. Member of Copyright Tribunal
5. Member of Enterprise Support Scheme (ESS) Assessment Panel
6. Member of Professional Services Advancement Support Scheme (PASS)
7. Member of Advisory Committee on Review of the Patent System
8. Chairman of Departmental Advisory Committee of Industrial and Systems Engineering Department (PolyU)
9. Member of Departmental Advisory Committee of Systems Engineering and Engineering Management Department (CityU)
10. Member of Outward Bound Hong Kong

MR. OWEN CHAN (RESIGNED WITH EFFECT FROM 4 MAY 2017)

CHAIRMAN & CEO
CISCO GREATER CHINA

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. RAYMOND CHENG SIU HONG

GROUP GENERAL MANAGER & CHIEF OPERATING OFFICER, ASIA PACIFIC
THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED

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 Electronic Data Processing (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. In addition, he is the Independent Manager on School Board for Shun Tak Fraternal Association Yung Yau College.

MS. CORDELIA CHUNG (APPOINTED ON 1 JULY 2017)

MANAGING DIRECTOR
LIXIL CORPORATION

Cordelia Chung is Managing Director of LIXIL Corporation responsible for its corporate strategy in Asia. LIXIL is a global leader in building materials and home solutions.

Prior to LIXIL, Ms Chung held a wide range of senior leadership roles in her 24 years with IBM including Regional General Manager for IBM ASEAN, General Manager for IBM China/Hong Kong Ltd, and as chief legal counsel across Asia. She was among the first Asian executives to serve on IBM Chairman's Strategy Committee, setting strategic directions for IBM globally.

Ms Chung devotes significant time for public service. She is trustee of Singapore University of Technology and Design; member of HK Government's Research Grants Council, Personal Data (Privacy) Advisory Committee and member of China Dalian CPCC. She also served as council member of HK Polytechnic University, Court member of HK University of Science and Technology, and on HK Government's Digital 21 Strategy Advisory Committee.

MR. KENT HO CHING TAK (APPOINTED ON 1 JULY 2017)

FOUNDER AND MANAGING PARTNER
SPECTRUM 28

EXECUTIVE DIRECTOR
SING TAO NEWS CORPORATION LIMITED

Kent Ho is a veteran Silicon Valley investor and innovation advocate. He has co-founded two VC firms, most recently Spectrum 28, which invests in early-stage companies that leverage data to transform industries. Kent is an investor in unicorns such as Palantir, Evernote, Coupang, JD.com and Zoom. Based between Silicon Valley and Hong Kong, Kent is the youngest person ever to be conferred the title of Honorary Trustee by Peking University. He is also a member of the Hong Kong Trade Development Council's Innovation and Technology Advisory Committee. He holds an MBA from Stanford Graduate School of Business and a BA in Economics from Duke University.

MISS NISA LEUNG WING-YU, JP (RETIRED ON 30 JUNE 2017)

MANAGING PARTNER
QIMING VENTURE PARTNERS

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 210 companies.

Nisa currently sits on the board of Gan & Lee Pharmaceutical, Zai Laboratories, Novast Pharmaceuticals, Nurotron, Venus MedTech, Goodwill Information Technology, dMed, LIH Rehabilitation, CanSino Biotechnology and Berry Genomics. She also oversees Qiming's investments in Acea Biosciences, Aeonmed Medical, Alltech Medical, CITIC Pharmaceuticals (acquired by Shanghai Pharmaceutical HKSE: 02607), Crown Bioscience (GTSM: 6554), Origene Technologies (acquired by VCAN Bio SHSE: 600645), Richen, VR Medical, Wuxi Leiming, Chain Medical Labs, Suzhou Qiagen and New Horizon Bio.

Nisa 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, member of Committee on Innovation, Technology and Re-industrialisation, advisor of Our Hong Kong Foundation, 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
LEGISLATIVE COUNCIL MEMBER

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

MANAGING DIRECTOR
MABELLE JEWELLERY CO. LTD

Mr. Theodore Ma is a Managing Director of MaBelle Jewellery Co. Ltd leading its overseas and online retailing business. Operating across 22 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 1,200 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 200 startups have been featured and collectively raised over HK\$640M 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 Director of the Stanford Club of Hong Kong, Advisor of Our Hong Kong Foundation, Member of the HKTDC Jewellery Advisory Committee, Member of the Admission Panel of LEAP@HK Programme of the HKSTPC, and Member of the Careers Advisory Board of The University of Hong Kong.

DR. KIM MAK KIN WAH, BBS, JP (APPOINTED ON 1 JULY 2017)

PRESIDENT
CARITAS INSTITUTE OF HIGHER EDUCATION AND CARITAS BIANCHI COLLEGE OF CAREERS

Kim is currently President of Caritas Institute of Higher Education and Caritas Bianchi College of Careers, leading the mission towards establishing St. Francis University. Kim holds the degrees of Ph.D. and M.Phil. from Cambridge University, MBA from City University London, and Bachelor of Engineering (1st Class Honours) from University of Western Australia. Kim also holds the professional qualifications of Chartered Engineer, Member of the Institution of Civil Engineers, and Member of the Institute of Marine Engineering, Science & Technology.

Kim won the Director of the Year Awards of the Institute of Directors in two consecutive years. He has a combination of success in establishing strategies and business models for corporations and NGOs, working with government, legislators and the media, and leading major projects in Europe, Australia, Hong Kong and Mainland China.

Active in community services, Kim has been awarded the Bronze Bauhinia Star, and is a Justice of Peace.

MR. JOSEPH NGAI

SENIOR PARTNER AND MANAGING PARTNER, GREATER CHINA
MCKINSEY & COMPANY

Joe Ngai is currently a Senior Partner and the Managing Partner of McKinsey Greater China. He serves many of the region's leading banks, insurers and conglomerates on business transformation and digitalization. He is the co-author of two editions of "Life Insurance in Asia", and frequently speaks on financial, management, youth and social enterprise topics.

Joe serves on various Government advisory committees, including the Financial Services Development Council, the Hong Kong Scholarship for Excellence Scheme, and the Financial Infrastructure Sub-Committee of the Hong Kong Monetary Authority.

He is passionate about community service. He is currently the Chairman of DiamondCab, an award-winning social enterprise focusing on barrier-free taxi services, Director of Diocesan Boys' School Foundation, Regional Association President of Phillips Exeter Academy, and previously, President of Harvard Business School Association of Hong Kong.

Joe grew up in Hong Kong, where he studied at Diocesan Boys' School. He received his AB, JD and MBA from Harvard University.

PROFESSOR SHYY WEI

EXECUTIVE VICE-PRESIDENT AND PROVOST
THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY

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 University Grants Committee (Hong Kong) and Board of Governors of Technion – Israel Institute of Technology.

MR. RICHARD SUN PO YUEN, JP, CERTIFIED PUBLIC ACCOUNTANT

PARTNER
PRICEWATERHOUSECOOPERS

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, JP (RETIRED ON 30 JUNE 2017)

PROVOST AND DEPUTY VICE-CHANCELLOR
THE UNIVERSITY OF HONG KONG

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

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

Professor Tam has received numerous awards including the British Association of Pediatric Surgery Prize, the Honorary Fellow of the American Surgical Association, and has been awarded the 2017 Denis Browne Gold Medal – the highest award of the British Association of Paediatric Surgeons at the 64th BAPS Congress/IPEG Meeting which was held in London in July 2017.

Professor Tsui Lap Chee, GBM, GBS, JP
FOUNDING PRESIDENT
THE ACADEMY OF SCIENCES OF HONG KONG

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 and Master of the Residential College of International Campus, 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
GENERAL MANAGER, CONSTRUCTION DEPARTMENT
HENDERSON LAND DEVELOPMENT COMPANY LIMITED

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 III, 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 (RETIRED ON 30 JUNE 2017)
CHOH-MING LI PROFESSOR OF INFORMATION ENGINEERING
THE CHINESE UNIVERSITY OF HONG KONG

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 (RETIRED ON 30 JUNE 2017)

ASSISTANT GENERAL COUNSEL
CORPORATE, EXTERNAL AND LEGAL AFFAIRS
MICROSOFT HONG KONG LIMITED

Ms. Winnie Yeung, Director of Corporate, External and Legal 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 philanthropy initiatives. 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 Board of Governors of Junior Achievement, Hong Kong.

PROFESSOR ALBERT YU CHEUNG-HOI, JP (RETIRED ON 30 JUNE 2017)

CHAIRMAN
HAI KANG LIFE CORPORATION LIMITED

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

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

MEMBERS OF THE BOARD OF DIRECTORS

(During the financial year and up to the date of this report)

Name	First appointed in July for a term of 2 years	Re-appointed in July for a term of 2 years	Further re-appointed in July for a term of 2 years
Chairperson			
The Honourable Mrs. Fanny LAW FAN Chiu Fun, GBM, GBS, JP	2014*	2016	
Members			
Mr. CHEUK Wing Hing, JP [^] <i>(Permanent Secretary for Innovation and Technology) (with Commissioner for Innovation and Technology, Deputy Commissioner for Innovation and Technology or Assistant Commissioner for Innovation and Technology as alternate member)</i>	–	–	–
Dr. Sunny CHAI Ngai Chiu	2014	2016	
Mr. Owen CHAN Sze Wai <i>(resigned with effect from 4 May 2017)</i>	2014	2016	
Mr. Raymond CHENG Siu Hong	2013	2015	2017
Ms. Cordelia CHUNG	2017		
Mr. Kent HO Ching Tak	2017		
Miss Nisa LEUNG Wing Yu, JP <i>(retired on 30 June 2017)</i>	2011	2013	2015
Ir Dr. Honourable LO Wai Kwok, SBS, MH, JP, CEng, FHKIE, FIET, FIMechE, FHKEng, RPE	2012	2014	2016
Mr. Theodore MA Heng	2014	2016	
Dr. Kim MAK Kin Wah, BBS, JP	2017		
Mr. Joseph NGAI	2016		
Professor SHYY Wei	2012	2014	2016
Mr. Richard SUN Po Yuen, JP, Certified Public Accountant	2012	2014	2016
Professor Paul TAM Kwong Hang, JP <i>(retired on 30 June 2017)</i>	2011	2013	2015
Professor TSUI Lap Chee, GBM, GBS, JP	2014	2016	
Mr. Billy WONG Wing Hoo, BBS, JP, FICE, FHKIE, FIHT, FHKIHT, RPE	2012	2014	2016
Professor WONG Wing Shing <i>(retired on 30 June 2017)</i>	2015		
Ms. Winnie YEUNG Cheung Wah <i>(retired on 30 June 2017)</i>	2011	2013	2015
Professor Albert YU Cheung Hoi, JP <i>(retired on 30 June 2017)</i>	2011	2013	2015

Remarks:

* Prior to commencement of chairpersonship in July 2014, Mrs. Fanny Law was appointed as a director for the period from 1 July 2013 to 30 June 2014.

[^] The public officer was appointed by the Financial Secretary of the Government of the Hong Kong Special Administrative Region on an ex-officio basis with effect from 20 November 2015.

BOARD COMMITTEES

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE (BDAC)

The Honourable Mrs. Fanny Law Fan Chiu Fun, GBM, GBS, JP (Chairperson)
Professor Shyy Wei (Vice-Chairman)
Dr. Sunny Chai Ngai Chiu
Mr. Owen Chan Sze Wai
Ir Dr. Honourable Lo Wai Kwok, SBS, MH, JP
Mr. Theodore Ma Heng
Mr. Joseph Ngai
Mr. Billy Wong Wing Hoo, BBS, JP
Professor Wong Wing Shing
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, GBM, GBS, JP
Mr. Theodore Ma Heng
Professor Tsui Lap Chee, GBM, GBS, JP
Mr. Cheuk Wing Hing, JP

PROJECTS AND FACILITIES COMMITTEE (PFC)

Mr. Billy Wong Wing Hoo, BBS, JP (Chairman)
Professor Paul Tam Kwong Hang, JP (Vice-Chairman)
Ir Dr. Honourable Lo Wai Kwok, SBS, MH, 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, GBM, 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. Owen Chan Sze Wai resigned from BDAC with effect from 4 May 2017.
Miss Nisa Leung Wing Yu retired from AC on 30 June 2017.
Mr. Theodore Ma Heng retired from BDAC on 14 August 2017.
Professor Paul Tam Kwong Hang retired from PFC on 30 June 2017.
Professor Wong Wing Shing retired from BDAC on 30 June 2017.
Professor Albert Yu Cheung Hoi retired from BDAC and PFC on 30 June 2017.

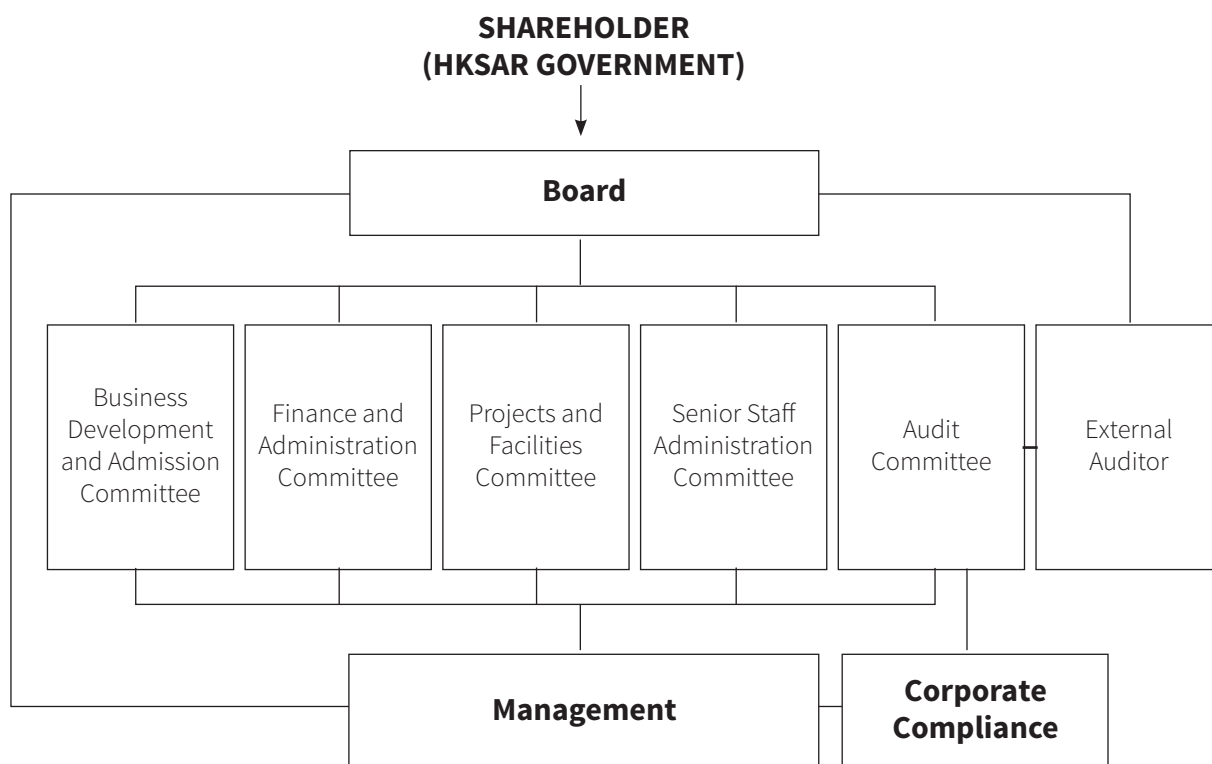
Updates with effect from 15 August 2017:
Ms. Cordelia Chung and Dr. Kim Mak Kin Wah joined BDAC and PFC.
Mr. Kent Ho Ching Tak joined FAC.
Mr. Theodore Ma Heng joined AC.

CORPORATE GOVERNANCE REPORT

Our Corporation is a statutory body incorporated under the Hong Kong Science and Technology Parks Corporation Ordinance (the “HKSTP Ordinance”). We strive to attain and maintain high standards of corporate governance best suited to the needs and interests of the Corporation and its subsidiaries and conduct our business according to

prudent commercial principles. The Corporation has made reference to the Corporate Governance Code and Corporate Governance Report contained in Appendix 14 (“CG Code”) to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the “Listing Rules”) in so far as they are applicable in achieving the purposes as set out in the HKSTP Ordinance. We believe transparency, accountability, fairness and ethics are the foundation on which we build trust and work with all our stakeholders for the benefits of Hong Kong.

CORPORATE GOVERNANCE STRUCTURE



THE BOARD

The Board is the governing body of the Corporation. It is responsible for formulating overall strategic directions and policies of the Corporation and overseeing management of the business.

As at 31 March 2017, the Board comprised 17 Non-Executive Directors including the Chairperson and 16 Board Members. The Chairperson is appointed by the Chief Executive of the HKSAR Government, and the Board Members are appointed by the Financial Secretary. All Board Members are appointed without honorarium, generally for a term of two-year and subject to re-appointment upon expiry of their terms. Each Board Member has a duty to act in good faith in the best interests of the Corporation. Members are aware of their collective and individual responsibilities to the HKSAR Government, being the sole shareholder of the Corporation, for the manner in which affairs of the Corporation are managed, controlled and operated.

BOARD COMPOSITION

Board Members come from varied but relevant backgrounds with a wide range of skills, experiences and expertise, originating from academia, industry, finance, investment, trading, property, legal and management consulting. One of our Board Members, the Permanent Secretary for Innovation and Technology, is a public officer. Biographical details of the Board Members are set out in the section headed “The Board” on pages 19 to 25 of the Annual Report.

CHAIRPERSON AND CHIEF EXECUTIVE OFFICER

The roles and responsibilities of the Chairperson of the Board and the Chief Executive Officer of the Corporation (“CEO”) are distinct and separate, enhancing independence and accountability.

The non-executive Chairperson is responsible for leading the Board to formulate overall strategic directions and policies of the Corporation. While encouraging Board Members to make full and effective contribution to the discussions at Board Meetings, she leads and facilitates the exchange of views on issues among Board Members in an effective manner.

The CEO is appointed by the Board as a remunerated full-time employee of the Corporation, and is responsible for leading Management and staff of the Corporation in day-to-day operations and implementing strategies as determined by the Board.

INDUCTION PROGRAMME

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

Board Members are also provided with a Director’s Manual which consists of constitutional documents of the Corporation and its committees, key guidelines and major programmes documents of the Corporation. 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 the best interests of the Corporation.

KEEPING MEMBERS UP TO DATE

To keep abreast of the development of innovation and technology and to refresh knowledge and skills, Board Members attended a talk on “Application of Technology for Healthy Ageing” during the Board Planning Day, as well as other events and programmes arranged by the Corporation, such as the APAC Innovation Summit 2016 Series – IoT, Sensor, Robotics, Smart Cities and Angel X Angel, from time to time.

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 Company 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 HKSTP Ordinance under which the Corporation was incorporated 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 of the Corporation.

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 Board Planning Day) times during the year with an average attendance rate of 78%.

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 as representatives of the sole shareholder of the Corporation, and the Chairmen of the Board Committees, as well as meeting regularly with the CEO and senior management to review strategic issues, business plans and future development.

COMPANY SECRETARY AND 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 the CEO. The Company Secretary is accountable to the Board for ensuring that the Board procedures are followed and Board activities are efficiently and effectively conducted. To this end, the Company Secretary facilitates the Board and Management to adhere to Board processes as updated from time to time, and the provision of sufficient information to the Board by Management. In addition, procedures are in place to enable Directors to seek independent professional advice at the Corporation's expense on matters relating to their roles and responsibilities.

RESPONSIBILITY FOR ACCOUNTS

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

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. Recommendations and decisions made by the Committees are reported to the Board on a regular basis.

Attendance records of each individual member of the Board of Directors are shown on page 32 of this Report.

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE

The Business Development and Admission Committee ("BDAC"), chaired by Mrs. Fanny Law, 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.

FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee ("FAC"), chaired by Mr. Raymond Cheng, 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 key performance indicators 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. Additionally, it advises the Board on human resources, procurement and IT policies.

PROJECTS AND FACILITIES COMMITTEE

The Projects and Facilities Committee ("PFC"), chaired by Mr. Billy Wong, 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.

AUDIT COMMITTEE

The Audit Committee (“AC”), chaired by Mr. Richard Sun, 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 2016, 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.

SENIOR STAFF ADMINISTRATION COMMITTEE

The Senior Staff Administration Committee (“SSAC”), chaired by Mrs. Fanny Law, 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.

TASK FORCE FOR SPECIFIC PROJECTS

Task Forces are set up on a need basis to handle specific projects. Experts in the related industries would be appointed as co-opted members to provide valuable experience and expertise to the Task Forces.

The Task Force for SPX1 and IE2.0 Projects, chaired by Mr. Billy Wong, was established in July 2016 to steer the development of SPX1 and IE2.0 Projects, oversees and advises on the design, procurement, construction, site safety, cost control and facilities management of these capital projects and make recommendations to the PFC for consideration and approval.

COMMITTEES MONITORED BY THE FAC

The FAC monitored the Investment Committee and the Call Option Committee. Meetings of these committees are held on a need basis. The Investment Committee, chaired by the CEO, approves Corporate Venture Fund (“CVF”) investment and divestment decisions and oversees the operations of the CVF whereas the Call Option Committee, chaired by the CEO, decides on all matters relating to call option terms and exits. During the year, no meeting had been held but the Call Option Committee approved matters via paper circulation.

MEETING PROCEDURES

The Board and Committees convene meetings on a regular basis, with special meetings held as and when necessary. The HKSTP Ordinance provides that at a meeting of the Board, all questions shall be decided by a majority of votes of the Members present.

Management circulates agenda and papers seven days prior to meetings in general. Board or Committee papers are not issued to Members who have conflict of interest.

The Company Secretary records 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 meeting attendance of Board Members for the financial year from 1 April 2016 to 31 March 2017 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	6/6	5/5	-	-	7/7
Permanent Secretary for Innovation and Technology [#] or his alternates		6/6	6/6	5/5	5/5	3/3	7/7
Dr. Sunny CHAI Ngai Chiu		5/6	3/6	-	-	1/3	-
Mr. Owen CHAN Sze Wai (Retired from PFC on 19 July 2016 and joined BDAC on 20 July 2016)		2/6	0/5	-	0/2	-	-
Mr. Raymond CHENG Siu Hong		5/6	-	5/5	-	3/3	6/7
Mr. David FONG Man Hung (Retired from 30 June 2016)		1/1	-	-	0/1	-	-
Miss Nisa LEUNG Wing Yu		5/6	-	-	-	3/3	-
Ir Dr. Hon. LO Wai Kwok (Joined PFC on 20 July 2016)		5/6	4/6	-	2/3	-	-
Mr. Theodore MA Heng		3/6	6/6	4/5	-	-	-
Mr. Joseph NGAI (Appointed on 1 July 2016)		5/5	3/5	-	-	-	-
Professor SHYY Wei		2/6	5/6	-	-	-	-
Mr. Richard SUN Po Yuen		5/6	-	3/5	-	3/3	7/7
Professor Paul TAM Kwong Hang		6/6	-	-	4/5	-	-
Professor TSUI Lap Chee		5/6	-	5/5	-	-	-
Mr. Billy WONG Wing Hoo		6/6	5/6	-	5/5	-	6/7
Professor Wong Wing Shing (Retired from FAC on 19 July 2016)		4/6	3/6	1/2	-	-	-
Ms. Winnie YEUNG Cheung Wah (Retired from BDAC on 19 July 2016)		4/6	1/1	-	-	-	-
Professor Albert YU Cheung Hoi		5/6	5/6	-	4/5	-	-
Average Attendance Rate		78%	72%	88%	77%	87%	94%

Remark:

All the Committee meetings including BDAC, FAC, PFC, AC and SSAC, except for the SSAC meetings held on 23 June 2016, 15 and 16 July 2016, were attended by the alternates of Permanent Secretary for Innovation and Technology on his behalf.

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. It covers issues such as prevention of bribery, conflict of interest, acceptance of gifts and advantages, handling of confidential information and preservation of secrecy, 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 November 2016.

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 Whistleblowing Policy whereby employees and external parties may raise concerns, in strict confidence, about possible improprieties in financial reporting or other matters. Information on this policy can be found on the Corporation's website.

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 Organizations of the Treadway Commission) framework as recommended by the Hong Kong Institute of Certified Public Accountants. The COSO framework comprises five main components: control environment, risk assessment, control activities, information and communication, and monitoring. The review is designed to assess the risks associated with the key processes and the effectiveness of the controls in mitigating those identified risks. Independent verification of the effectiveness of controls is performed by the corporate compliance function.

Risk management is an integral component of the Corporation's corporate governance. In 2016/17, we have established a risk management framework. Details of the risk management framework, the key risks and the key mitigations are described in the Risk Management Report on pages 37 to 38.

During 2016/17, the Board, through the Audit Committee, has conducted a review and assessment of the effectiveness of the risk management and internal control systems of the Corporation and was satisfied with the effectiveness of the Corporation in managing risks based on the risk management report and the result of internal control review.

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

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. 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.

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 HK\$460,908 for the year ended 31 March 2017. Auditor's remuneration in respect of non-audit services provided to the Corporation was HK\$9,000 for the year ended 31 March 2017.

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 2017 to further enhance operational efficiency while maintaining appropriate control.

CORPORATE GOVERNANCE PRACTICES

Section 7 of the Hong Kong Science and Technology Parks Corporation Ordinance provides that the Corporation shall conduct its business according to prudent commercial principles. Although the Corporation is not required to comply with the CG Code, we have made reference to it and voluntarily complied with the code provisions in so far as they are applicable in conducting our business and achieving the purposes as set out in HKSTP Ordinance, except those which are set out in table below.

Code provision		Reason for deviation and corresponding measure
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	All directors of the Corporation are appointed by the Chief Executive/Financial Secretary of the HKSAR Government who are elite in their fields of profession and possess adequate and updated knowledge and skills. The Corporation also invited all directors to events and programmes which enriched their knowledge to updated innovation and technology developments to facilitate the discharge of their Director's duties. Please refer to the paragraph "Keeping Members Up to Date" on page 29 of this Report for details of events participated by the directors during 2016/17.
l(i)	To provide transparency, the issuers must include the following information for the accounting period covered by the annual report and significant subsequent events for the period up to the date of publication of the annual report, to the extent possible: how each director, by name, complied with A.6.5	
A.7.1	For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).	For board meetings held during 2016/17, 11% of the total number of approval papers was dispatched less than 3 days before the meetings which mainly include papers that were strictly confidential in nature. Management would abide by the timeliness of paper distribution as far as applicable to provide the Board with reasonable time to review papers in advance of 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 28 of the Report of the Directors and Financial Statements.

The attendance of Directors at meetings is reported on page 32 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 media interviews, press conferences 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 establishment of digital communication, we continue to enrich our Facebook page content and expanded our YouTube video content to facilitate engagement with 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 20% and number of views on YouTube increased 161% 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 ninth 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 65 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 UN70 Peace and Sustainable Development Youth Programme that displayed creative ideas from students on how the community can work in a more collaborative manner to strive for sustainable development and harmony, Hong Kong Youth Science and Technology Innovation Competition 2016/2017 held by Hong Kong New Generation Cultural Association Science Innovation Centre in developing adolescents' innovative ideas for applying their science knowledge in creating inventions, FabLearn Conference Hong Kong 2016 organised by STEM Initiative Hong Kong Limited, to promote STEM education in grooming the next generation of innovation and technology talents in Hong Kong as well as World Robotics Olympiad 2016 Hong Kong Robot Challenge organised by Hong Kong Robotics Technology and Education Association to develop their creativity, design and problem solving skills through challenging and educational robot competitions and activities.

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.

SUSTAINABLE DEVELOPMENT

HKSTP published its third Sustainability Report in December 2016, covering our aspirations and progress in the areas of environment, health and safety, employee welfare and community engagement. Produced in accordance with both the Hong Kong Exchanges and Clearing Limited (HKEx) “ESG Reporting Guide” and the Global Reporting Initiative “GRI-G4 Guideline”, the report content was verified by an external assurance agency.

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 minimize potential health, safety and environmental incidents, and to mitigate their consequences. Day-to-day implementation is coordinated by SHE Sub-Working Groups which focus on general and laboratory SHE matters 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. In all, SHE orientation and awareness training delivered to HKSTP staff amounted to 1.196 person-hours during 2016-17, with zero staff injuries reported throughout the whole year.

INTERNATIONAL MANAGEMENT STANDARDS

HKSTP maintained the third-party certification of its six ISO management systems during 2016/17, with zero non-conformities raised:

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

The quality and environmental management systems were both upgraded to meet the latest standards issued by ISO and, with occupational health & safety, were also streamlined into an integrated system to reduce documentation and auditing requirements by almost 30%.

SUSTAINABILITY HIGHLIGHTS FOR 2016/17

HKSTP became a signatory to the Environment Bureau’s Energy Saving Buildings (“eSB”) programme in June 2016 and continued its participation in other waste reduction and OH&S charters. Key achievements during 2016/17 included:

- a 1.56 GWh (2.9%) reduction in facilities energy use in Science Park Phase 1 and 2 buildings, through the introduction of numerous energy efficiency improvements;
- 20,633m³ of condensate and rainwater recycled for site irrigation and cleansing;
- over 23 tonnes of food waste from Science Park F&B outlets diverted from landfill, and recycled into animal feed;
- a 20% reduction in office paper (from 16 to 13 A4 sheets per person on average), through various IT workflow enhancements and digital signatures;
- “Excellent” indoor air quality (“IAQ”) certification achieved by all thirteen Phase 1 & 2 buildings submitted for assessment;
- zero OH&S injuries to HKSTP staff, and an average one first-aid case per month affecting FMO staff and contractors (unchanged from the previous year);
- a 62% decrease in injury reports (from 21 to 8 cases) affecting Partner Companies and visitors in common/public areas at Science Park and InnoCentre;
- zero reportable injuries associated with the Science Park expansion (“SPX1”) project, with independent safety audits completed each month;
- zero laboratory related injuries reported, with annual inspections of 73 tenant/incubatee laboratories showing an overall decrease in SHE observations;
- full compliance with HKSTP’s Food Safety & Hygiene programme by Science Park and InnoCentre food & beverage outlets;
- twelve incubatees and incubation graduates joining the Hong Kong Quality Start-up Recognition Scheme under HKSTP’s partnership with HKQAA.

AWARDS AND RECOGNITION

HKSTP initiatives towards quality and sustainability were recognized through attainment of the Grand Award in the Hong Kong Non-Residential (New Building) category of the Quality Building Award (“QBA”) 2016 for Science Park Phase 3ab. Designed, constructed and managed to continue the success of the Park’s thriving technology ecosystem, Phase 3ab scored favourably across all metrics in “Vision and Teamwork”, “Design and Innovation”, “Construction”, “Project Cost & Budget”, “Post-Occupancy Considerations” and “Environmental Considerations”. The Grand Award is the highest recognition for nominations in each of the six award categories.

RISK MANAGEMENT REPORT

Successful management of existing and emerging risks is critical to the long-term success of our Corporation. In order to achieve our strategic objectives and leverage the potential for success, risk must be accepted to a reasonable degree. Risk management is therefore an integral component of our Corporation's corporate governance.

In 2016/17, we have established a risk management framework. Our risk governance framework is set out below.

RISK GOVERNANCE FRAMEWORK

Strategic Direction and Risk Appetite

The Management, with oversight by the Board, determines the strategic direction of the Corporation and agrees the nature and extent of the risks it is willing to take to achieve its strategic objectives.

Management is responsible for ensuring that the risk management system is effective. Having determined and communicated the appropriate level of risk for the business, the Management has established and maintains a risk management system to identify, assess, manage and monitor risks which could threaten the existence of the Corporation or have a significant impact on the achievement of its strategic objectives. This risk management system includes a risk management policy and procedures which helps to reinforce the tone set from the top on risk, by instilling an appropriate risk culture in the Corporation whereby employees are expected to be risk aware, control minded and "do the right thing". Each risk has been assigned to a responsible staff and the CEO acts as the overall risk sponsor to ensure that there is clarity of responsibility.

The Management reports to the Audit Committee on the overall risk position of the Corporation, on the individual risks and their management, and on the performance and effectiveness of the risk management system as a whole on a bi-annual basis.

Risk Management Process

The Management applies a consistent risk methodology across all key areas of the business. This is underpinned by a risk and control register which reinforces visibility of risks, controls and actions and accountability of ownership. The process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of the business units. The risk register is reviewed by senior management at least on a quarterly basis.

Effectiveness of Risk Management System

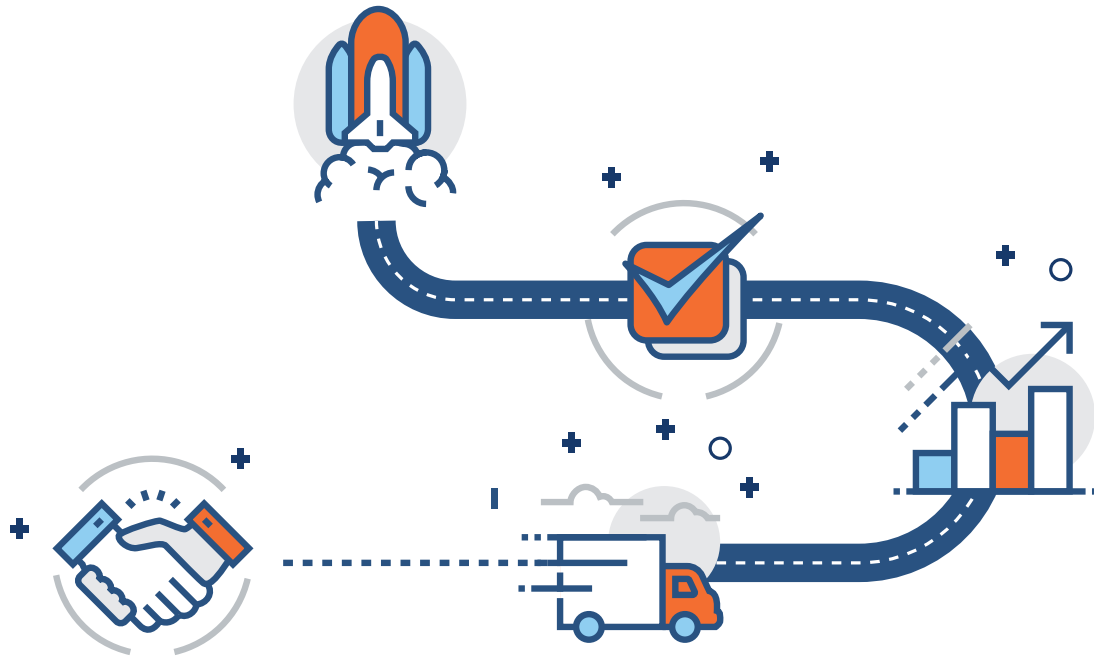
The Management reports to the Audit Committee on a bi-annual basis on the performance and effectiveness of the risk management system. Additionally, the Audit Committee receives assurance from Corporate Compliance Division that the risk management system has functioned effectively. For the year ended 31 March 2017, the Audit Committee, with delegated authority from the Board, evaluated the effectiveness and adequacy of the risk management system and concluded that it was effective and adequate.

PRINCIPAL RISKS

There are some principal risks which are inherent to the Corporation. For these inherent risks we have controls, processes and procedures in place as a matter of course which serve to mitigate each risk to either minimise the likelihood of the event occurring and/or minimise the impact if it does occur. The risks listed below are the principal risks of various types to which we are exposed and are not exhaustive. They will necessarily evolve over time due to the dynamic nature of our business.

Key Risks	Description	Key Mitigations
Strategic Risk	The risk of being not able to strengthen Hong Kong's position as the hub for innovation and technology	<ul style="list-style-type: none"> Proactively engage different levels of government to solicit support in government policy, market adoption, education and training, investment, etc. Proactively collect and analyse information on high-tech industry development to develop strategy and action plans for our major technology clusters and platforms Proactively identify collaboration projects with various stakeholders in the Big Bay Area to create synergies
Financial Risk	The risk of not being able to achieve financial self-sustainability with the current business model	<ul style="list-style-type: none"> Undertake a comprehensive review on HKSTP's existing business model on a regular basis Implement stringent control on expenditure

Key Risks	Description	Key Mitigations
Safety, Health and Environmental (SHE) Risk	The risk of not being able to prevent health and safety hazards and protect our environment	<ul style="list-style-type: none"> • Maintain the third-party certification of occupational, safety and health (OHSAS 18001), environmental management (ISO 14001) and HKSTP's laboratories quality management (ISO 9001) to help us systematically to identify, evaluate and manage SHE risks • SHE policies and procedures and compliance audits are in place for our tenants, staff members, contractors, visitors and laboratory users • Implement SHE risk control evaluation for laboratory tenants and conduct annual laboratory walkthrough and safety inspection to all tenant laboratories • Monitor food hygiene standards at our food and beverage outlets
Information Security Risk	Inadequate processes and procedures leading to security breaches and loss or leakage of critical data	<ul style="list-style-type: none"> • Procedures and measures are in place to prevent security breaches • Constantly on the alert of new cyber threats and take immediate measures to address them • Conduct mandatory information security awareness training for staff members to raise their awareness of common security breach tactics and safe computing practices on a regular basis • Appoint professional security consultants to assess system vulnerability and implement solution to address any security issues
Operational Risk	Inadequate or failed internal processes which pose a material impact to the reputation and operation of HKSTP	<ul style="list-style-type: none"> • Policies and procedures and monitoring programmes are in place to address various operational and fraud risks • Compliance audits are conducted
Reputational Risk	Negative publicity due to allegations/negative articles in the press	<ul style="list-style-type: none"> • Maintain a close relationship with the press and the media • Communicate honestly and effectively with the public when handling negative publicity • Continue to review and improve the issue/crisis communication
Legal and Regulatory Risk	Serious loss resulting from breach of or non-compliance with applicable laws, regulations or contractual obligations	<ul style="list-style-type: none"> • Legal advice sought on business activities and new initiatives • Monitoring programmes are in place • Compliance audits are conducted



FINANCIAL PERFORMANCE

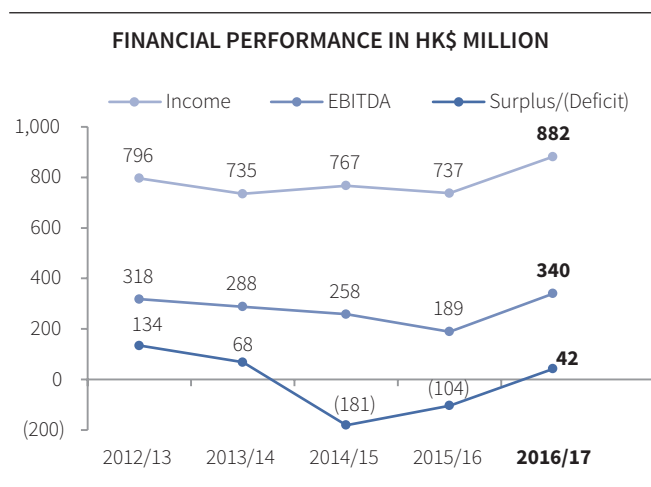
FINANCIAL REVIEW

FINANCIAL SUMMARY

In HK\$' million	2016/17	2015/16	%
Income	882	737	19.7%
Operating expenses	(542)	(548)	(1.1%)
Operating surplus before interest and depreciation (EBITDA)	340	189	79.9%
Net interest income/(expense)	16	(10)	(260.0%)
Depreciation (net of deferred income)	(314)	(283)	11.0%
Result for the year	42	(104)	(140.4%)

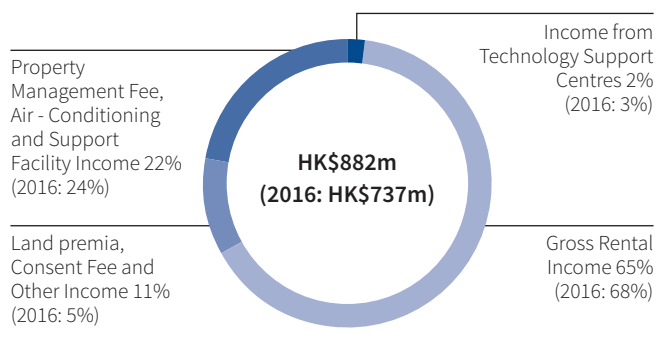
OVERVIEW

HKSTP and its subsidiaries (the "Group") reported an operating surplus before interest and depreciation (EBITDA) of \$340 million and the result for the year of \$42 million, compared to EBITDA of \$189 million and result of \$-104 million last year.



INCOME

INCOME BY SOURCE (FOR THE YEAR ENDED 31 MARCH 2017)



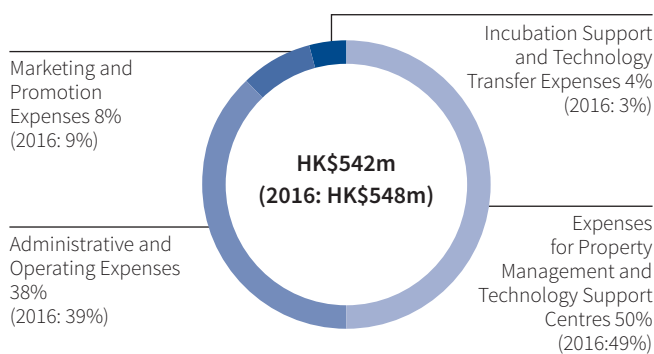
Total income increased by \$145 million or 19.7% to \$882 million in 2016/17 mainly due to higher gross rental income and higher Industrial Estates income.

Gross rental income grew by \$73 million or 14.7% to \$572 million mainly attributed to higher occupancy from Science Park Phase 3.

Industrial Estates land premia, consent fee and other income increased by \$61 million or 188% to \$94 million mainly due to one-off consent fee.

OPERATING EXPENSES

OPERATING EXPENSES BY CATEGORY (FOR THE YEAR ENDED 31 MARCH 2017)



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 decreased by 1.1% to \$542 million in 2016/17.

DEPRECIATION

Depreciation (net of deferred income) increased by 10.7% to \$314 million, mainly due to readiness of remaining Science Park Phase 3 buildings.

FINANCIAL POSITION

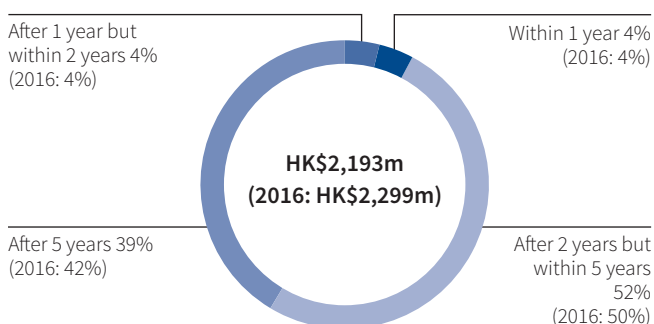
Fixed assets amounted to \$9,670 million, which accounted for 47.8% of total assets. During the year, the Group received Government capital injection for Stage 1 of the Science Park Expansion Programme, a Data Technology Hub and an Advanced Manufacturing Centre amounting to \$9,476 million. As at 31 March 2017, cash, bank balances and deposits amounted to \$10,475 million, which made up of 51.8% of total assets.

CASH FLOW

Net cash flow from operating activities amounted to \$370 million for the year, mainly attributable to the EBITDA generated.

FINANCING

LOAN MATURITY PROFILE AS AT 31 MARCH 2017



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 \$106 million to \$487 million mainly due to repayment during the year.

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.

OUTLOOK

To provide further capacity to sustain the vibrant growth of the innovation and technology ecosystem in Hong Kong, HKSTP has embarked on Science Park expansion project during the year. The new towers are expected to provide 22% more or around 74,000 sqm additional office space when completed in 2020.

In January 2017, HKSAR Government announced the plan to develop the Lok Ma Chau Loop into a "Hong Kong - Shenzhen Innovation and Technology Park". It will be an important infrastructure which will shape the future of Hong Kong's innovation and technology development and ensure its sustained economic growth. HKSTP would set up a wholly-owned subsidiary company which will be vested with the responsibility to build the superstructure of the Park, as well as to operate, maintain and manage the same.

HKSTP is committed to continuously driving the development of the innovation and technology ecosystem and maintain financial sustainability of the organisation.

FIVE-YEAR FINANCIAL AND OPERATIONAL SUMMARY

(In HK\$' million)	2016/17	2015/16	2014/15	2013/14	2012/13
Comprehensive Income					
Income	882	737	767	735	796
Operating expenses	(542)	(548)	(509)	(447)	(478)
Operating surplus before interest and depreciation	340	189	258	288	318
Net interest income/(expense)	16	(10)	16	8	27
Depreciation (net of deferred income)	(314)	(283)	(455)	(228)	(211)
Result for the year	42	(104)	(181)	68	134
Financial Position					
Non-current assets	11,519	9,685	9,156	8,803	7,492
Current assets	8,695	1,081	2,189	1,069	2,305
Current liabilities	(853)	(753)	(1,056)	(937)	(769)
Net current assets	7,842	328	1,133	132	1,536
Total assets less current liabilities	19,361	10,013	10,289	8,935	9,028
Non-current liabilities	(4,046)	(4,217)	(4,389)	(2,853)	(3,015)
Net assets	15,315	5,796	5,900	6,082	6,013
Share capital	15,211	5,734	5,734	5,734	5,734
Reserves	104	62	166	348	279
Total equity	15,315	5,796	5,900	6,082	6,013
Key operation statistics as at year end					
Number of tenant companies	381	360	416	384	382
Number of incubatees	267	238	173	142	127
	648	598	589	526	509
Number of Industrial Estate grantees	165	165	167	170	171
Occupancy rates:					
Science Park	79.1%[^]#	86.5% [^]	81.0% [^]	95.6%	96.0%
InnoCentre	72.4%	90.7%	92.6%	96.6%	94.3%
Industrial Estates	93.0%	95.0%	96.2%	96.4%	97.7%

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

[#] Including the next two buildings of Science Park Phase 3 which opened in September 2016



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