



Hong Kong Science and Technology Parks Corporation

2022-2023 Annual Report



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INNOVATION STARTS HERE

President Xi Jinping's visit to Hong Kong Science Park (Science Park) in 2022 was a tremendous encouragement for the innovation and technology (I&T) community, fuelling momentum and significantly boosting the city's ongoing development and goals in I&T.

Hong Kong Science and Technology Parks Corporation (HKSTP) has been steadfast in its mission to transform Hong Kong into a leading international I&T hub. What began as a vision has blossomed into a vibrant community of over 19,000 individuals in Science Park and InnoCentre, including more than 13,000 research and development professionals (R&D) across over 1,300¹ tech companies*.

HKSTP has been the place to be for local and overseas tech enterprises, talents and investors to join our thriving and flourishing I&T ecosystem for two decades. We continue to be that compelling catalyst, fostering an environment where breaking new ground is possible and encouraged. Our incubation and acceleration programmes empower startups and tech ventures to turn ideas into realities by strengthening their innovation cycles from research to commercialisation.

This year saw HKSTP park companies attracting HK\$8.2 billion in funding. The fund size of HKSTP Venture Fund (rebranded from Corporate Venture Fund) has reached HK\$600 million in the same funding round. Every HK\$1 invested by HKSTP has drawn a private investment of HK\$32 to support startups at different stages. With HKSTP injecting an additional HK\$400 million into the HKSTP Venture Fund, the total fund size is poised to increase to \$1 billion. With over HK\$80 billion in total funds secured by park companies since 2018-2019, global confidence in our companies continues to rise.

At HKSTP, people power innovation. We nurtured talent through new interactive formats, from training, workshops to onsite matching.

As we look ahead, HKSTP is committed to advancing Hong Kong's I&T landscape in collaboration with local, Mainland China and overseas industry partners, academic institutions, and the Government. Bolstered by the 2023-24 Budget and the Hong Kong Innovation and Technology Development Blueprint, we will drive growth in strategic sectors like microelectronics and new energy vehicles. Through "Innofactoring Tomorrow", we will enable advanced manufacturing technologies to help innovators realise their vision of products "Innovated, Designed and Made in Hong Kong".

Innofactoring will be key for driving diversified economic growth and nurturing local talent. By empowering the development of advanced manufacturing capabilities, we can create exciting new career opportunities for our youth in emerging technologies and equip the next generation with future-ready skills.

We also focus on promoting Hong Kong's strengths worldwide, enticing exceptional talent, and cementing our status as an international I&T hub. We have exciting plans to embark on global outreach, facilitate strategic partnerships, and showcase how Hong Kong is an ideal destination for research, innovation, and investment.

Sustainability is central to our mission. As the first statutory body to commit net-zero emissions based on Science Based Targets initiative (SBTi) net-zero standard by 2045, HKSTP is pioneering a vibrant green tech ecosystem to position Hong Kong as an international green tech and finance hub for a greener world.

At HKSTP, the future is now. Together with our community of innovators and partners worldwide, we are writing the next chapter in Hong Kong's journey to becoming a global technology powerhouse. By cultivating an environment where tech ventures can thrive, we realise innovation's limitless potential.

¹ The figure includes Science Park, InnoCentre and InnoParks.
*Figures as of 31 March 2023 unless otherwise stated.

ACHIEVEMENT AT A GLANCE

- Over 1,300 technology companies¹
- Over 19,000 working population²
- Over 13,000 R&D practitioners³
- 22 countries/regions of origin for Science Park companies
- 5 home-grown unicorns supported
- 6 overseas unicorns supported
- 12 park company IPO cases
- 4.34 million square feet of lab & office space
- Over 500,000 utilised lab hours
- Over 970 incubatees graduated since inception of Incubation Programmes
- Over 80% of graduated incubatees still in business
- Over 930 startups supported
- HK\$8.2 billion of funding raised by Park companies
- Over 300 private and public sector partnerships
- Over 15,500 Science Park SPARK members

¹ The figure includes companies in Science Park, InnoCentre, and InnoParks

² The figure includes the working population in Science Park and InnoCentre

³ The figure includes the R&D practitioners in Science Park and InnoCentre

Achievements during 2022-23 unless otherwise stated.

PROPELLING SUCCESS

INCUBATION AND ACCELERATION

Fuelling tech ventures at every stage of the innovation journey

HKSTP's incubation and acceleration programmes empower innovators to translate ideas into impact. By providing comprehensive support, including but not limited to funding, infrastructure, mentoring, network and skills development training, we enable startups at all stages to bridge the gap from concept to commercialisation.

A record-breaking number of graduates

HKSTP operates the Ideation, Incubation and Incu-bio Programmes, for companies incorporated in Hong Kong for less than 2 years, within 5 years and biomedical companies incorporated less than 2 years respectively. The Programmes provide supports including mentoring, networking and funding up to HK\$6 million.

In financial year 2022-23, 298 companies from 21 economies graduated from the Ideation, Incubation and Incu-bio 2022-23 Programmes. The cohort included 189 graduates from the Ideation Programme, 105 from the Incubation Programme, and four from the Incu-Bio Programme. The graduates represented diverse tech ventures from economies such as Hong Kong, Mainland China, Canada, India, Italy, Korea, the US, and the UK, covering biotech, electronics, green tech, and ICT sectors. In this financial year, HKSTP also witnessed a record-high conversion rate of 61% of graduate entrepreneurs from incubation programmes into HKSTP park companies.

Boosting Acceleration Programme

With a funding size of HK\$285 million, HKSTP's Acceleration Programme has consistently experienced growth, building upon the rapid growth of the previous year. In financial year 2022-23, 12 companies participated in the programme. They have achieved remarkable results, with a total valuation growth of over 25% and an additional 60% increase in investment funds compared to the previous year. Moreover, more than 25 portfolio companies have demonstrated significant revenue growth. The programme, which carefully selects high-potential startups and SMEs, has greatly enhanced participants' capabilities in generating innovative ideas, commercializing their offerings, and scaling globally. With the support of over 70 corporate partners and 200 industry mentors on fundraising, business development and more, participants have successfully expanded their presence to more than 20 markets, including Mainland China, the United States, the United Kingdom, Australia, and Southeast Asia.

Co-incubating with Saltagen Ventures and Avnet

At HKSTP, we are cultivating the next generation startups through strategic alliances with global innovation leaders.

In November 2022, HKSTP formed a strategic co-incubation partnership with Canadian venture capital (VC) firm Saltagen Ventures to identify and support promising international startups expanding in Hong Kong, the Greater Bay Area, and beyond. Focusing on biotech and deep-tech areas, the collaboration with Saltagen Ventures offers startups a structured platform for guidance, resources, and funding opportunities, enabling global competitiveness and innovation.

HKSTP and Avnet launched the iDM2 Micro-Electronics Node in Dongguan, Mainland China in January 2023 to foster technology innovation and the growth of emerging industries within the Greater Bay Area. The joint project was designed to develop engineering talent, support startup expansion, and help reduce R&D costs.

ELITE

Our Elite Programme empowers I&T enterprises with strong growth potential to further expand beyond Hong Kong and ultimately achieve unicorn status. Through the Elite Programme, HKSTP provides funding support of HK\$713 million in financial year 2022-23 for R&D operations, capital improvements, and rental subsidies, so our elite partners can continue reaching new R&D horizons.

33 companies have been admitted into the Elite Programme. This includes six in the Biomedical Technology sector, seven in Electronics, two in Green Technology, 15 within the Information and Communication Technology domain, and three in Material and Precision Engineering.

In April 2022, the Elite Programme welcomed its first web 3.0 company, AsiaTop Loyalty, a rising star disrupting loyalty programmes through blockchain technology. The programme enabled AsiaTop to develop a designated web 3.0 office space and expand its R&D team to help strengthen and solidify its industry leadership in the Greater Bay Area.

Beyond AsiaTop Loyalty, nine other companies have been inducted into the Elite Programme over the past year. These include RHT Industries Limited, a technology enterprise committed to the sustainable development of innovative material science technologies; Spaceship, a premier provider of comprehensive logistics solution platforms; and Getlinks, an online talent platform dedicated to connecting tech professionals with opportunities throughout Asia.

Multiple Elite companies successfully expanded their footprint to new markets and made significant progress in market expansion. For example, FJ Dynamics International Limited, a robotics company specialising in digitisation, automation, and new energy for construction, agriculture, and property management, has made significant advancements. Similarly, FreeD Group Limited, a provider of AI digital solutions designed to boost customer engagement in lifestyle, smart city, eCommerce, and travel industries, has also expanded its market reach.

Elite companies continued to attract interest from local and international investors with excellent fundraising results of approximately HK\$ 538 million in total from venture capital funds and corporate investors during the year.

UNICORNS

HKSTP plays a vital role in cultivating Hong Kong's thriving ecosystem for unicorn creation. The city's strategic location, diverse talent pool, and access to the Greater Bay Area contribute to its allure, attracting startups worldwide. Hong Kong's unique position as a bridge to Mainland China and Asian markets enables it to foster an ever-growing number of innovative unicorns.

In the past 20 years, HKSTP has supported 11 unicorns, with five emerging from Science Park and six from overseas.

Nurturing tomorrow's tech giants

Home-grown unicorns include SmartMore, a computer vision tech company, which reached unicorn status within 18 months. SmartMore harnessed HKSTP's focus on transforming computer vision into manufacturing and logistics solutions.

Lalamove, a logistics decacorn, successfully operates across Asia, Latin America and India with on-demand delivery connecting users and drivers.

SenseTime, a pioneer in AI-powered facial recognition and computer vision, attained decacorn status and was listed on the Hong Kong Stock Exchange in December 2021. Since its establishment in Science Park in 2014, the company has expanded rapidly to become Asia's largest AI software company, employing over 5,000 people worldwide, accounted for 68% of all employees in R&D.

An increasing number of overseas unicorns

In August 2022, HKSTP welcomed Jaguar Microsystems (JaguarMicro), a unicorn pioneering next-generation data processing unit (DPUs), into Science Park. Shenzhen-headquartered, JaguarMicro develops the industry's most advanced programmable DPU solutions to meet exploding data centre and cloud computing needs. JaguarMicro has been establishing its international operations in Hong Kong and has completed its Series A+ funding round from HKSTP and other investors.

International unicorn Geek+, driving robotics and AI advancements, and Nium, a leader in financial technology, joined our thriving ecosystem in July 2021 and November 2021 respectively.

These global innovators recognise Hong Kong's business-friendly environment and HKSTP's unparalleled access to markets, talent and funding.

CORPORATE PARTNERSHIPS

Forging a network of market leaders to co-create

HKSTP unlocks the power of innovation through collaboration. We have proactively forged over 300 partnerships since 2019, bridging our incubatees and partner companies with the public and private sectors to drive commercialisation and technology adoption. Throughout the year, we joined forces with leading organisations across banking, finance, construction, real estate, the Government and beyond to accelerate innovation.

Catalysing transformation in the banking and finance industry

HKSTP is catalysing transformation in Hong Kong's banking and finance sector by connecting startups and established players.

A prime example is the Banking, Financial Services, and Insurance (BFSI) Accelerator, which HKSTP launched in partnership with 18 major industry leaders in May 2022. Supported by the Hong Kong Monetary Authority, this 6-month accelerator programme develops and implements innovative solutions in customer experience, fraud detection, know-your-customer processes, and risk management. Participating startups gained real-world access to HKSTP's Fintech Virtual Lab, where they jointly shared data and worked on proofs-of-concept.

Beyond the BFSI Accelerator, HKSTP allied with Hang Seng Bank to pioneer the future of digital banking since May 2022. Initiatives like the Living Lab for the Branch of the Future provided an agile environment to trial new technologies and elevate customer services.

Additionally, from 2017 to 2022, HKSTP's SPRINTER programme with the Hongkong and Shanghai Banking Corporation (HSBC) attracted over 500 active participants and 30 proof-of-concept cases in manufacturing, logistics, and building services companies, leveraging technologies like Artificial Intelligence (AI), Internet of Things (IoT) and robotics.

Co-creating an innovative property industry

In May 2022, HKSTP partnered with Hysan Development Company Limited (Hysan) to launch The Community Lab. This initiative empowers tech ventures to develop smart city solutions in Lee Gardens community by testing ideas in a real-life testing ground. HKSTP and Hysan concluded its inaugural first cohort of the Last-mile Testing Programme with a successful Demo Day in Jan 2023.

In addition, HKSTP also join hands with Chinachem Group (CCG) to accelerate property sector transformation with the innovations developed from the "CCG Accel – Powered by HKSTP" accelerator programme. The second cohort of the programme started in Aug 2022, with CCG's commercial buildings as the testing stages. The collaboration targeted to spark rapid development of Hong Kong's PropTech industry and fulfil the digital transformation needs of CCG and the industry.

Further strengthening connections between startups and established players, HKSTP entered a three-year collaboration with MTR Corporation in August 2022. Through the application of innovative technologies, data collaboration, and co-investing in startups, we aim to bolster innovation. A key part of this alliance is creating a Living Lab within MTR's operational environment where tech ventures can evaluate solutions for business challenges.

Collaborating with the Government and other industry players

HKSTP actively fosters partnerships with the Government and industry organisations to drive Hong Kong's I&T development.

HKSTP and the Hong Kong Police Force (HKPF) signed a three-year Memorandum of Understanding (MoU) in September 2022 to jointly advance innovative solutions. This landmark collaboration unites HKSTP's tech ecosystem with HKPF's industry expertise to propel public service excellence. HKSTP and HKPF collaborate on applying innovative solutions across five areas, including Natural Language Processing (NLP), Geographic Information Systems (GIS), Simultaneous Localisation and Mapping (SLAM), Augmented Reality (AR), and Search and Rescue Operations-related technology.

In June 2022, HKSTP's strategic collaboration with Amazon Web Services (AWS) unlocked new programmes to amplify R&D, technology simulation, co-incubation, and talent development. The collaboration aims to drive innovation of IT companies, startups, and researchers throughout their growth cycle.

In July 2022, HKSTP and the Construction Industry Council (CIC) launched Hong Kong's first "ConTech Accelerator", a construction technology-focused innovation acceleration programme. This first-of-its-kind programme has provided a platform to bridge the gap between tech ventures and contractors, establishes best practices for testing and adopting innovations in construction safety, sustainability, and productivity.

Establishing a global platform for startup success

HKSTP's flagship Elevator Pitch Competition (EPiC) scaled new heights in 2022, cementing its status as a mega-global pitching event. Under the theme "Grow Fast Go Beyond", the 7th EPiC allied with global accelerator Plug & Play and sponsors HSBC, MTR Lab and Cathay to start the competition in October 2022, attracting over 610 entries from 55 countries across five continents. A record 75% of contestants came from overseas, and a record number of economies participated.

After rigorous rounds of judging, 50 outstanding semi-finalists, representing the world's best and brightest FinTech and PropTech innovative minds, were selected and unveiled in March 2023 to advance to the EPiC grand finale, where tech ventures vied for unprecedented investment opportunities and the chance to expand their footprints into the vast Asian market and beyond.

CAPITAL AND INVESTMENT

Expanding the funding and investment landscape

At HKSTP, we strive to support our partners' success. Leveraging our vast network of over 1,000 investors, we strategically match promising companies with funding opportunities tailored to their growth stage and potential. HKSTP Venture Fund co-invests on a matching basis with private funds in companies that are currently located in the Science Park or have participated in its incubation programmes. It serves as a catalyst to attract co-investments from venture capitalists worldwide to propel innovation. Through our keen foresight and follow-through, we assist our partners secure capital and strategic investments to transform new possibilities into global solutions.

HKSTP Venture Fund is on a mission to contribute to Hong Kong's I&T ecosystem. With HK\$600 million in assets under management, an additional HK\$400 million would be injected to the fund, boosting the total amount to HK\$1 billion.

Established in 2015, HKSTP Venture Fund has invested in 28 tech ventures with a total investment of over HK\$364 million, attracting over HK\$11.7 billion of private investment (at a ratio of 1: 32).

Fundraising to bridge the funding gap for tech ventures

Since the financial year 2022-23, HKSTP Park companies have raised HK\$8.2 billion. As of 31 March 2023, 12 companies have gone public. The city now ranks as the largest fundraising hub for biotechnology in Asia and the second largest globally.

HKSTP supports tech businesses to showcase their distinctive potential to global markets. By facilitating connection within Hong Kong, across the Greater Bay Area, and internationally, HKSTP helps companies extend their reach worldwide. Science Park is currently home to five locally-founded unicorn companies – Cirina, Lalamove, Smartmore, Sensetime, and Xcelom. Our efforts are contributing to Hong Kong's realisation of its potential as a leading player in I&T.

Funding achievements, including some of the most sizeable amounts (around US\$100 million) raised in the year, further underscore the importance of supporting our Park companies to grow. Geek+ (raised US\$100 million) will utilise its new funding to bolster its global expansion strategy. Innorna (raised US\$120 million), specialising in mRNA drugs and delivery vector technology, will advance its mRNA drug R&D technology, whilst AI drug discovery company Insilico Medicine (raised US\$95 million) will enhance its drug discovery platform and fund its global growth and strategic initiatives, which include a "robotic drug discovery laboratory" and a "robotic biological data factory". VisionNav Robotics, a manufacturer of driverless industrial vehicles, will use its funding to optimise product performance and promote global implementation.

Broadening Investment Support

Venture Investment Connect, HKSTP's fundraising acceleration programme, brings together I&T companies and potential investors for intensive fundraising and business development consultation. Selected companies with funding readiness enjoy priority access to HKSTP delegations in local and overseas financing roadshows and exhibitions. In financial year 2022-23, 20 companies raised HK\$2.04 billion through the programme.

The online fundraising platform provides an avenue for technology companies to showcase their innovative solutions and attract investment from target investors such as angel funds and institutional investors. A total of 332 projects were shortlisted to present to investors in the financial year 2022-23.

INSTITUTE FOR TRANSLATIONAL RESEARCH (ITR)

Transforming research into impactful innovation

The Institute for Translational Research (ITR) is dedicated to transforming scientific discoveries into life-changing biomedical innovations. Through extensive support for biomedical R&D, ITR accelerates the journey from bench-to-bedside. ITR concentrates global expertise and resources to accelerate the development of biologics, diagnostics, genomics, and medical devices, and partners with over 180 biotech companies and distinguished scientists worldwide. By uniting expertise across borders, we are translating breakthroughs into improved therapies and technologies to benefit patients worldwide.

Programmes enabling biotech startups at every stage

The Clinical Translational Catalyst (CTC) programme is a highly specialised platform to provide all-round support to biomedical companies in pre-clinical and clinical stage. It has been a game-changer for Hong Kong's budding biotech scene since its launch in 2021. In financial year 2022-23, it has approved over HK\$40 million to propel 10 of HKSTP's most promising therapeutics and medical device companies such as home-grown Arbele and Immunocure Biotech down the rigorous path of regulatory approval and clinical trials. This funding has enabled breakthrough research in attaining regulatory approval and conducting clinical trials in oncology, infectious diseases, eye diseases, and orthopaedics.

To stimulate growth and innovation across the biotech ecosystem, initiatives such as the MedTech Co-create programme have been implemented to promote technology co-creation and adoption sector-wide. The MTCC Funding Scheme has also enabled pivotal collaborations, including partnerships between ROHTO Advanced Research Hong Kong and Opharmic Technology; and between Sirnaomics and Codex Genetics. These joint efforts assist in catalysing the development of patient-centric healthcare solutions. Strategic engagement with the Hong Kong Medical Association has been initiated to provide visibility for clinical-ready products among medical practitioners. Additionally, the alliance forged with Gleneagles Hospital Hong Kong has facilitated the integration of Codex Genetics' precision oncology offerings, enhancing diagnostic capabilities and patient health outcomes.

Fostering collaboration with local universities

In 2019 and 2020, HKSTP partnered with the University of Hong Kong (HKU) and the Chinese University of Hong Kong (CUHK) respectively to establish the city's first two PIC/S GMP facilities for Advanced Therapy Products (ATPs). The facilities in HKU and CUHK will commence operation in May and June 2023 respectively. In tandem with these infrastructure developments, employees of HKSTP's park companies have enrolled into the HKU and University College London's Pharmaceutical Quality & Regulation course. The course aims to enhance the capabilities of local talent in ATP GMP manufacturing. Upkeeping the momentum, HKSTP's Park companies have been collaborating with both HKU and CUHK on projects for clinical-grade ATPs process development and manufacturing.

New engagement, new possibilities across the border

HKSTP collaborates with global industry leaders to accelerate healthcare innovation.

In June 2022, HKSTP and Boehringer Ingelheim Venture Fund Limited (BIVF) launched a co-incubation programme focused on infectious diseases and immunology research. This provides startups worldwide with funding, infrastructure, and industry expertise.

In September 2022, HKSTP launched Hong Kong's first digital health co-incubation programme with Merck. This three-year programme supports startups developing digital therapeutics, wearables, and AI for drug discovery. Startups can access HKSTP's ecosystem, Merck's network.

Bolstered by these synergistic joint efforts, HKSTP and Roche formed a strategic alliance in January 2023. We aim to cement Hong Kong's position as an Asia-Pacific hub for talent and companies by supporting startups, shaping policy, promoting co-incubation, and encouraging data sharing.

All startups under these co-incubations schemes are able to access up to HK\$6 million funding support under the Incu-Bio programme.

Deepening the Hong Kong and Shanghai partnership

HKSTP is committed to catalysing biomedical innovation through active collaborations with our partners across the border. In August 2022, HKSTP signed a MoU with Shanghai Pharmaceuticals Holding (SPH) and Shanghai HealthCare Capital (SHC). The partnership co-incubates and co-invests in startups, facilitates clinical trials and supports contract R&D organisations in autoimmune diseases, anti-ageing, gene therapy, and messenger RNA.

In December 2022, HKSTP, SPH and Shanghai Innovation Centre for Biopharmaceutical Co., Ltd. (Biopharma Evolution) launched a co-incubation programme to accelerate the incubation of biomedical startups and translation of technology in Hong Kong. The programme provides funding, facilities, and expertise to help startups scale from Hong Kong to Shanghai and beyond, aiming to attract global biomedical startups to Hong Kong and facilitate Greater Bay Area and Yangtze River Delta growth.

In addition, HKSTP galvanises biomedical innovation through instrumental China partnerships. In September 2022, we hosted China Pharmaceutical Innovation and Research Development Association (PhIRDA) to showcase Hong Kong's latest achievements and discuss expediting development.

HKSTP's delegates also visited Shanghai in March 2023 to co-host an event with Zhangjiang Group to explore elevating our collaboration to world-class status via enhanced translational research and co-incubation. This included touring numerous Shanghai biopharma leaders and promoting cooperation to construct a corridor for transforming innovations.

Additionally, in March 2023, HKSTP organised exchanges, including forums and seminars, with Zhangjiang Group, Shanghai Healthcare Capital and Shanghai Pharma to drive synergies between the cities. As Hong Kong's largest research and incubation base, we leverage our strengths in basic research to solidify our role as an international biopharma hub.

Ultimately, we aim to catalyse a borderless ecosystem where scientists, corporations and investors can seamlessly collaborate. We can jointly deliver breakthroughs to improve patient lives globally by bridging Hong Kong and Mainland China's research powerhouses.

Impactful events

At HKSTP, we strengthen Hong Kong's advanced therapy ecosystem through impactful events.

In July 2022, we co-hosted the 2nd Rohto Forum for Regenerative Medicine, convening key players from Japan, Hong Kong and Mainland China. This high-level forum enabled invaluable knowledge exchange on the latest developments.

In September 2022, HKSTP hosted the first Hong Kong International Science, Technology and Innovation Forum (ISTIF) session at the Boao Forum for Asia. This session focused on genetic engineering and biomedicine, spotlighting Hong Kong's rising strength in these areas.

Further showcasing local innovation, HKSTP co-organised the sixth Gerontech and Innovation Expo in November 2022 with the Government and Hong Kong Council of Social Service (HKCSS). The event featured over 200 exhibitors, including 45 HKSTP companies showcasing gerontech solutions and an "Ageing-in-Place" Zone with interactive exhibits. HKSTP also collaborated with Lingnan University to train 20 elderly ambassadors, demonstrating Hong Kong's potential as a leader in gerontech.

State-of-the-art Research Facilities

The Drug Safety Testing Center (DSC) was commissioned in May 2022 signifies a new era in translational medicine for Hong Kong. As the city's first GLP-complied preclinical study facility, DSC has already conducted over 40 studies spanning pharmacokinetics, efficacy and safety. This milestone highlights how DSC is accelerating the bench-to-bedside journey by enabling rigorous drug testing locally.

In financial year 2022-23, the Biomedical Technology Support Centre (BSC) has served more than 265,260 usage hours to 149 partner companies, while the number of qualified users has increased to more than 720. To ensure our facilities are state-of-the-art, we have acquired technologies such as high parameter flow cytometry and the high content confocal imaging system. As part of its commitment to fostering innovation, BSC organised 13 seminars and 19 equipment trainings, and we further strengthened this commitment by hosting 40 visits to our research laboratories and facilities.

Our Biobank and Histopathology Services (BHS), is established to facilitate biomedical research through access to high quality samples in academic and commercial institutions, fostering innovative discoveries and improve treatment options. Our repository service has passed the external audit and granted the ISO 9001 certification, by September 2022, has stored more than 2,700 boxes of biospecimens. The utilization rate has exceeded 80% of capacity. In view of increasing service demand in the coming five years, HKSTP has approved the stage two expansion plan. In this expansion plan, we will increase two headcounts, repository capacity to 20,400 boxes, and expansion of wet laboratory space of about 167 square metre. In addition, BHS will launch new services such as whole slide scanning and sample extraction.

The Sensor Packaging and Integration Laboratory (Sensor Lab) offers Classes 100, 1000 and 10000 shared cleanroom space and related equipment services. In financial year 2022-23, 14 companies used the cleanroom space, both in microelectronics and biomedical industries, and more than 20 companies used our equipment services in a regular basis.

The Medical Device Testing Laboratory (MDTL) provides high-quality and professional testing and technical solution services to support medical device companies in their product development. In December 2022, MDTL obtained ISO 17025 accreditation from IAS, the US accreditation body, for conducting mechanical tests on orthopaedic devices (ASTM 1264) and dental implants (ISO14801).

Remarkable outcomes of Partner Companies

The accomplishments of our partner companies are a testament to HKSTP's commitment to nurturing success. The innovations and growth attained by our partner companies validate the strength of Hong Kong's technology sector.

In December 2022, OrbusNeich, a home-grown company supported by HKSTP specialising in interventional instruments for Percutaneous Coronary Intervention (PCI) and Percutaneous Transluminal Angioplasty (PTA) procedures, was listed on the Main Board of The Stock Exchange of Hong Kong Limited (HKEX), raising funds of approximately HK\$480.8 million. OrbusNeich is the first and only HKEX Main Board-listed medical device company headquartered in the Science Park. Going public marked a significant milestone in the company's history.

Star achievements of ITR Companies:

ACT Genomics is accelerating precision oncology adoption through a new partnership with Prenetics Global Limited (NASDAQ:PRE) in December 2022, to expedite precision oncology adoption for patient care in the region.

HiFiBio, backed by HKSTP's CVF and HKSTP CTC Funding, announced a clinical trial supply agreement with Novartis in August 2022. The partnership evaluates tislelizumab, an anti-PD-1 immune checkpoint inhibitor, in combination with HiFiBio's HFB200301, an investigational first-in-class monoclonal anti-TNFR2 agonist antibody for the potential treatment of advanced solid tumour indications.

Im sight Technology's medical AI technology has been deployed by over ten public and private hospitals, including Queen Elizabeth Hospital starting from April 2022. AI algorithms help doctors precisely diagnose strokes, lung infections and cancer in a much shorter period, allowing timely patient management.

Insilico Medicine is charting the future of healthcare through AI, harnessing generative AI for groundbreaking drug discovery alongside industry leaders like Sanofi and Fosun Pharma. Insilico Medicine also received FDA Orphan Drug Designation for Generative AI Discovered and Designed Drug for Idiopathic Pulmonary Fibrosis in February 2023.

In May 2022, Invitroque (HK) Limited formed 5-year cross-border strategic partnership with Laboratory for Synthetic Chemistry and Chemical Biology Limited (LSCCB), one of the Health@InnoHK centres. The collaboration aims to make advanced cancer a treatable chronic disease and improve patients' lives.

Precision Robotics (Hong Kong) Limited is advancing surgical robotics to new frontiers through a strategic collaboration with Gleneagles Hospital Hong Kong in February 2023, enhancing patient outcomes through cutting-edge precision.

Throughout financial year 2022-23, HKSTP's emerging companies through major financings and strategic milestones. Various ITR companies like Agilis Robotics (US\$6 million in Series A round), Avant Meats (US\$10.8 million in Series A round), Eureka (more than RMB\$100 million in Series B round), GenEditBio (Tens of millions of USD in Pre-Series A round), Great Bay Bio (US\$15 million Pre-Series B round), Insilico Medicine (US\$60 million in Series D round) and ZSHK (RMB\$100 million in Series A round), have secured fundraising to advance the commercialisation of their breakthrough. Their triumphs spotlight HKSTP's role in catalysing Hong Kong's rise as a global I&T hub.

STP PLATFORM

STP Platform is a dynamic network of data partners, technology enablers, and talents, with a view to facilitating the development of a Smart City and Digital Economy as outlined in the Hong Kong Innovation and Technology Development Blueprint.

Unlocking the power of cross industry data collaboration

Businesses seek data for valuable insights, informed decisions, and improved outcomes. STP Platform strives to build data partnerships across industries and domains to unlock the potential of data.

In December 2022, HKSTP signed a partnership agreement with the Institute of Big Data Governance (iBDG) to advance data governance. The partnership led to the formation of a working group comprising professionals from various industries to explore and establish internationally-relevant best practices and standards in data governance, providing a strong foundation for the Data Community.

Introduced in February 2023, the Data Community is the first city-wide platform that connects data partners, technology enablers, and regulatory advisors for cross-disciplinary data collaboration.

To foster trust within the Data Community, HKSTP established a Data Governance Steering Committee. It includes experts from Information Technology, Pharmaceutical, Insurance, Data Governance, Smart City, and Regulatory. The committee provides the community members with strategic guidance and oversight in ethics, legal and compliance, technology, information security, and cross-industry collaboration.

The community has attracted over 10 corporations from banking, insurance, real estate, healthcare and more.

Accelerating last-mile success to market

STP Platform operates the Smart Campus, a living lab that offers a glimpse into the future of Hong Kong as a Smart City.

The Smart Campus provides Park companies and partners with access to real-life testing sites, digital infrastructure, and domain expertise to test, refine, and validate their technologies.

In October 2022, we garnered the Government's support to open the Science Park as the first urban road layouts for Urban. Systems' autonomous vehicle trial.

In 2022, we collaborated with the Transport Department (TD) for a six-month trial of Electric Mobility Devices (EMDs) on a 3km cycle track between the University Station and the Science Park. The trial received a survey of 1,500 respondents providing feedback on EMDs. As a result of the positive outcome, the TD launched a one-year trial scheme on the shared use of power assisted pedal cycles on cycle tracks in Pak Shek Kok from March 2023.

Nurturing AI and Data Talents

AI and data talent is imperative to promote digital economy development and develop Hong Kong into a smart city.

With over 1,000 startup members as of 31 March 2023, STP Platform provides a range of competitions and upskilling workshops to nurture talents.

In June 2022, we collaborated with Roche to organize the inaugural Data and Bioinformatics Bootcamp. The 4-day bootcamp drew the participation of 40 healthcare students and researchers. The attendees gained insights into healthcare data and modern genomic technologies. They also had the opportunity to utilize real-world data to develop proposals on drug evaluation and patient advocacy.

In November 2022, we partnered with the Office of the Government Chief Information Officer (OGCIO) and Hong Kong Technology Advancement Group (HKtag) to organize the Open Data Hackathon. The hackathon attracted secondary and college students, as well as the public, to share their data-driven proposals utilizing datasets from DATA.GOV.HK, Hong Kong GeoData Store, and other open data under the theme of Smart Property.

The annual Robocon Hong Kong Contest nurtures talent with cross-disciplinary expertise, from engineering to AI and robotics. The Robocon 2022 Hong Kong Contest held on 26 June 2022, attracted 14 teams from eight tertiary institutions. The winning team, "Golden Striker" from the Chinese University of Hong Kong, achieved victory at the online ABU Asia-Pacific Robot Contest 2022. This marks the second time a Hong Kong team has excelled on this global stage, with the first instance occurring in 2019.

INNOHK

Located at Science Park, the Government's flagship I&T initiative InnoHK aims to promote global research collaboration to put Hong Kong on the global advanced technology map. InnoHK brings together leading researchers worldwide to conduct world-class and impactful collaborative research in artificial intelligence, robotics and healthcare technologies with local universities and research institutions.

InnoHK consists of two research clusters — Health@InnoHK and AIR@InnoHK with a total of 28 research laboratories.

Health@InnoHK focuses on healthcare technologies and their ability to address global challenges such as pandemics and ageing populations. The research laboratories include:

- Hong Kong Center for Neurodegenerative Diseases
- Laboratory for Synthetic Chemistry and Chemical Biology
- Centre for Novostics
- Microbiota I-Center
- Advanced Biomedical Instrumentation Centre
- Centre for Immunology & Infection
- Centre for Virology, Vaccinology and Therapeutics
- Centre for Eye and Vision Research
- Hong Kong Centre for Cerebro-Cardiovascular Health Engineering
- Centre for Chinese Herbal Medicine Drug Development
- Centre for Regenerative Medicine and Health, Hong Kong Institute of Science & Innovation, Chinese Academy of Sciences
- Centre for Oncology and Immunology
- Centre for Translational Stem Cell Biology
- Center for Neuromusculoskeletal Restorative Medicine

AIR@InnoHK focuses on artificial intelligence and robotics technologies, ranging from finance to advanced manufacturing, to help advance smart city development. The research laboratories include:

- Hong Kong Centre for Logistics Robotics
- Multi-Scale Medical Robotics Center
- Centre for Perceptual and Interactive Intelligence
- Laboratory for Artificial Intelligence in Design
- Hong Kong Center for Construction Robotics
- Centre for Intelligent Multidimensional Data Analysis
- Laboratory for AI-Powered Financial Technologies
- Centre for Advances in Reliability and Safety
- Hong Kong Quantum AI Lab
- Centre for Transformative Garment Production
- Laboratory of Data Discovery for Health
- AI Chip Center for Emerging Smart Systems
- Hong Kong Industrial Artificial Intelligence and Robotics Centre
- Centre for Artificial Intelligence and Robotics, Hong Kong Institute of Science & Innovation, Chinese Academy of Sciences

After a rigorous selection and assessment process, 28 research laboratories were selected for admission into the research clusters, involving seven local universities and research institutes as well as over 300 non-local institutions from over 10 economies, bringing together around 2,500 researchers to the Science Park and fostering closer collaboration among top-tier local, Mainland China and overseas researchers as well as enterprises.

During President Xi's visit to Hong Kong on 30 June 2022, he inspected the Hong Kong Center for Neurodegenerative Diseases under InnoHK. President Xi recognised the Centre's research results and lauded the significance of its work, attaching great encouragement and inspiration to the Centre's continued translation of research into applications that benefit society.

Microbiome Summit 2023

HKSTP, the Faculty of Medicine of The Chinese University of Hong Kong (CU Medicine), and Microbiota I-Center (MagIC) co-hosted the Microbiome Summit at the Science Park in January 2023. Over 20 academic leaders and pharmaceutical industrial partners highlighted the applications of gut microbiome and the potential of Hong Kong as a regional I&T hub for the microbiome industry.

AiDLab X CreateHK collaboration

The Laboratory for Artificial Intelligence in Design (AiDLab), jointly established by The Hong Kong Polytechnic University and the Royal College of Art, is hosting an 18-month programme "Fashion X AI: 2022-23 International Salon" on exploring how artificial intelligence can empower the fashion industry. Comprised of fashion show and forum, international symposium, touring exhibitions, workshops and an online course, the programme leverages Hong Kong's strengths in fashion and technology to engage stakeholders across the Greater Bay Area, Hong Kong and London.

TECONE

TecONE is a one-stop information and support centre of HKSTP which provides consultation and advisory services for the I&T companies in Hong Kong in relation to their applications for public funding and support programmes, specifically technology-related funding programmes under the Innovation and Technology Fund (ITF), offered by the Government.

During the financial year 2022-23, TecONE conducted over 7,160 consultations through phone calls, emails and face-to-face meetings. The key accomplishments of TecONE from these consultations covered the following programmes:

- (1) Research Talent Hub (RTH) Programme: The purpose of the RTH Programme is to nurture and bring in more technology talents to Hong Kong's I&T ecosystem and encourage them to pursue a career in I&T research and development. This programme is one of the most popular funding programmes under the ITF and provides funding support for I&T companies to hire R&D talents. The amount of funding entitled is based on the talent's educational level. In financial year 2022-23, with the support of TecONE, 214 I&T companies successfully applied for funding in total of HK\$155 million under this programme which has benefited 336 R&D talents.
- (2) Public Sector Trial Scheme (PSTS): PSTS aims to accelerate the realisation and commercialisation of R&D results developed by Hong Kong's I&T companies. This scheme is under the ITF and funds I&T companies to produce prototypes/samples and conduct trials in the public sector. In financial year 2022-23, with the support of TecONE, 11 I&T companies successfully applied for funding in total of HK\$10.85 million under this scheme.
- (3) HKSTP Student Internship Programme: Provided by HKSTP for its tenant companies, this programme aims to connect tertiary students to Hong Kong's I&T ecosystem before their graduation, encourage them to gain exposure and experience in the I&T sector and at the same time build a talent platform for Park companies. This programme provides subsidy for tenant companies for employing full-time student interns. In financial year 2022-23, 182 student interns and 80 tenant companies benefitted from this initiative.
- (4) HKSTP x HYAB: Youth Start-up Internship Programme (YSIP): Co-organised by HKSTP and the Home and Youth Affairs Bureau (HYAB), YSIP aims to provide internship opportunities for young post-secondary and tertiary students to gain valuable and meaningful working experience in Hong Kong's I&T sector. The programme funds partner companies of HKSTP to create new internship placements for students. In financial year 2022-23, 103 student interns and 58 I&T companies benefitted from this programme.
- (5) Graduate Trainee Programme (GTP): The GTP was launched by HKSTP to support fresh graduates who were impacted by the COVID-19 pandemic. Funded by the Anti-epidemic Fund of the Government, the programme subsidised HKSTP's Park companies to create new trainee positions. In financial year 2022-23, 180 fresh graduates and 119 I&T companies benefitted from this programme.

HARNESSING THE POWER OF NEW INDUSTRIALISATION

Achieving “new industrialisation” in Hong Kong is a pivotal strategy outlined in the Hong Kong Innovation and Technology Development Blueprint. HKSTP takes forward the Blueprint to promote and bolster the development of the I&T ecosystem from research to industry.

In 2021, HKSTP repositioned three industrial estates in Tai Po, Yuen Long and Tseung Kwan O as InnoParks to propel Innoufacturing Tomorrow. The InnoPark concept reflects the eight principles that guide HKSTP’s new industrialisation strategy, including:

1. Output as to economic value-add contribution
2. Investment in CAPEX for equipment together with fit out or building construction
3. High-skilled employment creation
4. Product/Service Technology — Advanced technology content or novel application in the respective products or services
5. Advanced process applied in the manufacturing of products or delivery of services
6. R&D activities and capabilities
7. Local consumption for stable supply chain
8. Sustainability in terms of business, environment or resources

INNOPARKS

InnoParks in Tai Po, Yuen Long and Tseung Kwan O have a total area of about 217 hectares. As of March 2023, the three InnoParks recorded an overall occupancy rate of 93%.

MARS

The Medical Accessory Resilience Supplies (MARS) Centre at Tai Po InnoPark commenced operation in June 2021. It is a modern industrial space purpose-built to fit the high-end manufacturing requirements, dedicated to manufacturing products that demand precision, hygiene and quality at all levels of the production cycle. The unique advantages attracted leading enterprises to set up their production facility.

In August 2022, diagnostics start-up Emerging Viral Diagnostics (EVDL) inaugurated its new manufacturing site at MARS. The Hong Kong homegrown start-up developed a comprehensive molecular diagnostic system, which can simultaneously detect over 40 pathogens in about an hour, including SARS-CoV-2 and Monkeypox, demonstrating remarkable innovation in diagnostics.

Coinciding the Grand Opening is the announcement of a strategic partnership with Shenzhen Space Biotechnology Group (SBG). SBG, a Joint Venture between China Resources Life Sciences Corporation and China Aerospace Science and Technology Corporation, will provide financial support while backing the clinical trial with its expertise and extensive network in Mainland China.

In March 2023, medical imaging leader Time Medical unveiled its new production facility at MARS. As Hong Kong’s first large-scale medical equipment production site and the Great Bay Area and Southeast Asia’s largest MRI production base, it focuses on R&D and production of neonatal and breast screening superconductor magnetic resonance imaging (MRI) systems. Having pioneered the first infant MRI prototype within Science Park, paediatric MRI system that is “Innovated, Designed and Made in Hong Kong” will be headed for top hospitals worldwide.

AMC

The Advanced Manufacturing Centre (AMC) at the Tsung Kwan O InnoPark commenced operation in April 2022, offering a high-spec, fully-serviced production base for advanced manufacturing. With smart manufacturing at its core, AMC is equipped with Asia’s first intelligent logistics and production facilities integrated with automation. It offers a one-stop, high-end professional service, integrating smart logistics solutions and servicing sectors like IoT, smart electronics, medical products, and robotics. The AMC ProShop, a cutting-edge manufacturing facility focused on accelerating the commercialisation of Hong Kong’s most innovative ideas, is a hub for collaboration between industry partners and researchers.

MEC

As new industrialisation advances, microelectronics has established itself as an essential driving force, igniting the growth and integration of cutting-edge technologies across diverse sectors.

To support this, the Microelectronics Centre (MEC) within Yuen Long InnoPark is set to commence operation in 2024. MEC is expected to attract microelectronic product manufacturers and associated industries like advanced materials, offering approximately 36,180 square metres of gross floor area with dedicated facilities, including clean rooms, analytical and reliability testing lab, communal dangerous goods storage, and dedicated chemical waste and sewage treatment system.

In the long term, HKSTP aims to serve as a hub facilitating the exchange of the latest microelectronic technologies between industries. By accumulating diverse talents and enterprises, HKSTP will establish an active ecosystem for Hong Kong’s microelectronics industry to thrive.

The Second AMC

To tie in with the policy objectives of attracting strategic enterprises to establish a presence in Hong Kong and promoting “new industrialisation”. HKSTP is conducting a technical feasibility study on the setting up the second AMC.

CULTIVATING NEXGEN TALENT

Hong Kong Innovation and Technology Development Blueprint announced by the Government proposes major measures to enrich I&T talent resources and position Hong Kong as an international talent hub.

In full support of this vision, HKSTP has collaborated with the Government, industry, academia and research partners. Our aim is to provide a world-class ecosystem to foster the ideal breeding ground for Hong Kong's I&T talent. Through forward-looking strategies, we promote career opportunities to attract and nurture the next generation of tech innovators.

EXPANDING THE I&T TALENT POOL

HKSTP continues to emphasise the promising future of Hong Kong's I&T industry to attract young talent. In financial year 2022-23, more than 100,000 youths participated in our first-ever "Talent Game On 2K23" gamified recruitment campaign culminating in Hong Kong's largest I&T Career Expo, showcasing over 2,500 I&T job opportunities from more than 240 tech companies.

The HKSTP InnoAcademy focuses on our strategic technology areas, including but not limited to artificial intelligence, robotics, biomed, data, smart city and micro-electronics. We have organised targeted programmes and training to attract graduates to the I&T industry. These initiatives included the continuation of the "Technology Leaders of Tomorrow" programme, which attracted approximately 1,000 local and international graduate applicants in financial year 2022-23. Additionally, our "Master Class Series: Microelectronics in GBA" online seminar showcased the latest microelectronics trends to over 200 graduates.

In partnership with The Hong Kong Jockey Club Charities Trust, our JC PROcruit C programme provides 129 graduates with opportunities to grow through technology and equips them with essential skills for meaningful careers in the I&T sector.

FOSTERING THE NEXT GENERATION OF INNOVATORS

HKSTP strives to introduce young talent to the vibrant I&T ecosystem within its facilities and beyond through various partnerships and initiatives.

In the summer of 2022, we expanded the "HKSTP Summer Internship Programme", offering over 100 students from various disciplines internships or training at HKSTP and over 70 park companies. This equips them with practical workplace knowledge and essential soft skills.

We actively collaborate with the Government, academic institutions and non-profit organisations to synergise Hong Kong's I&T talent ecosystem. This includes partnering with the Home and Youth Affairs Bureau on the "Youth Start-up Internship Programme 2022", providing 100 students with 3-6 month internships at HKSTP start-ups.

To arouse secondary students' interest in STEM, HKSTP piloted the "Youth SPARK Programme". This offers experiential learning to 17 top-calibre students aged 16 or above to encourage I&T careers. In collaboration with the Federation of Hong Kong Industries (FHKI), we co-organised the Innopreneur Experience Journey, providing over 30 secondary school students with mentoring, job shadowing and company visit opportunities that combine learning in technology, creativity, and emerging industries to unleash their potentials.

HKSTP also organised various student exchange activities for secondary and university students, hosting over 2,000 visitors and engagement opportunities in financial year 2022-23 in addition to co-organising the "City I&T Grand Challenge" with the Innovation and Technology Commission and the "The Robocon 2022 Hong Kong Contest".

As corporations and the Government continue to bolster Hong Kong's rapidly growing I&T sector, HKSTP remains unwavering in our commitment to empowering young talent to thrive in this dynamic industry.

PROMOTING I&T CULTURE AND ATMOSPHERE

As Hong Kong's largest I&T flagship, HKSTP plays a pivotal role in cultivating a vibrant I&T culture. Science Park nurtures local and international talents, startups, and established companies by providing state-of-the-art facilities, resources, and support networks.

WORK. LIVE. PLAY. LEARN. CULTURE

HKSTP facilitates an I&T culture through various strategic initiatives. As of 31 March 2023, Science Park has a working population of around 18,000 people and over 1,000 tech enterprises, including 590 SMEs and large companies, with 80% local, 7% Mainland Chinese, and 13% overseas. Its 90% occupancy signals Science Park's role as an enabling growth engine.

InnoCell, a unique co-living and co-creation space that opened in April 2021, has become a hub that exemplifies HKSTP's "Work. Live. Play. Learn" culture.

As Hong Kong's first high-rise building built with the innovative Modular Integrated Construction (MiC) methodology, InnoCell offers 392 affordable studios and suites units, 511 bed spaces, installed via 418 modules with high productivity installation method. InnoCell on a site of about 0.28 hectare provides the ideal environment for local and overseas I&T talent to live, co-create, innovate and forge a thriving community to fulfill Hong Kong's I&T potential.

InnoCell has a 89% occupancy rate as of 31 March 2023.

To build more accommodation facilities for I&T talents, the 2022 Policy Address proposed the development of a new InnoCell near Science Park, following a technical feasibility study in 2023.

Since mid-December 2022, HKSTP launched a pet-friendly park pilot programme on weekends, enhancing the holistic "Work. Live. Play. Learn" culture. The pilot programme has been extended to allow members of the public to bring their furry friends to experience Science Park's I&T ambience. HKSTP is also actively considering constructing new sports extensions with rock climbing facilities and ball games.

The HKSTP Experience Centre embodies its immersive I&T experience, showcasing 300+ technology components across 11 zones in the 370-square-metre space. In financial year 2022-23, the HKSTP Experience Centre offer insights into how HKSTP shapes the future through I&T, captivating over 11,000 visitors through its sensory journey highlighting Hong Kong's tech marvels.

Events like InnoCarnival unite startups, research institutes, corporations, and the Government to nurture a passion for building a better future. Co-organised with the Innovation and Technology Commission, InnoCarnival 2022's theme, "Innovation and technology empower our dreams," emphasised the private and public sectors' role in driving socially and environmentally focused innovation.

Meanwhile, over 20 park companies showcase the latest innovations at the HKSTP Pavilion. Themed "Beyond Five Senses Experience Zone", visitors immersed in a wide range of technologies in a series of hands-on "See", "Smell", "Hear", "Taste" and "Touch" interactions, to show how I&T can improve overall quality of life and bring broad benefits to the society.

The InnoCarnival also provided a vibrant platform to unveil 25 solutions from the City I&T Grand Challenge winning teams who have created prototypes for trials at over 50 organisations and community groups, involving more than 4,620 end users. Launched in 2020 under the theme "Innovating for Hong Kong's New Normal," the City I&T Grand Challenge aimed to seamlessly blend technology into daily life and kindle Hong Kong's spirit of innovation.

ON THE HORIZON: OPPORTUNITIES AHEAD

With its thriving I&T ecosystem, HKSTP is strategically positioned to drive Hong Kong's continuous growth as a global I&T powerhouse. HKSTP will continue playing a pivotal role in powering sustainable and diverse economic growth through I&T, leveraging the city's unique advantages and the Government's staunch support.

SCIENCE PARK EXPANSION

As the largest R&D community in Hong Kong, Science Park offers about 400,000 square metres of gross floor area across 23 buildings, providing office space along with communal laboratories equipped with advanced technologies, software platforms and engineering talent to support innovation. Batch 1 of Stage 2 of the Science Park expansion programme is underway, adding approximately 13,000 square metres of new wet laboratory space set for completion in the first quarter of 2025.

HONG KONG SCIENCE PARK SHENZHEN BRANCH

With support from the HKSAR and Shenzhen governments, HKSTP has commenced the development of the Shenzhen Branch of Hong Kong Science Park in 2019. Commencing its operation in June 2023, the Shenzhen Branch in Futian comprises two six-storey buildings, A and B, with a gross floor area of 31,000 square metres, offering institutes and enterprises a foothold to establish their Greater Bay Area presence.

Building A, a six-storey structure spanning 21,000 square metres, accommodates offices, wet and dry laboratories, and event venues. It also offers communal spaces for small and medium-sized enterprises (SMEs), co-working areas, and meeting rooms, suitable for business, investment, and professional advisory services. Building B, another six-storey building, covers 10,000 square metres and houses a multifunctional conference centre along with additional co-working areas. These resources are equipped to nurture future I&T leaders in the Greater Bay Area.

The Shenzhen Branch will equip companies of different scales with dedicated infrastructure programmes and services spanning business growth, funding, talent recruitment and more. The first group of tenants will progressively move into the Shenzhen Branch beginning June 2023.

Meanwhile, construction has started on the first three buildings in HSITP, with phased completion from end of 2024 onwards. Upon completion, HSITP's total gross floor area will be three times that of Science Park.

BUILDING A GREENER FUTURE

HKSTP is charging ahead on its net-zero emissions goal, aiming to achieve net-zero by 2045 - five years ahead of Hong Kong's Climate Action Plan 2050 Carbon Neutrality target. As the first statutory body in Hong Kong to adopt this ambitious timeline, aligned with the Science Based Targets Initiative (SBTi) Corporate Net-Zero Standard, HKSTP exemplifies climate leadership. Our pledge also supports the Hong Kong Government's vision to become an international green tech and finance hub.

To achieve net-zero, HKSTP has instituted near and long-term emissions reduction targets encompassing Scope 1, 2, and 3 that address emissions from its operations and value chain. By 2030, we aim to cut Scope 1 and 2 carbon emissions by 42%, downstream leased assets' and waste carbon emissions by 25%, and capital goods' carbon emissions intensity by 52% per square metre, using 2020 as the base year.

Our decarbonisation roadmap focuses on boosting building energy efficiency through retro-commissioning and retrofitting. We are also exploring innovative climate technologies while motivating behaviour change among employees and tenants.

ROADMAP AND FOOTPRINT

HONG KONG SCIENCE PARK

As the largest R&D community in Hong Kong, Science Park offers about 400,000 square metres of gross floor area in 23 buildings, providing not only office space but also communal laboratories equipped with advanced equipment, software platforms and professional engineers to support R&D. The smart campus also serves as a living lab for testing innovation in a real-life environment. Batch 1 of Stage 2 of the Science Park expansion programme is underway and will deliver Building 12W-A that will house more wet laboratories by the first quarter of 2025.

INNOPARKS

Tai Po, Tseung Kwan O and Yuen Long InnoPark are home to tech-driven facilities for large-scale production, accelerating the development of innofacturing.

Tai Po InnoPark - Primarily for companies in the areas of food manufacturing, media services and lifestyle goods, the 75-hectare area is currently home to local and international brands. Key projects include Precision Manufacturing Centre (PMC) and MARS Centre, a dedicated facility to support the manufacturing of medical supplies.

Tseung Kwan O InnoPark - With a 75-hectare area, Tseung Kwan O InnoPark has a specialised waterfront area for marine access and marine access-related projects. With berthing facilities, this site is well suited for heavy industries, as well as lighter commercial manufacturing and IT and ICT-related services. Key projects include Data Technology Hub and AMC.

Yuen Long InnoPark - This 67-hectare site caters to a wide range of industries, from pharmaceuticals and biomedical production to logistics services. Key project includes MEC.

INNOCELL

InnoCell is a co-creation space for sparking collaboration among I&T talents at the Science Park. Designed to perfectly balance aesthetic and function, InnoCell offers a new way of living aligned with many residents' needs. The shared spaces encourage greater interaction and collaboration, creating a genuine sense of community for like-minded talents to inspire one another and make a positive impact.

INNOCENTRE

Conveniently situated in Kowloon, InnoCentre is an integral part of our I&T ecosystem, and an extension of our FinTech-focused amenities. We offer the highest level of convenience for startups and enterprises alike, housing three co-working spaces exclusively for our current incubatees and incubation programme graduates.

THE COMMUNITY LAB BY HYSAN DEVELOPMENT AND HKSTP (THE COMMUNITY LAB)

The Community Lab opened at Lee Garden Five in May 2022, aiming to connect start-ups with the resources and business networks, to provide more opportunities for start-ups to succeed and to support the Smart City Blueprint. The collaboration provides an unparalleled testing ground and wide-ranging audience for tech ventures to test-drive their concepts in the heart of Hong Kong.

HKSTP@WHEELLOCK GALLERY

The HKSTP@Wheellock Gallery is a joint initiative by HKSTP and Wheelock Properties Limited (WPL), provides a conducive environment for nurturing technology startups and incubatees for Hong Kong. Located in Admiralty, the HKSTP@Wheellock Gallery is a 6,000 square foot space designed to stimulate interactions and activities for innovations and technologies with focus on investment pitching and business matching, industry and technology knowledge transfer and exchange, mentoring and networking for startups.

HONG KONG SCIENCE PARK SHENZHEN BRANCH

Hong Kong Science Park Shenzhen Branch is leveraging the distinct advantages of the two cities within the Shenzhen-Hong Kong Innovation and Technology Co-operation Zone (the Co-operation Zone), establishing "one zone, two parks", and further the growth of the I&T in the Greater Bay Area. With an area of 31,000 square metres, the space provides office space, laboratories, co-working spaces, MICE (Meeting, Incentive, Convention and Exhibition) venues, and park amenities, as well as business matching and technical support for companies setting-up in the Greater Bay Area.

HONG KONG-SHENZHEN INNOVATION AND TECHNOLOGY PARK (HSITP)

Located at the Lok Ma Chau Loop in Hong Kong, the HSITP will be developed as a key base for cooperation in scientific research, as well as providing relevant higher education, cultural and creative industries, and other complementary facilities, with a view to attracting top-tier enterprises, R&D institutions and higher education institutes from local, Mainland China and worldwide, opening up unprecedented space and exciting opportunities for the development of I&T in Hong Kong. As a wholly owned subsidiary of HKSTP, Hong Kong-Shenzhen Innovation and Technology Park Limited is responsible for building the superstructure, operating, maintaining and managing HSITP.

THE CORPORATION

CORPORATE INFORMATION

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Tseung Kwan O InnoPark
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Yuen Long InnoPark
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PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

Deacons
Lau, Horton & Wise LLP
Mayer Brown
Morgan, Lewis & Bockius
Pang & Associates
Wilkinson & Grist
Withers
Zhong Lun Law Firm LLP

AUDITOR

BDO Limited

THE BOARD

The list of directors during the financial year and up to the date of this Annual Report was set out in page 41 of this Annual Report under the Directors' Report.

BOARD COMMITTEES

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE (BDAC)

Dr. Sunny CHAI Ngai Chiu, SBS, BBS, JP (Chairman)
Ms. Cordelia CHUNG (Vice-Chairman)
Mr. Herbert CHIA Pun Kok, JP
Prof. Stephanie MA Kwai Yee
Ms. Angel NG Yin-yee
Hon Elizabeth QUAT, SBS, BBS, JP
Ms. Phoebe TSE Siu Ling
Permanent Secretary for Innovation, Technology and Industry

FINANCE AND ADMINISTRATION COMMITTEE (FAC)

Mr. Dennis HO Chiu Ping (Chairman)
Mr. CHEN Shuang, JP
Mr. Donald CHOI Wun Hing, JP
Mr. Kent HO Ching Tak
Mr. Daryl NG Win Kong, SBS, JP
Ms. Phoebe TSE Siu Ling
Permanent Secretary for Innovation, Technology and Industry

PROJECTS AND FACILITIES COMMITTEE (PFC)

Mr. Donald CHOI Wun Hing, JP (Chairman)
Dr. Kim MAK Kin Wah, BBS, JP (Vice-Chairman)
Ms. Cordelia CHUNG
Prof. Stephanie MA Kwai Yee
Mr. Daryl NG Win Kong, SBS, JP
Hon Elizabeth QUAT, SBS, BBS, JP
Dr. Samson TAM Wai Ho, JP
Permanent Secretary for Innovation, Technology and Industry

Remarks:

Mr. CHEN Shuang retired from FAC and IC on 30 June 2023.
Ms. Cordelia CHUNG retired from BDAC, PFC, IC and SSAC on 30 June 2023.
Mr. Kent HO Ching Tak retired from FAC and IC on 30 June 2023.
Dr. Kim MAK Kin Wah retired from PFC and AC on 30 June 2023.

Updates with effect from 17 August 2023:

Mr. Eugene CHAN Yu Ching joined BDAC, PFC and AC.
Ms. Jennifer CHAN Pui Kwan joined BDAC and IC.
Ir. HON Chi Keung joined FAC and PFC.
Dr. Philip ZHAI Pu joined FAC and IC.

Update with effect from 27 September 2023:

Ir. HON Chi Keung joined SSAC.

INVESTMENT COMMITTEE (IC)

Ms. Cordelia CHUNG (Chairman)
Mr. Conrad CHAN Che Chung
Mr. CHEN Shuang, JP
Mr. Dennis HO Chiu Ping
Mr. Kent HO Ching Tak
Hon Elizabeth QUAT, SBS, BBS, JP
Dr. Samson TAM Wai Ho, JP
Permanent Secretary for Innovation and Technology

AUDIT COMMITTEE (AC)

Hon Jimmy NG Wing Ka, BBS, JP (Chairman)
Mr. Conrad CHAN Che Chung
Mr. Herbert CHIA Pun Kok, JP
Mr. Dennis HO Chiu Ping
Dr. Kim MAK Kin Wah, BBS, JP
Permanent Secretary for Innovation, Technology and Industry

SENIOR STAFF ADMINISTRATION COMMITTEE (SSAC)

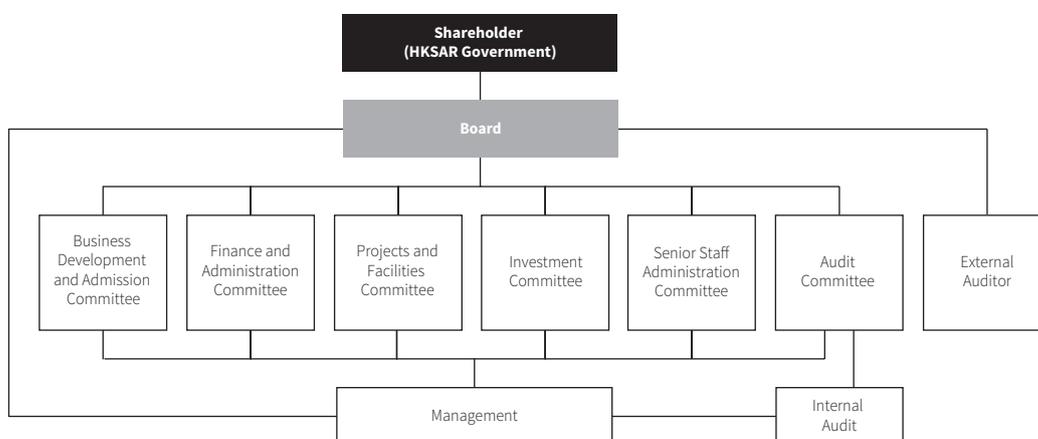
Dr. Sunny CHAI Ngai Chiu, SBS, BBS, JP (Chairman)
Mr. Donald CHOI Wun Hing, JP
Ms. Cordelia CHUNG
Mr. Dennis HO Chiu Ping
Ms. Angel NG Yin-yee
Permanent Secretary for Innovation, Technology and Industry

CORPORATE GOVERNANCE REPORT

Hong Kong Science and Technology Parks Corporation (the "Corporation") is a statutory body incorporated under the Hong Kong Science and Technology Parks Corporation Ordinance, Chapter 565, laws of Hong Kong (the "HKSTPC 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 contained in Appendix 14 to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "CG Code") in so far as they are applicable in achieving the purposes as set out in the HKSTPC 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 values, strategic directions and policies of the Corporation and overseeing management of the business to ensure that the values and strategies of the Corporation align with the purposes for the Corporation as set out under the HKSTPC Ordinance.

The Board adopts an open and inclusive culture in the conduct of its affairs that is conducive to constructive views and healthy debate among Board Members and HKSTP's management team. The Board also upholds a strong sense of civic responsibility and public accountability over the manner in which funds are applied by HKSTP so as to ensure that they are properly expended for the goal of benefitting the I&T ecosystem of Hong Kong and, in turn, the Greater Bay Area ("GBA") and ultimately establish Hong Kong as an International I&T hub. The Board also places great emphasis on HKSTP taking a leading role in promoting and implementing environmentally sustainable practices with the ultimate goal of achieving net zero in the near future.

As at 31 March 2023, the Board comprised 17 non-executive directors including the Chairman and 16 Board Members, of which 5 Board seats were held by female. The Chairman 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 two-year term 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 Legislative Council Members, academia, industry, finance, investment, trading, property and professional services provider. All Board Members are independent and non-executive directors which ensure that independent views and inputs are available to the Board. One of our Board Members, the Permanent Secretary for Innovation, Technology and Industry, is a public officer. Biographical details of the Board Members can be found on the website of the Corporation (<http://www.hkstp.org>).

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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

The non-executive Chairman 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, he 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 the management team and staff members of the Corporation in day-to-day operations and implementing strategies as approved 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 the management team followed by a visit to major facilities of the Corporation 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 policies and guidelines of the Corporation and a Guide to Handle Corporate Governance Matters which provides guidelines to assist Board Members to discharge their fiduciary duties towards the Corporation and covers areas such as managing possible conflict of interest and prevention of bribery. 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 Members abreast of the updated knowledge and skills as to corporate governance, a Board training session on “Integrity – Key to Success” hosted by the Hong Kong Independent Commission Against Corruption (“ICAC”) was arranged for the Board on 14 December 2022 to share common risks of corruption, anti-corruption laws and guidelines on managing conflict of interest and preventing misconduct in public office.

DECLARATION OF INTERESTS

Board Members are required to declare their proprietorships, partnerships and/or directorships of local and overseas public and/or private companies, as well as paid jobs, offices, trades, professions or vocations and interests in shareholdings in any public or private companies on an annual basis. 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 HKSTPC 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. Also, 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. To further enhance governance within the Corporation, guidelines on managing conflict of interest and preventing misconduct in public office issued by the Hong Kong Independent Commission Against Corruption was also shared with the Board.

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 eight times during the year with an average attendance rate of 76%.

The Chairman maintains close contact with the Permanent Secretary for Innovation, Technology and Industry, 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 the management team 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 Chairman 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 Directors are assisted by the Finance and Administration Committee and the Audit Committee in discharging their responsibilities for overseeing the Corporation's financial reporting process. The statement of the auditors of the Corporation about their reporting responsibilities is set out in the Independent Auditors' Report on page 43 of the Report of Directors and Financial Statements.

BOARD COMMITTEES

The Board oversees six standing Committees:

- Business Development and Admission Committee
- Finance and Administration Committee
- Projects and Facilities Committee
- Investment 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. Mechanism is in place to report recommendations and decisions made by the Committees to the Board.

Attendance records of each individual member of the Board of Directors are shown on page 26 of this Report.

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE

The Business Development and Admission Committee ("BDAC"), chaired by Dr. Sunny Chai, provides advice and guidance to the Corporation on its overall business strategies in fulfilling the purposes of the Corporation under HKSTPC Ordinance.

FINANCE AND ADMINISTRATION COMMITTEE

The Finance and Administration Committee ("FAC"), chaired by Mr. Dennis Ho, monitors and oversees the finance and administrative aspects of the Corporation's operations and make appropriate recommendations to the Board. It mainly focuses on reviewing and providing advice and guidance and approving the finance and administrative aspect of the relevant business initiative being presented. This includes, but not limited to impact on the Corporation's budget, cash flow, long-term financial projection, headcount, information technology security and operational efficiency.

PROJECTS AND FACILITIES COMMITTEE

The Projects and Facilities Committee ("PFC"), chaired by Mr. Donald Choi, oversees and monitors the capital works projects, policies and initiatives in respect of safety, health and environment and facilities management services. It approves or recommends to the Board on capital works related matters (including new development, re-development) to be undertaken by the Corporation and the modality for facilities management services, including but not limited to master development plan, programme and design, development budget, facilities provisions, procurement strategy and award of contracts for capital works, facilities management and related consultancy services.

INVESTMENT COMMITTEE

The Investment Committee (“IC”), chaired by Ms. Cordelia Chung, oversees and monitors the investment policies and initiatives which possess or will potentially possess equity or equity-linked investment elements, as well as results and outcome of the same. It approves the annual key performance indicators in relation to the investment initiatives, and also recommends to the Board on the annual budget of the investment initiatives. It approves the incorporation of investment-related subsidiary companies of the Corporation. It also approves the formation and terms of reference of sub-committees and panels that oversee specific investment initiatives.

AUDIT COMMITTEE

The Audit Committee (“AC”), chaired by The Hon. Jimmy Ng, oversees the internal audit function and considers the appointment, re-appointment and removal of the external auditor, the scope of service and the audit fee. It reviews findings set out in both the internal audit reports and external auditor’s management letters and 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 to ensure compliance with recognised standards and achieving continuous improvement. It met with the external auditors and Senior Director, Internal Audit without Management’s 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 Dr. Sunny Chai, oversees human resources related issues of executive level staff which includes CEO and Chief Officers of the Corporation. It is responsible for the selection, appointment, contract renewal and termination, annual performance and remuneration package review and disciplinary actions of the relevant staff. Another key function of SSAC is to provide recommendations on appointment, remuneration package, contract renewal and termination of CEO to the Board for review and approval. In addition, it considers appeals from all executive staff, Human Resources policy changes of other staff members; and any other topics as defined by the Board.

TASK FORCE FOR SPECIFIC PROJECTS

Various task forces are set up on a need basis to handle specific projects and initiatives, for example the task forces for projects development, the data governance steering committee for the STP Platform project and re-industrialization advisory committee for the InnoParks. Experts in the related industries would be appointed as co-opted members to provide valuable experience and expertise to the task forces on a need basis.

SUB-COMMITTEES

Two sub-committees including the Corporate Venture Fund Investment Committee (“CVF-IC”) and the Equity Committee were established under the purview of IC. Meetings of these committees are held on a need basis. The CVF-IC, chaired by the CEO, approves Corporate Venture Fund (“CVF”) investments and divestments and oversees the operations of the CVF whereas the Equity Committee, chaired by the CEO, decides on all matters in relation to the issuance of any call options and any other financial instruments with respect to Accelerate. During the year, four CVF-IC meetings had been held with an average attendance rate of 88% and the Equity 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 HKSTPC 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 in the matters to be discussed in the relevant meeting.

The Company Secretary records the major points of discussions, recommendations, decisions and action items arising from the meetings. Committee decisions, as recorded on the meeting minutes, would be shared with the Board on a regular basis. 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 and make contributions to the Corporation that are commensurate with their role and Board responsibilities.

A summary of meeting attendance of Board Members in meetings of the Board and Committees for the financial year from 1 April 2022 to 31 March 2023 is provided in the following table.

BOARD MEMBERS	MEETINGS	Board of Directors	BDAC	FAC	PFC	IC	AC	SSAC
Dr. Sunny CHAI Ngai Chiu		6/8	6/7	-	-	-	-	2/2
Permanent Secretary for Innovation, Technology and Industry ¹ or his/her alternates		8/8	7/7	4/4	4/4	3/3	3/3	2/2
Mr. CHEN Shuang		1/8	-	1/4	-	1/3	-	-
Mr. Herbert CHIA Pun Kok		8/8	6/7	-	-	-	2/3	-
Mr. Donald CHOI Wun Hing (Joined SSAC on 12 August 2022)		4/8	-	2/4	4/4	-	-	1/1
Ms. Cordelia CHUNG		8/8	7/7	-	4/4	3/3	-	2/2
Mr. Dennis HO Chiu Ping		8/8	-	4/4	-	3/3	3/3	2/2
Mr. Kent HO Ching Tak		3/8	-	2/4	-	3/3	-	-
Prof. Stephanie MA Kwai Yee		6/8	5/7	-	3/4	-	-	-
Dr. Kim MAK Kin Wah		7/8	-	-	4/4	-	3/3	-
Mr. Daryl NG Win Kong		6/8	-	4/4	3/4	-	-	-
Ms. Angel NG Yin Yee		5/8	5/7	-	-	-	-	1/2
The Hon. Jimmy NG Wing Ka		5/8	-	-	-	-	3/3	-
Mr. Joseph NGAI (Retired with effect from 30 June 2022)		1/1	0/1	-	-	-	-	1/1
Mr. Gavin POON Ka Ming (Retired with effect from 30 June 2022)		0/1	1/1	-	0/1	-	-	-
Hon Elizabeth QUAT		8/8	7/7	-	4/4	3/3	-	-
Mr. Conrad CHAN Che Chung (Appointed on 1 July 2022) (Joined IC and AC on 12 August 2022)		6/7	-	-	-	1/2	1/2	-
Dr. Samson TAM Wai Ho (Appointed on 1 July 2022) (Joined IC and PFC on 12 August 2022)		6/7	-	-	3/3	2/2	-	-
Ms. Phoebe TSE Siu Ling (Appointed on 1 July 2022) (Joined BDAC and FAC on 12 August 2022)		6/7	3/5	2/3	-	-	-	-
Average Attendance Rate		76%	84%	70%	91%	86%	88%	92%

¹ All the Committee meetings including BDAC, FAC, PFC, IC, AC and SSAC were attended by the alternates of Permanent Secretary for Innovation, Technology and Industry on his/her 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 approved by the Board. They must comply with the Corporation's Employee Code of Conduct and apply prudent commercial principles as required under the HKSTPC 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, acceptance of gifts and advantages, entertainment, conflict of interest, misconduct in public office, handling of confidential information and preservation of secrecy, outside engagement, financial, operational and administrative transactions, intellectual property, discrimination and harassment, and compliance with prevailing personal data privacy laws and guidelines. All new employees are requested to acknowledge their understanding of the Employee Code of Conduct upon their commencement of duty, while all existing staff members are reminded on the importance of the Employee Code of Conduct on an annual basis or as when required.

The Corporation regularly organizes relevant ethical training for employees. ICAC is invited to give briefing on the prevention of bribery and conflict of interest to employees whilst Equal Opportunity Commission (EOC) is invited to give sharing on the Anti-discrimination Laws of HK. 2 ICAC sharing sessions on "Anti-corruption Seminar for General Staff" & "Anti-corruption Seminar for Managerial Staff" respectively were conducted in April 2022 for new and existing employees. 3 EOC sharing sessions for Managerial Staff were conducted from June 2022 to March 2023. A mandatory e-learning programme "Act with Integrity" series has been launched in Q4 2022. All staff are required to complete every year as a refresher on compliance-related subjects.

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 internal audit function, Management performs an annual review of the Corporation's internal control system in accordance with the COSO (the Committee of Sponsoring Organizations of the Treadway Commission) framework as recommended by the Hong Kong Institute of Certified Public Accountants. The COSO framework comprises five main components: control environment, risk assessment, control activities, information and communication, and monitoring. The review is designed to assess, at a high level, 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 in details is performed by the internal audit function.

Risk management is an integral component of the Corporation's corporate governance. The Corporation has put in place 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 36 to 38.

During 2022/23, 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.

INTERNAL AUDIT

The internal audit function was established as part of the on-going commitment on the part of the Board and Management to improve the Corporation's corporate governance. The internal audit 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 sound risk management and internal control systems are maintained and operated by Management.

Using risk-based methodology, internal audit function 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 internal audit function 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

The Board of Directors appointed BDO Limited (“BDO”) as the external auditor of the Corporation and its subsidiaries (the “Group”) for the financial years from 2020/21 to 2022/23 on 14 December 2020, succeeding KPMG after its 5-year tenure with the Group. On 22 March 2023, the Board of Directors reappointed BDO for another two years for the financial years from 2023/24 to 2024/25. The external auditor plays an important role in reviewing the truth and fairness of the financial statements as well as ensuring the financial statements are free from material misstatements. 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 auditor 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.

For the year ended 31 March 2023, the auditor’s remuneration in respect of audit services provided for the Corporation and its subsidiaries was HK\$1,615,320 and other audit service was HK\$135,000.

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 the approval authorities were made to reflect the matters approved by Board/Committees to further enhance operational efficiency while maintaining appropriate control. The annual update on SDA was approved by the Board in 29 September 2022.

CORPORATE GOVERNANCE PRACTICES

Section 7 of the HKSTPC 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 HKSTPC Ordinance, except those which are set out in table below.

Principles of Good Corporate Governance/Code provisions/ Mandatory Disclosure Requirements		Reason for deviation and corresponding measure
Part 2 – C.1.4	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. Note: Directors should provide a record of the training they received to the issuer.	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 provided relevant information or invited all directors to events and programmes which enriched their knowledge including governance in relation to public office, as well as updated innovation and technology developments to facilitate the discharge of their Director’s duties. Reading materials of the events and programmes were shared with directors. Please refer to the paragraphs “Keeping Members Up to Date” and “Conflict of Interest” on page 23 of this Report for details of relevant information provided by the Corporation, as well as events participated by the directors during 2022/23.
Part 1 – Section B	To provide transparency, 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 C.1.4.	
Part 2 – 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 and committee meetings held during 2022/23, 15% of the total number of meeting papers was dispatched less than 3 days before the meetings. Management would abide by the timeliness of paper distribution as far as applicable to provide the Board with reasonable time to review papers prior to the meetings.

TRANSPARENCY

The Corporation reports annually to the Permanent Secretary for Innovation, Technology and Industry 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 66 of the Report of the Directors and Financial Statements.

The attendance of Directors at meetings is reported on page 26 of this Report.

CORPORATE COMMUNICATION AND PUBLIC AFFAIRS

In the wake of the post-pandemic era, a time that has necessitated a transformative shift in communication, our commitment to fostering genuine connections remains steadfast. The Corporation continued to leverage a diverse array of both online and offline channels to promote our brand and drive engagement.

The Corporation celebrated its 20th anniversary, coinciding with the 25th anniversary of the establishment of the HKSAR in the past year. This significant milestone allowed us to articulate the future direction of our operations, including the announcement of the upcoming opening of our new branch in Shenzhen, expressing our ongoing commitment to driving innovation.

We hosted a dialogue with Professor Sun Dong, Secretary for Innovation, Technology, and Industry from the Hong Kong Government and the I&T community, on the "Hong Kong Innovation and Technology Development Blueprint". Both events underscored our commitment to facilitating meaningful dialogues on strategic initiatives, fostering a sense of community, and inspiring a unified mission to propel the growth of Hong Kong's I&T sector.

Under the theme "Open to All", we hosted a media lunch communicating our vision and strategic developments to local, regional, and international media. It also served to strengthen ongoing media relations and reinforce our corporate messaging. Sixty-three media partners participated, including chief editors and key journalists from 45 renowned international, regional, and local broadcast, newspaper, and online media. Additionally, the lunch provided an opportunity to unveil our new brand identity, with a modernised image to resonate with younger audiences and leverage the power of our ecosystem to amplify our brand.

Our annual flagship Elevator Pitch Competition (EPiC) attracted over 610 entries from 55 countries. With a record number of economies participating worldwide, we broadcasted online through our official channels and media partners to audiences across the globe, highlighting the Corporation as a hub for innovative talent on the global stage.

Hong Kong I&T Career Expo, the largest of its kind, recorded over 2,700 job offers and attracted more than 4,000 applications from job seekers spanning 129 economies.

Our Chairman, Chief Executive Officer and the senior management also made themselves available online and offline for public occasions, industry forums and media engagement, to keep evangelising the Corporation in its efforts to drive Hong Kong into an international innovation and technology hub.

DIGITAL AND SOCIAL MEDIA

We updated our social media strategies to modernise and enhance our digital presence. Key changes included rejuvenating our content with a more youthful and international style by improving visuals, copywriting, and creative angles. We also implemented a monthly themed content series with matching social media assets like videos for a consistent visual narrative. To expand our reach, we invested more in influencer marketing campaigns to amplify brand visibility. We shifted our approach from "awareness" to "conversion", focusing more on engagement and lead generation.

This year, we amplified our content partnerships to revitalise our brand and elevate engagement. We produced original content in collaboration with local, regional, and global media, and key opinion leaders.

We enhanced our regional exposure on digital and social media through a strategic shift in our media-buying approach. Moving from a quantity-focused to a quality-centric strategy, we sought to improve engagement across our target audiences. Instead of solely boosting site visits and follower counts, we concentrated on attracting a high-quality, young global audience, particularly the youth from ASEAN regions.

We fortified InnoPark's "Innofacturing Tomorrow" positioning by creating unique content and establishing strategic media partnerships. We curated tailored content series to showcase the innovative narratives behind InnoPark brands, reinforcing our positioning, fostering a deeper connection with our audience and making "innofacturing" appealing to the younger generation. In addition, we collaborated with local and regional media outlets to produce visually engaging content about InnoPark brands, highlighting InnoPark's pioneering role in advocating "new industrialisation" in line with the Hong Kong government's initiatives and shaping the future of advanced manufacturing. This reinforces Hong Kong's strengths and potential to diversify the economy through home-grown innovation, attracts younger generations to join the workforce and instils local pride through "Innovated. Designed. Made in Hong Kong".

After our new corporate identity rollout, we launched several initiatives to enhance our digital presence and user experience. We introduced a new HKSTP mobile app, which saw significant improvements in user ratings for our app. We created a Customer Relationship Management (CRM) hub as part of our performance marketing efforts, incorporating over 15,000 data points from events and SPARK members. We implemented conversion tracking on our corporate website, generating over 44,000 leads. We also successfully expanded our audience's demographics and market reach. The number of corporate website visitors, Instagram followers and YouTube subscribers within the 18-24 age group has drastically increased. We established an official WeChat account, which has since rapidly accumulated over 4,200 followers and launched an always-on content stream to ensure continuous engagement with our followers in Mainland China. Furthermore, we observed growth in non-local engagement across our website, LinkedIn, and Instagram.

CARING COMPANY

Being a responsible corporate citizen, we are committed to embracing corporate social responsibility through giving, mentoring and caring for the employees and the environment. This is the fifteen consecutive years that the Corporation has been recognised as a Caring organisation under the Hong Kong Council of Social Service Caring Company scheme and is accredited to be one of the "15 Years Plus Caring Organization". The Corporation is dedicated to driving different kinds of social responsibility initiatives to build a sustainable society together.

HUMAN RESOURCES DEVELOPMENT AND COLLABORATION

The Corporation recognises that our people is the foundation of our success and we are committed to helping our staff members develop their competencies and career at the Corporation. The development objectives are to achieving operational excellence to stretching individual's ability to excel the leadership potentials for building the Hong Kong Innovation & Technology Ecosystem. The training programmes we have arranged included leadership and management skills training such as "Strategic Negotiation and Influencing Skills", "Articulate Competencies for Success", "Change for Team Success", "Personal and Team Success", "Strategic Mindset for Communication and Interpersonal Skills"; professional & technical skills training such as "Data Analytic", "Business English", "Report Writing Skills", "Strategic Thinking & Business Planning" and "Consultative Selling" have been organised. A development programme tailored for functional team leaders was launched in October 2022 to groom future management. 5 regular knowledge sharing sessions "Lunch & Learn" and 3 talks relating to corporate core values were organised to expand the learning horizon in a more relaxing and interactive manner.

The Corporation also emphasize staff communications and engagement as a means to keep the staff members moving towards the common objectives and work as a team collaboratively. Quarterly Town Hall is arranged to share the Corporation's directions, appreciate success and exchange interesting stories. "CEO Message to All Staff" is also sent on a monthly basis to cascade key messages from the Management. In addition, engagement activities such as festive celebrations, Core Values reinforcement activities and awards, were organised to boost staff morale and team spirits.

The Corporation proactively nurtures I&T talent for ecosystem development. In the past year, we organized programmes and training to attract graduates to join the I&T industry. These included continuing the "Technology Leaders of Tomorrow" programme to nurture future I&T leaders and hosting the 5-day "Master Class Series: Microelectronics in GBA" online seminar to showcase the latest microelectronics trends to graduates. We also partnered with The Hong Kong Jockey Club Charities Trust to launch the "JC PROcruit C" programme, providing first-time job seekers with I&T career opportunities. In March 2022, we held the first-ever "Talent Game On 2K23" gamified recruitment campaign and virtual career expo, engaging over 100 HKSTP employers and 2,000 young talents seeking new I&T careers.

We are committed to providing internships to nurture university students and inject new blood into Hong Kong's talent pool. In the summer of 2022, we expanded the "HKSTP Summer Internship Programme", offering over 100 students across disciplines internships or training at the Corporation and more than 70 park companies. We also actively partner with government, academia and non-profit organizations to synergize Hong Kong's I&T talent ecosystem, including collaborating with the Home and Youth Affairs Bureau on the "Youth Start-up Internship Programme 2022", providing 100 students with 3 to 6 months internships at HKSTP start-ups.

In addition, to arouse secondary students' STEM interest, we piloted the "Youth SPARK Programme", offering experiential learning to students aged 16 or above to encourage I&T careers. We also co-organized the "Innopreneur Experience Journey" with the Federation of Hong Kong Industries, providing job shadowing and tours combining technology, creativity and emerging industries. We collaborated with the Social Welfare Department to provide HKSTP ecosystem experiences to 180 students under the "Strive and Rise Programme". These programmes enhance students' I&T understanding with an aim to nurture them to become future I&T talents.

SAFETY, HEALTH AND ENVIRONMENT ("SHE")

Safety, health and environmental protection are of paramount importance to the Corporation. Management adopts a risk-based approach to identify potential health, safety and environmental risks and establish effective control measures to mitigate the consequences of the risks.

Occupational Health and Safety

To ensure workplace safety, we continue to improve our safety inspection and audits program and total 130 safety inspections are conducted which covers workplaces of HKSTP offices, co-working spaces, service contractors, public areas of Science Park, InnoCell and InnoCentre, and construction sites of new development projects. Scaffolding safety, fire safety, electrical safety, emergency preparedness, safe use of ladder and handheld tool have been particularly addressed to responsible parties for improvement.

We have completed the annual safety audit on the SHE performance of the Corporation in accordance with ISO45001 and ISO14001. In the FY22/23 audit, there were totally 56 findings recorded. When comparing with the figure of 141 findings in FY21/22, the number of findings was reduced by 60%, which reflected a continual improvement in SHE performance. We have also completed 514 health risk assessments for prolonged computer users according to the Display Screen Equipment ("DSE") regulation. All follow-up actions for the health risk assessments have been completed to ensure the health of colleagues.

To ensure the workers' health, we regularly conduct indoor air quality (IAQ) and drinking water quality monitoring in Buildings 5E and 19W staff offices according to the IAQ Certification Scheme of EPD and HK Drinking Water Test Standards respectively. The measurement of new staff office in 3/F, building 5E will be arranged in FY23/24.

InnoPark consultancy project has been completed in Feb 2023. SHE handbook has been revised to include InnoParks' operation. SHE manual and major hazard register were also produced for implementation of SHE management over InnoParks' operations. SHE Handbook is a paramount document that is legally bound to the tenant's lease agreement. We have now updated SHE handbook regularly and kept the updated version of SHE Handbook in both pdf and html formats on the SHE website so that tenants can access the updated version and search for relevant information more conveniently.

Health and Safety Training and Promotion

To raise employees' SHE awareness, various types of training are provided constantly to HKSTP staff. 269 colleagues have completed Display Screen Equipment Health Training module on the e-learning platform to learn and understand healthy workstations and correct working posture. On-line SHE induction training have been provided to 230 newly joined colleagues to ensure they are familiar with occupational and health issues and their roles in maintaining health and safety in the Corporation. First Aider training has been organized to train 12 staff to be a qualified company first aider with competent certificates.

SHE team has launched 4 SHE online quizzes with different safety and health topics such as "Prevention of Heat Stroke" and "5S Housekeeping" etc. in FY22/23 and 300 staff participated in these quizzes. Besides, we organized 4 webinars on topics of public health and environmental protection such as "Healthy diet" and "Health Tips Under Covid-19 and Seasonal Influenza and Health" etc. in FY22/23 and the seminars have attracted 323 staff participation.

Laboratory and Research Safety

As epidemic continues to recede in Hong Kong, the laboratory safety inspection program resumed in May 2022 and a total of 232 laboratory safety inspections were completed at Science Park. At the same time, the LRS team has conducted a total 361 safety assessments for R&D activities to be commenced in Science Park Co-working Facilities and park company laboratories.

Safety training and promotion are the most essential means of enhancing laboratory safety awareness across the science park community. In the preceding year, the LRS team has conducted a series of trainings/workshops on laboratory safety, including “Safe Handling of Compressed Cylinder”, “PPE, All You Need to Know”, “SHE + Stakeholders Engagement Workshop” and “Site Visit to Chemical Waste Treatment Center (CWTC) in Tsing Yi”. These activities received excellent responses with more than 184 participants. To promote laboratory safety culture, we have attempted different channels to reach out to laboratory workers, such as safety newsletter and self-designed posters which are available via SHE Website and HKSTP Intranet.

The Dangerous Goods Inventory Management System (DGIMS) was officially launched in 2021 to enhance the monitoring of Dangerous Goods (DG) stores usage and gas cylinder in-out records for park company DG users. To fulfil the new requirements on the amended DG regulations, DGIMS is further revamped to support the growing R&D operations Science Park facilities. The DGIMS revamp is expected to complete by end of 2023.

SUSTAINABILITY REPORT

The far-reaching and decade-long effects of climate change, along with the growing importance of sustainability, profoundly impact governments, corporations, investors and tech ventures worldwide. At HKSTP, we recognise the vital importance of environmental stewardship and thought leadership. With a thriving innovation and technology (I&T) ecosystem, we are uniquely positioned to accelerate low carbon transition. As technology enables sustainability and sustainability fosters technology, HKSTP is committed to championing climate solutions and equipping innovators and the younger generation to exemplify climate leadership with the passion and knowledge to drive change.

At HKSTP, we have taken concrete steps to integrate sustainability into our organisation. Our commitment to this cause is reflected in every facet of our operations, from our strategic planning and project development to our daily operations. We also work collectively with our green technology (“green tech”) ventures and partners to build a green tech ecosystem that will drive sustainable I&T development and pave the way for Hong Kong to become an international green tech and green finance centre.

To ensure that our commitment to sustainability is effectively translated into action, we have established a dedicated Sustainability team. This team, which reports directly to our CEO, identifies strategic sustainability priorities, integrates sustainability into our decision-making processes, and drives sustainability initiatives. They play a crucial role in guiding our organisation towards a more sustainable future, continually striving for progress and pushing the boundaries in achieving a greener tomorrow, not only for HKSTP, but stakeholders, I&T ecosystem, and the environment as a whole.

ENGAGING STAKEHOLDERS

At HKSTP, we believe in the power of stakeholder engagement. We understand that achieving our sustainability goals requires a commitment to building open, honest and communicative relationships with our stakeholders. Our stakeholders include everyone who can impact our business or who may be affected by our operations. To ensure their sustainability priorities and business opportunities are identified and addressed, we engage with them through various communication and engagement channels. These include routine communications with our park companies, customer service hotlines, meetings and visits, conferences, seminars, press releases and media briefings. Maintaining a consistent dialogue with our stakeholders aims to build trust and foster collaboration, which is essential for achieving our sustainability goals. This continuous engagement helps us understand and respond to our stakeholders’ evolving needs and expectations, thereby enabling us to promote sustainable practices throughout the I&T ecosystem and our organisation.

OUR COMMITMENT TO NET-ZERO

Climate change is a global issue that requires long-term and decisive actions. Our country has announced its target to achieve carbon neutrality by 2060, while the HKSAR Government has spelt out its ambition to achieve carbon neutrality before 2050. HKSTP strives to stay ahead of the curve on decarbonisation by committing to achieve net-zero by 2045, setting a goal that is five years ahead of Hong Kong’s Climate Action Plan 2050 carbon neutrality target.

This ambitious goal aligns with the standards set by the Science Based Targets initiative (“SBTi”)’s Corporate Net-Zero Standard, limiting global warming to 1.5°C. SBTi is an internationally recognised body that sets stringent carbon emissions reduction targets grounded in the latest climate science. We have also joined the Business Ambition for 1.5°C campaign, a global coalition for the world’s largest and fastest-growing group of companies and organisations committed to urgent climate action.

HKSTP’s net-zero commitment by 2045 is not just a significant milestone for our organisation; it also aligns with the sustainability goals of corporations locally and globally. By setting such an ambitious target and cultivating a vibrant green tech ecosystem, we hope to inspire other organisations to take imminent climate action. As a pioneer and key catalyser in decarbonisation through I&T, our efforts in achieving climate and sustainability operational excellence set a precedence for green tech innovation and adoption, here and abroad, to follow suit and take decisive action against climate change.

HKSTP is committed to reducing absolute Scope 1 and 2 Greenhouse Gas (“GHG”) emissions by 42%, using 2020 as the base year, and reducing Scope 3 GHG emissions from capital goods by 52% per square metre and from downstream leased asset and waste by 25% using 2020 as the base year. To achieve the challenging net-zero target, energy efficiency and reduction plans include retro-commissioning with system optimisation on heating, ventilation, and air conditioning, chiller replacement projects, and lighting system enhancement in Science Park. We will commission a detailed study that will comprehensively assess our business operations, set clear targets and prioritise carbon reduction strategies as part of developing a net-zero roadmap. The roadmap will encompass specific decarbonisation action items to reduce Scope 1, 2 and 3 carbon emissions and identify best practices on Scope 3 inventory development.

CULTIVATING A GREEN TECH ECOSYSTEM

At HKSTP, we understand that achieving our sustainability goals requires more than just reducing our carbon footprint. It requires continuous effort to advocate and drive sustainable climate I&T development in cultivating a green tech ecosystem.

The Hong Kong Budget 2023-24 set out a clear goal to develop Hong Kong into an international centre for green tech and finance. The Financial Secretary also visited Science Park to exchange views with green tech ventures in promoting Hong Kong's green tech development. Aligned with this vision, we work closely with our stakeholders, including park companies, corporations, and investors, to disseminate the latest sustainability trends and knowledge. This equips them with the necessary skillsets to advance their sustainable practices.

To facilitate this transformation and guided by the HKSTP's core value of SPARK, we invited a renowned professor to share her insights and actionable steps on collaborating with a sustainable impact to achieve the greater good, and the latest movement on climate change. We also organised events like the Grand Pitching Day to foster innovation and connections among Hong Kong's most prominent corporate partners, investors, tech ventures, startups and sustainability professionals. One major session focused on adopting innovations to develop sustainable buildings using green building materials, optimising energy efficiency, and sustainable property management. Speakers from construction and real estate shared their thoughts and expert opinions on sustainability, while tech ventures pitched disruptive green building ideas. The discussion spurred creative new approaches to innovation for sustainability.

We also hosted an ESG Insight Forum with sustainability experts to explain the latest trends and industry barriers. Participating park companies provided positive feedback and were inspired to refine their technology further. We aim to accelerate Hong Kong's development into a low-carbon city by building a thriving ecosystem for green tech. Through this ecosystem, we aim to drive innovative, constructive green tech solutions while promoting their widespread adoption. We are dedicated to leveraging green finance instruments to catalyse further development of green tech.

FOSTERING COLLABORATIONS AND PARTNERSHIPS

Driving innovation in technology and sustainability requires a culture of collaboration. At the core of developing innovative technology lies the need for extensive collaboration, ongoing effort, and continuous exchange of ideas. Fostering innovation requires bringing stakeholders together to share insights, experiences, and expertise.

HKSTP has implemented collaboration programmes with strategic industry leaders to spur innovation, accelerate commercialisation, and promote closer ties and knowledge-sharing. For instance, HKSTP and The Construction Industry Council ("CIC") successfully launched Hong Kong's first ConTech (construction technology)-focused innovation acceleration programme called the ConTech Accelerator. This joint platform aims to share best practices and techniques for ConTech solutions in three key challenging areas - construction safety, sustainability and productivity. It strengthens connections between corporate partners and tech ventures while nurturing a vibrant I&T ecosystem and pool of startups and tech ventures. The ConTech Accelerator will drive industry trials and collaboration on new ideas to solve specific pain points in design and construction using innovations like site monitoring, green materials and robotic welding. From November 2022 to March 2023, nearly 40 tech ventures have been shortlisted through three rounds of business matching sessions.

Additionally, HKSTP and MTR Corporation ("MTR") have set up a three-year collaboration framework focusing on applying innovative sustainability technologies, data collaboration and co-investment in tech ventures to promote an open I&T ecosystem in Hong Kong. This partnership has led to exploring a Living Lab within MTR's real-life operations environment to validate solutions provided by tech ventures for tackling business and sustainability challenges.

ADVOCATING INDUSTRIES' SUSTAINABILITY

In line with Hong Kong's commitment to achieving carbon neutrality, HKSTP supports industries in their journey towards this goal. HKSTP is dedicated to collaborating, supporting and partnering with industries to reach this decarbonisation goal.

HKSTP has supported the analysis of Hong Kong's smart green building landscape published by Invest Hong Kong by providing the sustainable building features of InnoCell, a smart living and co-creation space designed to spark collaboration among I&T talents. InnoCell is Hong Kong's first high-rise building constructed using innovative Modular Integrated Construction ("MiC") technology.

In addition to providing insights and support, HKSTP actively participates in sustainability and climate change events. By attending and contributing to forums such as the BEC + InvestHK Leadership Forum 2022 Series#2 – Green Transition in Hong Kong: From Research to Market, and Clean Tech in Asia: Opportunities and Challenges, etc., we aim to articulate our insights and share our experiences in the climate technology and innovation journey.

Through partnerships, sharing knowledge, and supporting decarbonisation efforts, HKSTP aims to help Hong Kong industries transition to carbon neutrality. Our expertise and collaboration will be key enablers on this important journey.

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.

RISK GOVERNANCE FRAMEWORK

Strategic Direction and Risk Appetite

The Management, with oversight by the Board, determines the strategic direction of the Corporation and agrees on 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 that 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 the visibility of risks, controls, 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 bi-annual 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 Internal Audit Division that the risk management system has functioned effectively. For the year ended 31 March 2023, 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 that are inherent to the Corporation. For these inherent risks, we have controls, processes, and procedures in place to mitigate each risk by either minimising the likelihood of the event occurring and/or reducing the impact if

it does occur. The risks listed below are, to our best knowledge, the principal risks of various types to which we are exposed. They will necessarily evolve over time due to the dynamic nature of our business.

Principal Risks	Description	Key Mitigations
Strategic Risk	The risk of not being able to strengthen Hong Kong's position as the hub for innovation and technology	<ul style="list-style-type: none"> Proactively engage key stakeholders at different levels to solicit support in the areas concerning policy, market adoption, investment, education, and training Actively conduct promotional activities locally and globally, as well as in the Mainland markets to attract quality R&D companies Plan and execute funding and resources to attract and support R&D companies, in view of developing a core of high-quality R&D companies to strengthen the innovation & technology ecosystem and attract talents Define and execute stricter focuses with specific sub-sectors and a list of targeted companies to build a stronger portfolio
Occupational Health and Safety Risk	The risk of not being able to identify, evaluate, and control health and safety hazards in all workplaces, including offices, laboratories, and construction sites	<ul style="list-style-type: none"> Health and Safety policies and governance structures are reviewed regularly Safety audit programme is in place to cover high-risk workplaces such as laboratories operated by HKSTP, tenants, or contractors For research safety, safety assessment for research space is in place to identify potential health and safety hazards associated with research activities prior to operation to ensure mitigation measures are planned accordingly
Pandemic Risk	The risk of not being able to operate due to the outbreak of any pandemic disease	<ul style="list-style-type: none"> Observe all good practices as enacted by the WHO and HK Center for Health Prevention Establish a crisis management team to provide guidance and oversee the actions taken to prevent the outbreak of any disease on the premises of HKSTP

Principal Risks	Description	Key Mitigations
Information Security Risk	Inadequate processes and procedures leading to security breaches and loss 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 • Conduct simulated phishing email tests regularly to test users' vigilance against phishing emails • Appoint professional security consultants to assess system vulnerability and implement solutions to address any security issues
Operational Risk	Inadequate or failed internal processes which pose a material impact on 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 or social media	<ul style="list-style-type: none"> • Maintain close working relationships with the press and media • Effective communication with the public when handling negative publicity • Regular reviews and improvement for issue/crisis communications
Legal and Regulatory Risk	Incurring liabilities resulting from breach of or non-compliance with applicable laws, regulations, or contractual obligations	<ul style="list-style-type: none"> • Legal advice sought prior to embarking on business activities and new initiatives • Compliance audits are conducted
Financial Risk	The risk of not being able to achieve financial self-sustainability with the current business model	<ul style="list-style-type: none"> • Develop a budget and long-term financial projections with the aim of achieving financial self-sustainability • Use a rolling forecast to monitor the financial result and manage any potential financial exposure • Undertake the annual rental review and align the headline rate with market conditions • Implement stringent control on expenditure

**REPORT OF
THE DIRECTORS AND
FINANCIAL STATEMENTS**

DIRECTORS' REPORT

The directors present their report together with the audited financial statements for the year ended 31 March 2023.

PRINCIPAL ACTIVITIES

The principal activities of Hong Kong Science and Technology Parks Corporation (the "Corporation") are to facilitate the research and development and application of technologies in manufacturing and service industries in Hong Kong; to support the development, transfer and use of new or advanced technologies in Hong Kong; and to establish or develop any premises where activities related to the purposes prescribed above are, or are to be, carried out, and to manage and control the land and other facilities comprised in such premises. Details of the principal activities of the Corporation's principal subsidiaries are set out in note 30 to the financial statements.

RESULTS

The results of the Corporation and its subsidiaries (the "Group") for the year ended 31 March 2023 and the financial position of the Group as at that date are set out in the financial statements on pages 47 to 82.

Property, plant and equipment

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

Construction in progress

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

InnoParks (previously known as Industrial Estates)

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

SHARE CAPITAL

Details of the share capital of the Corporation are set out in note 24 to the financial statements.

DIRECTORS

All directors were appointed and re-appointed in accordance with sections 1(1), 1(2) and 1(3) of Schedule 2 to the Hong Kong Science and Technology Parks Corporation Ordinance (the "Ordinance").

DIRECTORS' REPORT

DIRECTORS (CONTINUED)

The directors during the year and up to the date of this report were:

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			
Dr. Sunny CHAI Ngai Chiu, SBS, JP*	2018*	2020	2022
Government Member[#]			
Permanent Secretary for Innovation, Technology and Industry [^] <i>(with Commissioner for Innovation and Technology, Deputy Commissioner for Innovation and Technology or Assistant Commissioner for Innovation and Technology as alternate member)</i>			
<i>Incumbent:</i>			
Ms. Annie CHOI Suk Han, GBS, JP (Retired on 19 July 2022)	—	—	—
Mr. Eddie MAK Tak Wai, JP (With effect from 20 July 2022)	—	—	—
Members			
Mr. Conrad CHAN Che Chung	2022		
Mr. Eugene CHAN Yu Ching (With effect from 1 July 2023)	2023		
Ms. Jennifer CHAN Pui Kwan (With effect from 1 July 2023)	2023		
Mr. CHEN Shuang, JP (End of directorship on 30 June 2023)	2020	2022	
Mr. Herbert CHIA Pun Kok, JP	2018	2020	2022
Mr. Donald CHOI Wun Hing, JP	2018	2020	2022
Ms. Cordelia CHUNG (Retired on 30 June 2023)	2017	2019	2021
Mr. Kent HO Ching Tak (Retired on 30 June 2023)	2017	2019	2021
Mr. Dennis HO Chiu Ping	2018	2020	2022
Ir. HON Chi Keung, GBS, JP (With effect from 1 July 2023)	2023		
Prof. Stephanie MA Kwai Yee	2020	2022	
Dr. Kim MAK Kin Wah, BBS, JP (Retired on 30 June 2023)	2017	2019	2021
Ms. Angel NG Yin Yee	2019	2021	2023
Mr. Daryl NG Win Kong, SBS, JP	2020	2022	
The Honourable Jimmy NG Wing Ka, BBS, JP	2018	2020	2022
Mr. Joseph NGAI, JP (Retired on 30 June 2022)	2016	2018	2020
Mr. Gavin POON Ka Ming (Retired on 30 June 2022)	2018	2020	
The Honourable Elizabeth QUAT, SBS, JP	2021	2023	
Dr. Samson TAM Wai Ho, JP	2022		
Ms. Phoebe TSE Siu Ling	2022		
Dr. Philip ZHAI Pu (With effect from 1 July 2023)	2023		

Remarks:

* Prior to commencement of chairpersonship in July 2018, Dr. Sunny Chai was appointed as a director for the period from 1 July 2014 to 30 June 2018.

The Government Member was appointed by the Financial Secretary of the Government of the Hong Kong Special Administrative Region on an ex-officio basis in accordance with sections 1(1)(b) and (2) of Schedule 2 of the Ordinance.

^ The Innovation and Technology Bureau was re-titled as the Innovation, Technology and Industry Bureau with effect from 1 July 2022.

DIRECTORS' REPORT

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTERESTS IN CONTRACTS

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

AUDITORS

The re-appointment of BDO Limited as auditors of the Corporation for a term of 2 years was approved by the Board of Directors on 22 March 2023. The consolidated financial statements for the year ended 31 March 2023 have been audited by BDO Limited.

On behalf of the board

Dr. Sunny CHAI Ngai Chiu, SBS, JP

Chairman

Hong Kong, 27 September 2023

INDEPENDENT AUDITOR'S REPORT



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Independent Auditor's Report to the Board of Directors of Hong Kong Science and Technology Parks Corporation

(香港科技園公司)

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

OPINION

We have audited the consolidated financial statements of Hong Kong Science and Technology Parks Corporation (the "Corporation") and its subsidiaries (together the "Group") set out on pages 47 to 82, which comprise the consolidated statement of financial position as at 31 March 2023, the consolidated income statement and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2023 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessing recoverability of the carrying value of property, plant and equipment and construction in progress attributable to Science Park segment

Refer to accounting policy 2.4(d), 2.4(e), 2.4(h)(ii) and notes 11 and 12 to the consolidated financial statements

As at 31 March 2023, the Group held property, plant and equipment and construction in progress attributable to Science Park Segment located in Hong Kong with carrying amounts totalling HK\$10,470 million and HK\$467 million, which represented 35% of the Group's total assets at that date.

The Science Park segment of the Group sustained a deficit for the year ended 31 March 2023, which management considered to be an indicator that the carrying value of property, plant and equipment and construction in progress attributable to that segment may not be recovered. Consequently, the recoverable amounts of property, plant and equipment and construction in progress in the Science Park segment were estimated by management and compared with their carrying amounts.

The recoverable amounts of property, plant and equipment and construction in progress were assessed by management based on the value in use which is the net present value of the forecast cash flows. The assessment of the recoverable amounts is inherently subjective as it involves the exercise of significant management judgement and estimation, particularly in determining future occupancy rates, rental growth rates and the discount rate applied.

We identified the assessment of the recoverability of the carrying value of property, plant and equipment and construction in progress as a key audit matter because management's assessment of the recoverable amounts involved significant judgement and estimation which could be subject to management bias.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

Assessing recoverability of the carrying value of property, plant and equipment and construction in progress attributable to Science Park segment (Continued)

Our response:

Our procedures in relation to assessing the recoverability of the carrying value of property, plant and equipment and construction in progress included:

- evaluating the methodology adopted by management in the discounted cash flow forecast, the identification of cash generating units and the allocation of assets to the relevant cash generating units with reference to the guidance in the prevailing accounting standards;
- evaluating the key estimates and assumptions adopted in the discounted cash flow forecast, including future occupancy rates, rental growth rates and the discount rate applied, by comparing these against historical results and publicly available market information;
- comparing the actual operating results for the current year with management's forecast operating results in its recoverability assessment made in the previous year in order to assess the historical accuracy of management's forecasting process, discussing with management significant variances identified and considering the impact of these variances on the discounted cash flow forecast for the current year; and
- performing sensitivity analyses by making adjustments to the future occupancy rates and rental growth rates to assess the impact on the conclusions reached by management in its recoverability assessment and considering the risk of possible management bias in the recoverability assessment exercise.

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Corporation's annual report but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibility in this regard.

INDEPENDENT AUDITOR'S REPORT

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

INDEPENDENT AUDITOR’S REPORT

AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BDO Limited

Certified Public Accountants

Yu Tsui Fong

Practising Certificate Number P05440

Hong Kong, 27 September 2023

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2023
(Expressed in Hong Kong dollars)

	Note	2023 HK\$'000	2022 HK\$'000
Income			
Income from InnoParks	5(a)	1,280,319	135,470
Gross rental income	5(b)	1,051,472	896,600
Property management fee, air-conditioning and support facility income		312,201	279,734
Increase in fair value of financial assets at fair value through profit or loss		90,512	89,341
Income from technology support centres and communal facilities		13,065	13,330
Miscellaneous income		10,441	13,939
		2,758,010	1,428,414
Expenditure			
Operating and administrative expenses		(593,648)	(499,053)
Expenses for property management, technology support centres and communal facilities	6(a)	(581,080)	(481,615)
Incubation and tenant support expenses		(348,850)	(283,233)
Marketing and promotion expenses		(72,224)	(48,465)
		(1,595,802)	(1,312,366)
Operating surplus before interest and depreciation		1,162,208	116,048
Interest income	5(c)	162,468	42,404
Interest expenses	6(b)	(69)	(54)
Surplus before depreciation		1,324,607	158,398
Depreciation	11	(1,051,017)	(854,005)
Deferred income		56,168	56,168
Surplus/(Deficit) for the year	7	329,758	(639,439)
Other comprehensive income for the year			
<i>Item that will not be reclassified to profit or loss:</i>			
Equity investments at fair value through other comprehensive income: change in fair value recognised during the year		(109,678)	107,168
Surplus/(Deficit) and total comprehensive income for the year		220,080	(532,271)

The notes on pages 53 to 82 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2023

(Expressed in Hong Kong dollars)

	Note	2023 HK\$'000	2022 HK\$'000
Non-current assets			
Property, plant and equipment	11	16,651,876	12,955,766
Construction in progress	12	3,394,781	5,935,017
InnoParks	13	570,513	349,209
Other financial assets	14, 28(e)	354,191	407,003
Financial assets at fair value through profit or loss	28(e)	228,341	148,685
Total non-current assets		21,199,702	19,795,680
Current assets			
Accounts receivable, prepayments, deposits and other receivables	15	380,385	315,768
Bank deposits with original maturities of more than three months	16	8,815,652	6,220,465
Cash and cash equivalents	17(a)	1,110,756	881,572
Total current assets		10,306,793	7,417,805
Current liabilities			
Accrued charges and other payables	18	1,438,581	1,164,188
Deposits and rental received in advance	19	553,920	874,543
Lease liabilities	23	2,336	3,724
Total current liabilities		1,994,837	2,042,455
Net current assets		8,311,956	5,375,350

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2023
(Expressed in Hong Kong dollars)

	Note	2023 HK\$'000	2022 HK\$'000
Total assets less current liabilities		29,511,658	25,171,030
Non-current liabilities			
Deferred income	22	1,611,254	1,676,149
Government loans	20	536,426	527,699
Medium term notes	21	851,932	851,880
Lease liabilities	23	1,245	3,581
Total non-current liabilities		3,000,857	3,059,309
NET ASSETS		26,510,801	22,111,721
EQUITY			
Issued capital	24	26,949,398	22,770,398
Reserves		(438,597)	(658,677)
TOTAL EQUITY		26,510,801	22,111,721

Approved and authorised for issue by the board of directors on 27 September 2023.

Dr. Sunny CHAI Ngai Chiu, SBS, JP
Chairperson

Mr. Dennis HO Chiu Ping
Director

The notes on pages 53 to 82 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023
(Expressed in Hong Kong dollars)

	Issued capital	Accumulated deficit	Fair value reserve (non-recycling)	Total equity
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 April 2021	22,770,398	(129,998)	3,592	22,643,992
Changes in equity for 2022:				
Deficit for the year	—	(639,439)	—	(639,439)
Other comprehensive income				
Changes in fair value recognised during the year	—	—	107,168	107,168
Total comprehensive income for the year	—	(639,439)	107,168	(532,271)
Transfer within equity upon disposal of other financial assets	—	(5,470)	5,470	—
At 31 March 2022 and 1 April 2022	22,770,398	(774,907)	116,230	22,111,721
Changes in equity for 2023:				
Issuance of shares (note 24)	4,179,000	—	—	4,179,000
Surplus for the year	—	329,758	—	329,758
Other comprehensive income				
Changes in fair value recognised during the year	—	—	(109,678)	(109,678)
Total comprehensive income for the year	—	329,758	(109,678)	220,080
Transfer within equity upon disposal of other financial assets	—	(19,307)	19,307	—
At 31 March 2023	26,949,398	(464,456)	25,859	26,510,801

The notes on pages 53 to 82 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2023
(Expressed in Hong Kong dollars)

	Note	2023 HK\$'000	2022 HK\$'000
Cash flows from operating activities			
Surplus/(Deficit) for the year		329,758	(639,439)
Adjustments for:			
Depreciation	11	1,051,017	854,005
Interest expenses	6(b)	69	54
Net income on land in InnoParks leased	5(a)	(1,244,639)	—
Interest income	5(c)	(162,468)	(42,404)
Increase in fair value of financial assets at fair value through profit or loss		(90,512)	(89,341)
Other deferred income recognised		(56,168)	(56,168)
Gain on disposal of items of property, plant and equipment	7	(39)	(6,919)
		(172,982)	19,788
<i>Changes in operating assets and liabilities:</i>			
Increase/(Decrease) in accrued charges and other payables		117,674	(15,901)
(Decrease)/Increase in deposits and rental received in advance		(320,623)	438,411
Increase in accounts receivable, prepayments, deposits and other receivables		(75,934)	(137,393)
Net cash (used in)/generated from operating activities		(451,865)	304,905
Cash flows from investing activities			
Withdrawal of bank deposits with original maturities of more than three months when acquired		11,418,745	13,167,109
Gross proceed from land in InnoParks leased	5(a)	1,272,000	—
Interest received		79,372	58,620
Proceed from disposal of other financial assets		2,040	542
Proceed from disposal of items of property, plant and equipment		387	15,049
Proceed from disposal of financial assets at fair value through profit or loss		212	33
Placement of bank deposits with original maturities of more than three months when acquired		(13,919,519)	(9,159,055)
Payment for construction in progress		(1,901,036)	(3,342,615)
Payment for repossessed lands in InnoParks		(248,665)	—
Payment for purchase of items of property, plant and equipment		(122,218)	(143,870)
Payment for purchase of other financial assets		(48,264)	(112,784)
Net cash (used in)/generated from investing activities		(3,466,946)	483,029

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended 31 March 2023
(Expressed in Hong Kong dollars)

	Note	2023 HK\$'000	2022 HK\$'000
Cash flows from financing activities			
Repayment of government loans	17(b)	—	(101,677)
Interest paid	17(b)	(27,212)	(28,477)
Capital element of lease rentals paid	17(b)	(3,724)	(3,572)
Interest element of lease rentals paid	17(b)	(69)	(54)
Proceeds from issuance of new shares	24	4,179,000	—
Net cash generated from/(used in) financing activities		4,147,995	(133,780)
Net increase in cash and cash equivalents		229,184	654,154
Cash and cash equivalents at the beginning of the year		881,572	227,418
Cash and cash equivalents at the end of the year	17(a)	1,110,756	881,572

The notes on pages 53 to 82 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

1. GENERAL INFORMATION

The Hong Kong Science and Technology Parks Corporation (the “Corporation”) was incorporated under the Hong Kong Science and Technology Parks Corporation Ordinance (the “Ordinance”). The Corporation was incorporated on 7 May 2001 by vesting of all rights, obligations, assets and liabilities of Provisional Hong Kong Science Park Company Limited, Hong Kong Industrial Estates Corporation and Hong Kong Industrial Technology Centre Corporation. The address of the principal place of business of the Corporation is 5/F, Building 5E, 5 Science Park East Avenue, Hong Kong Science Park, Pak Shek Kok, New Territories, Hong Kong.

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

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

2.1. STATEMENT OF COMPLIANCE

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

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

2.2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The consolidated financial statements for the year ended 31 March 2023 comprise the Corporation and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

- Other financial assets (see note 2.4(c)); and
- financial assets at fair value through profit or loss (see note 2.4(r)).

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.3. ADOPTION OF NEW OR REVISED HKFRSs - EFFECTIVE 1 APRIL 2022

The Group has adopted the following new or revised HKFRSs issued by the HKICPA that are relevant to its operations and effective for annual periods beginning on or after 1 April 2022.

Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRS 3	Reference to the Conceptual Framework
Annual Improvements to HKFRSs 2018 - 2020	
Amendments to HKAS 12	International Tax Reform – Pillar Two Model Rules

The new or amended HKFRSs that are effective from 1 April 2022 did not have any significant impact on the Group's accounting policies.

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Segment reporting

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

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

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

(b) Subsidiaries

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Other financial assets

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in income statement. For an explanation of how the Group determines fair value of financial instruments, see note 28(e).

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to accumulated surplus. It is not recycled through income statement. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in income statement in accordance with the policy set out in note 2.4(p).

(d) Property, plant and equipment and depreciation

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

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

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

* Depreciation rate of 6 $\frac{2}{3}$ % is applied to certain significant electrical and mechanical equipment inside the Science Park and InnoParks buildings. The remaining premises and others are depreciated over the unexpired terms of the leases.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Science Park

The Science Park is developed for the purpose of leasing for rental and providing infrastructure to tenants for innovation and technology development. The Science Park is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses (see note 2.4(h)(ii)).

InnoCentre

The InnoCentre is developed for the purpose of supporting development for fintech, digital commerce and design by providing infrastructure and facilities and leasing office space for tenants engaged in such activities. The property is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses (see note 2.4(h)(ii)).

InnoParks buildings

InnoParks buildings are developed at the three InnoParks in Tai Po, Tseung Kwan O and Yuen Long for innovation and technology-driven industrial production. They are held to earn rental income and provide ancillary services for tenants in the ordinary course of business. The properties are shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses (see note 2.4(h)(ii)).

Estate centre building

The estate centre building is used for administrative purposes. The property is shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses (see note 2.4(h)(ii)).

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

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

(e) Construction in progress

Construction in progress is being constructed for the purpose of leasing for rental and providing infrastructure to tenants for innovation and technology development. Construction in progress is shown at actual cost which includes all direct costs, borrowing costs capitalised, together with direct and indirect overheads applicable to the construction, less accumulated impairment losses (see note 2.4(h)(ii)).

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

(f) InnoParks

InnoParks, previously known as Industrial Estates, represent the pieces of land in each of the InnoParks and are shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated impairment losses (see note 2.4(h)(ii)). Included in the cost of each InnoPark is the cost of land and cost to repossess certain premises. The construction cost of the InnoParks buildings and estate centre building has been excluded from the cost of the InnoParks and is shown separately in 2.4(d) as above described.

(g) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Leased assets (Continued)

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to income statement in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see note 2.4(h)(ii)).

In the consolidated statement of financial position, the Group presents right-of-use assets of leased properties within “property, plant and equipment” and right-of-use assets of pieces of land under “InnoParks” and presents all lease liabilities separately.

(h) Credit losses and impairment of assets

(i) Credit losses from financial instruments

The Group recognises a loss allowance for expected credit loss (“ECLs”) on the financial assets measured at amortised cost (including cash and bank balances and accounts and other receivables).

Financial assets measured at fair value, including financial assets at FVPL and equity securities designated at FVOCI (non-recycling), are not subject to the ECL assessment.

Measurement of ECLs

The loss allowance for a trade debtor is measured at an amount equal to lifetime ECLs, which are those losses that are expected to occur over the expected life of the trade debtors. The loss allowance is estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are remeasured at each reporting date with any changes recognised as an impairment gain or loss in income statement. The Group recognises an impairment gain or loss with a corresponding adjustment to the carrying amount of trade and other receivables through a loss allowance account.

The gross carrying amount of a trade debtor or other receivable is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(h) Credit losses and impairment of assets (Continued)

(ii) Impairment of other assets

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

- property, plant and equipment;
- construction in progress; and
- InnoParks.

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

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

- Recognition of impairment losses

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

- Reversals of impairment losses

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

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

(i) Accounts receivable

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Receivables are stated at amortised cost using the effective interest method less allowance for ECLs (see note 2.4(h)(i)).

(j) Interest-bearing borrowings

Interest-bearing borrowings are measured initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2.4(q)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Accounts payable

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

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 2.4(h)(i).

(m) Employee benefits

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

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

The Group provides employer's contribution to the MPF Scheme for all qualifying employees at the following rates:

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

(n) Government grants

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

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

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

Where the Group receives government loans granted with no or at a below-market rate of interest, the initial carrying amount of the government loans is determined using the effective interest method. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to income statement over the loan period to match with the interest expenses of the relevant loans.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Provisions and contingent liabilities

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

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

(p) Revenue and other income

Income is classified by the Group as revenue when it arises from the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties.

Further details of the Group's revenue and other income recognition policies are as follows:

- (i) rental income receivable under operating leases is recognised in income statement in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in income statement as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned;
- (ii) InnoParks income in relation to the premises or change of uses of the premises of InnoParks leased to the leasees is recognised when the Group make InnoParks available for use to leasees;
- (iii) property management fee, air-conditioning and support facility income is recognised when the services are rendered to the tenants;
- (iv) income from technology support centres and communal facilities including (i) equipment leasing and service fee income which is recognised when the services are rendered to the tenants; (ii) procurement sales income which is recognised when the laboratories materials are delivered to and accepted by the tenants; and (iii) rental income from leasing communal office or laboratory is recognised in equal instalments over the periods covered by lease terms;
- (v) deferred income arising from assets granted by the Government is recognised over the unexpired terms of the leases of the related assets in accordance with the depreciation policies of the related assets;
- (vi) interest income is recognised as it accrues using the effective interest method; and
- (vii) dividends
 - dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.
 - dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Borrowing costs

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

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

(r) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in income statement.

(s) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) Both entities are joint ventures of the same third party;
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity);
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Impairment of property, plant and equipment and construction in progress

The Group determines whether the property, plant and equipment and construction in progress are impaired, particularly in assessing whether an event has occurred that may affect the asset value. This requires an estimation of the value in use. The value in use calculation requires the Group to estimate the future cash flows expected to arise from its use. Where the actual future cash flows are less than expected, material impairment provision may arise. As at 31 March 2023, the net carrying amount of the property, plant and equipment and construction in progress were HK\$16,651,876,000 (2022: HK\$12,955,766,000) after taking into account the accumulated impairment provision of HK\$106,801,000 made in previous year in respect of certain property, plant and equipment and HK\$3,394,781,000 (2022: HK\$5,935,017,000) respectively.

4. OPERATING SEGMENT INFORMATION

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment results. For management purposes, the Group is organised into business units based on its services and has three reportable operating segments as follows:

(a) Science Park

The Science Park segment refers to Hong Kong Science Park in Pak Shek Kok and Hong Kong-Shenzhen Innovation and Technology Park in the Lok Ma Chau Loop (the "Loop"), which provides all services in connection with development of Hong Kong into a regional hub for innovation and technology and also covers value added services and comprehensive incubation programmes for technology start-ups to accelerate their growth.

(b) InnoCentre

The InnoCentre segment refers to innovation support in relation to fintech, ecommerce and creative design development in Hong Kong.

(c) InnoParks

The InnoParks segment refers to the three InnoParks in Tai Po, Yuen Long and Tseung Kwan O. With the repositioning from Industrial Estates to InnoParks in 2021, InnoParks aim at driving "innofacturing" with the focuses on new innovation and technology industries with emphasis on innovative product technology, advanced manufacturing processes, high-skill employment, efforts in research and development, supporting local consumptions, environmental and business sustainability, as well as the companies' output and investment in capital expenditure.

To reconcile the Group's financial results, certain items are not reported under an individual segment but are classified under Government Funded Initiatives. Government Funded Initiatives refer to a range of facilities to foster the research work in healthcare and artificial intelligence and robotics technologies, and support measures and incentives to the Corporation's tenants and incubatees. They are funded by the Government through equity injected to the Corporation. Cost of facilities is accounted for in property, plant and equipment and construction in progress. Support measures and incentives including funding support, rental concession, related facilities' operating expenses and corporate overheads are accounted for in the income statement.

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(Expressed in Hong Kong dollars unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

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

	2023			Total HK\$'000
	Science Park HK\$'000	InnoCentre HK\$'000	InnoParks HK\$'000	
Items excluding Government Funded Initiatives				
Income	1,276,304	47,036	1,486,681	2,810,021
Expenditure	(1,028,507)	(20,150)	(109,428)	(1,158,085)
Operating surplus before interest and depreciation	247,797	26,886	1,377,253	1,651,936
Depreciation, net of deferred income	(984,552)	(4,670)	(5,627)	(994,849)
Reportable segment (deficit)/surplus for the year	(736,755)	22,216	1,371,626	657,087
Net interest income				162,399
Government Funded Initiatives				
– Rental income concession				(52,011)
– Total expenses				(437,717)
Surplus for the year				329,758

Total cost of facilities under Government Funded Initiatives as at 31 March 2023 was approximately HK\$1,066 million (2022: approximately HK\$915 million).

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(Expressed in Hong Kong dollars unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

	2022			
	Science Park	InnoCentre	InnoParks	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Items excluding Government Funded Initiatives				
Income	1,170,404	51,175	248,446	1,470,025
Expenditure	(863,651)	(21,696)	(67,960)	(953,307)
Operating surplus before interest and depreciation	306,753	29,479	180,486	516,718
Depreciation, net of deferred income	(755,997)	(15,222)	(8,430)	(779,649)
Reportable segment (deficit)/surplus for the year	(449,244)	14,257	172,056	(262,931)
Net interest income				42,350
Government Funded Initiatives				
– Rental income concession				(41,611)
– Total expenses				(377,247)
Deficit for the year				(639,439)

5. INCOME FROM INNOPARKS, GROSS RENTAL INCOME AND INTEREST INCOME

(a) Income from InnoParks

The amount represented proceeds from lands and/or premises in InnoParks leased net of any related cost, and premium received from change of uses of the lands and/or premises in InnoParks leased to the leasees.

(b) Gross rental income

The amount represented gross rental income in respect of Science Park, InnoCentre and properties situated in InnoParks.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

5. INCOME FROM INNOPARKS, GROSS RENTAL INCOME AND INTEREST INCOME (CONTINUED)

(c) Interest income

	2023	2022
	HK\$'000	HK\$'000
Interest income on bank deposits	162,468	42,404

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

(a) Expenses for property management and technology support centres and communal facilities

Amount included expenses for property management of HK\$504,118,000 (2022: HK\$453,118,000) and expenses for technology support centres and communal facilities of HK\$76,962,000 (2022: HK\$28,497,000). Included in expenses for property management were salaries and other benefits of HK\$136,132,000 (2022: HK\$114,429,000) and contribution to defined contribution retirement scheme of HK\$5,630,000 (2022: HK\$3,974,000) that the management companies paid to their staff.

(b) Interest expenses

	2023	2022
	HK\$'000	HK\$'000
Interest expenses on medium term notes	27,264	27,264
Interest expenses on government loans	8,382	8,984
Interest expense on lease liabilities	69	54
	35,715	36,302
Less: interest expense capitalised into construction in progress (Note)	(35,646)	(36,248)
	69	54

Note: The borrowing costs were capitalised at rates of 1.3% to 3.2% (2022: 1.1% to 3.2%) per annum.

7. SURPLUS/(DEFICIT) FOR THE YEAR

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

	2023	2022
	HK\$'000	HK\$'000
Employee benefit expenses (excluding staff costs of property management, as set out in note 6(a)):		
– Wages and salaries	405,069	355,938
– Retirement scheme contribution	15,018	16,268
Audit fee payable to auditors	1,615	1,441
Gain on disposal of items of property, plant and equipment	(39)	(6,919)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

8. DIRECTORS' EMOLUMENTS

No directors received any fees or emoluments in respect of their services rendered to the Group during the year (2022: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

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

	2023 HK\$'000	2022 HK\$'000
Salaries and other benefits	14,470	13,893
Performance related incentive payments	3,212	3,020
Retirement benefit scheme contributions	953	1,118
	18,635	18,031

The remuneration of the CEO for the year was HK\$5,704,000 (salary and other benefits: HK\$4,225,000; performance related incentive payments: HK\$1,056,000; retirement benefit scheme contributions: HK\$423,000) (2022: HK\$5,349,000 (salary and other benefits: HK\$3,963,000; performance related incentive payments: HK\$990,000; retirement benefit scheme contributions: HK\$396,000)).

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

	2023	2022
HK\$2,500,001 to HK\$3,000,000	-	1
HK\$3,000,001 to HK\$3,500,000	3	3
HK\$3,500,001 to HK\$4,000,000	1	-
HK\$5,000,001 to HK\$5,500,000	-	1
HK\$5,500,001 to HK\$6,000,000	1	-
	5	5

10. TAXATION

No provision for Hong Kong Profits Tax has been made as the Corporation is exempt from taxation in Hong Kong in accordance with section 25 of the Ordinance and the subsidiaries within the Group did not earn any assessable profits for both 2023 and 2022.

The Group has not recognised deferred tax assets in respect of subsidiaries' cumulative unused tax losses of HK\$213,247,000 (2022: HK\$164,465,000) as it is not probable that future taxable profits against which the losses can be utilised will be available. The tax losses do not expire under current tax legislation.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMENT

	Properties*			Other properties leased for own use	Estate centre building	Laboratories equipment and facilities	Leasehold improvements	Furniture, fittings and equipment	Motor vehicles	Total
	Science Park	InnoCentre	InnoParks buildings							
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cost:										
At 1 April 2021	14,015,308	204,970	1,491,441	5,707	938	394,896	1,098,010	236,394	3,537	17,451,201
Additions	88,893	-	428	8,818	-	23,873	12,844	17,831	-	152,687
Disposals	(9,595)	-	-	-	-	(62,770)	(28)	(4,266)	-	(76,659)
Transfer from construction in progress	472,577	-	470,443	-	-	330	290,298	30,364	-	1,264,012
At 31 March 2022 and										
1 April 2022	14,567,183	204,970	1,962,312	14,525	938	356,329	1,401,124	280,323	3,537	18,791,241
Additions	-	-	-	-	-	23,248	75,561	22,597	812	122,218
Disposals	-	-	-	-	-	(1,828)	-	(2,037)	(303)	(4,168)
Transfer from construction in progress	-	-	4,444,867	-	-	27,823	142,762	9,805	-	4,625,257
At 31 March 2023	14,567,183	204,970	6,407,179	14,525	938	405,572	1,619,447	310,688	4,046	23,534,548
Accumulated depreciation and impairment provision:										
At 1 April 2021	3,497,582	92,886	91,357	3,404	504	361,541	809,482	189,924	3,319	5,049,999
Charge for the year	424,193	4,670	83,663	3,283	25	14,376	289,871	33,760	164	854,005
Written back on disposals	(1,810)	-	-	-	-	(62,518)	(28)	(4,173)	-	(68,529)
At 31 March 2022 and										
1 April 2022	3,919,965	97,556	175,020	6,687	529	313,399	1,099,325	219,511	3,483	5,835,475
Charge for the year	421,807	4,670	295,904	3,833	25	20,775	264,992	38,771	240	1,051,017
Written back on disposals	-	-	-	-	-	(1,828)	-	(1,689)	(303)	(3,820)
At 31 March 2023	4,341,772	102,226	470,924	10,520	554	332,346	1,364,317	256,593	3,420	6,882,672
Net book value:										
At 31 March 2023	10,225,411	102,744	5,936,255	4,005	384	73,226	255,130	54,095	626	16,651,876
At 31 March 2022	10,647,218	107,414	1,787,292	7,838	409	42,930	301,799	60,812	54	12,955,766

* These properties are held for rental and own use

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(Expressed in Hong Kong dollars unless otherwise indicated)

11. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

	2023 HK\$'000	2022 HK\$'000
Ownership interests in leasehold land and properties held for rental and own use with remaining lease term of:		
– within 50 years	16,264,794	12,542,333
Other property leased for own use with remaining lease term of:		
– within 3 years	4,005	7,838
	16,268,799	12,550,171

The Group has obtained the right to use certain land lots for the development of premises relating to the Group's principal activities. The Group has also obtained the right to use certain properties for supporting the new or advanced technologies in Hong Kong through tenancy agreements. The leases do not include any variable lease payments.

The analysis of expense items in relation to leases recognised in income statement is as follows:

	2023 HK\$'000	2022 HK\$'000
Depreciation charge of right-of-use assets:		
– Ownership interests in leasehold land and properties	722,406	512,551
– Other properties leased for own use	3,833	3,283
Interest on lease liabilities (note 6(b))	69	54

12. CONSTRUCTION IN PROGRESS

	2023 HK\$'000	2022 HK\$'000
Carrying amount at the beginning of the year	5,935,017	3,953,020
Additions	2,049,375	3,209,761
Capitalised interest (note 6(b))	35,646	36,248
Transfer to property, plant and equipment	(4,625,257)	(1,264,012)
Carrying amount at the end of the year	3,394,781	5,935,017

As at 31 March 2023, construction in progress, including enhancement work in Hong Kong Science Park, Advanced Manufacturing Centre and Micro-Electronics Centre, are projects for the purpose of leasing and providing tenants with infrastructure to drive innovation and technology development.

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13. INNOPARKS

	2023	2022
	HK\$'000	HK\$'000
Carrying amount at the beginning of the year	349,209	349,209
Additions	248,665	–
Cost of land derecognised upon land leased	(27,361)	–
Carrying amount at the end of the year	570,513	349,209

14. OTHER FINANCIAL ASSETS

		2023	2022
	Notes	HK\$'000	HK\$'000
Equity securities designated at FVOCI (non-recycling):			
– Unlisted	(i)	322,505	344,716
– Listed	(ii)	31,686	62,287
		354,191	407,003

Notes:

- (i) The unlisted equity securities represent investments in start-up companies. Those companies are engaged in various industries mainly including software and application, biotech, healthcare technology, artificial intelligence solution, logistics and computing services. The Group designated the investments in unlisted equity securities at FVOCI (non-recycling) as those investments are held for strategic purposes. No dividends were received on those investments during the year (2022: Nil).
- (ii) The listed equity securities represent investments listed in Hong Kong Stock Exchange and Nasdaq. The Group designated the investments in listed equity securities at FVOCI (non-recycling) as those investments are held for strategic purposes. No dividends were received on those investments during the year (2022: Nil).

15. ACCOUNTS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2023	2022
	HK\$'000	HK\$'000
Accounts receivable, net of loss allowance	43,832	18,303
Prepayments	32,237	25,351
Deposits and other receivables	304,316	272,114
	380,385	315,768

The Group allows an average credit period of 14 to 30 days to its tenants. Before accepting any new tenant, the Group internally assesses the credit quality of the potential tenant and defines appropriate credit limits. Overdue balances are regularly reviewed by senior management and collections are followed up regularly.

For receivables due from leasees of InnoParks, the Group may reclaim the premises granted to the leasees in default of payments and the directors consider there are no significant credit risks. As at 31 March 2023, the balance of accounts receivable covered by collateral amounted to HK\$868,000 (2022: HK\$1,165,000). Except for receivables from InnoParks' leasees and tenants, the Group does not hold any collateral or other credit enhancements over these balances.

Further details on the Group's credit policy and credit risk arising from account receivables are set out in note 28(b).

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16. BANK DEPOSITS WITH ORIGINAL MATURITIES OF MORE THAN THREE MONTHS

As at 31 March 2023 and 2022, all bank deposits had remaining maturities within one year. These bank deposits carried interest at the average interest rate of 3.80% (2022: 0.74%) per annum.

17. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION

(a) The balance represents cash at banks and on hand

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

	Medium term notes	Government loans	Interest payable	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2022	851,880	527,699	35,184	7,305	1,422,068
Changes from financing cash flows:					
Capital element of lease rentals paid	–	–	–	(3,724)	(3,724)
Interest element of lease rentals paid	–	–	–	(69)	(69)
Interest paid	–	–	(27,212)	–	(27,212)
Total changes from financing cash flows	–	–	(27,212)	(3,793)	(31,005)
Other changes:					
Amortisation of deferred income	–	8,727	–	–	8,727
Interest expenses (note 6(b))	–	–	–	69	69
Interest expense capitalised (note 6(b))	52	–	35,594	–	35,646
Total other changes	52	8,727	35,594	69	44,442
As at 31 March 2023	851,932	536,426	43,566	3,581	1,435,505

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(Expressed in Hong Kong dollars unless otherwise indicated)

17. CASH AND CASH EQUIVALENTS AND OTHER CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities: (Continued)

	Medium term notes	Government loans	Interest payable	Lease liabilities	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
As at 1 April 2021	851,830	618,653	27,463	2,059	1,500,005
Changes from financing cash flows:					
Repayment of government loans	–	(101,677)	–	–	(101,677)
Capital element of lease rentals paid	–	–	–	(3,572)	(3,572)
Interest element of lease rentals paid	–	–	–	(54)	(54)
Interest paid	–	–	(28,477)	–	(28,477)
Total changes from financing cash flows	–	(101,677)	(28,477)	(3,626)	(133,780)
Other changes:					
Increase in lease liabilities from entering into new lease during the year	–	–	–	8,818	8,818
Amortisation of deferred income	–	10,723	–	–	10,723
Interest expenses (note 6(b))	–	–	–	54	54
Interest expense capitalised (note 6(b))	50	–	36,198	–	36,248
Total other changes	50	10,723	36,198	8,872	55,843
As at 31 March 2022	851,880	527,699	35,184	7,305	1,422,068

(c) Total cash outflow for leases

	2023 HK\$'000	2022 HK\$'000
Within financing cash flows and relating to lease rentals paid	3,793	3,626

18. ACCRUED CHARGES AND OTHER PAYABLES

	2023 HK\$'000	2022 HK\$'000
Accrued charges	1,376,960	1,096,390
Other payables	61,621	67,798
	1,438,581	1,164,188

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

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19. DEPOSITS AND RENTAL RECEIVED IN ADVANCE

Deposits received from tenants of HK\$121,529,000 (2022: HK\$198,177,000) are expected to be settled after one year. The remaining balances are expected to be settled within one year.

20. GOVERNMENT LOANS

Government loans are repayable as follows:

	2023	2022
	HK\$'000	HK\$'000
Non-current		
Amount due over one year	536,426	527,699

The balance can be further analysed as follows:

	2023	2022
	HK\$'000	HK\$'000
Balance at effective interest rate	536,426	527,699
Unamortised deferred income	63,574	72,301
Total outstanding balance with the Government	600,000	600,000

Government loans are obtained from the Government in 2018 for the construction of Hong Kong Science Park Phase 3. These loans are unsecured and bearing interest at the “no-gain-no-loss” floating interest rate of the Government which is ranged from 1.27% to 1.40% (2022: from 1.11% to 1.27%) per annum during the year. The loan for Hong Kong Science Park Phase 3 is repayable to the Government by 6 annual instalments starting from 2025.

21. MEDIUM TERM NOTES

	2023	2022
	HK\$'000	HK\$'000
Non-current		
Amount due over one year	851,932	851,880

10-year medium term notes (“MTN”) of HK\$852,000,000 were issued in July 2014 for the construction of Hong Kong Science Park Phase 3, with direct transaction costs of HK\$467,000.

The 10-year MTN bears interest at the fixed rate of 3.20% per annum and is repayable on 11 July 2024. All these MTN are guaranteed by the Government.

22. DEFERRED INCOME

The balance mainly represents the value of assets granted by the Government in respect of the set-up of Hong Kong Science Park with the corresponding assets capitalised as property, plant and equipment at the date of grant. Such deferred income is recognised as income in the income statement to offset against the charges of depreciation of the relevant assets granted.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

23. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities:

	2023		2022	
	Present value of minimum lease payments	Total minimum lease payments	Present value of minimum lease payments	Total minimum lease payments
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Within 1 year	2,336	2,367	3,724	3,795
After 1 year but within 2 years	1,096	1,102	2,335	2,366
After 2 years but within 5 years	149	151	1,246	1,253
	1,245	1,253	3,581	3,619
	3,581	3,620	7,305	7,414
Less: total future interest expense		(39)		(109)
Present value of lease liabilities		3,581		7,305

24. ISSUED CAPITAL

Authorised, issued and fully paid:	2023		2022	
	No. of shares ('000)	HK\$'000	No. of shares ('000)	HK\$'000
At 1 April	22,770,398	22,770,398	22,770,398	22,770,398
Issuance of new shares	4,179,000	4,179,000	–	–
At 31 March	26,949,398	26,949,398	22,770,398	22,770,398

The Corporation was incorporated on 7 May 2001 by vesting all rights, obligations, assets and liabilities of Provisional Hong Kong Science Park Company Limited, Hong Kong Industrial Estates Corporation and Hong Kong Industrial Technology Centre Corporation.

The Corporation's initial capital of HK\$1,836,397,594 represented the net assets of the three entities vested in the Corporation on that day in accordance with section 17 of the Ordinance. Subsequently, over the prior years, additional 20,934,000,000 ordinary shares of HK\$1 each were issued at par to the Government for cash.

On 5 February 2021, Finance Committee of the Legislative Council approved the injection of HK\$18,135,000,000 as equity to the Corporation to support Hong Kong – Shenzhen Innovation and Technology Park Limited, a subsidiary of the Corporation, to commence its park development in the Loop. The equity injection from the Government is effected in tranches.

The first and second tranches of equity injection of HK\$1,586,000,000 and HK\$2,593,000,000 were made on 30 June 2022 and 10 March 2023 respectively. The authorised share capital was increased by a total of 4,179,000,000 shares which were issued at par value of HK\$1 each accordingly.

At the end of the reporting period, the entire amount of 26,949,397,594 shares of HK\$1 each of the Corporation was registered under The Financial Secretary Incorporated, a corporation solely established under the Financial Secretary Incorporation Ordinance (Chapter 1015 of the Laws of Hong Kong) which is wholly owned by the Government.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

25. OPERATING LEASE ARRANGEMENTS

As lessor

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

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2023	2022
	HK\$'000	HK\$'000
Within one year	1,166,122	1,023,835
After 1 year but within 2 years	816,364	647,501
After 2 years but within 3 years	414,842	373,182
After 3 years but within 4 years	141,315	173,096
After 4 years but within 5 years	96,569	111,666
After 5 years	473,172	348,675
	3,108,384	2,677,955

26. COMMITMENTS

At 31 March 2023, the Group had the following capital commitments at the end of the reporting period:

	2023	2022
	HK\$'000	HK\$'000
Authorised, but not contracted for:		
– construction of the Science Park, the Loop and their ancillary facilities	19,392,157	19,476,973
– development projects in InnoParks	2,206,481	1,817,103
	21,598,638	21,294,076
Contracted, but not provided for:		
– development projects in InnoParks	1,641,468	2,797,639
– construction of the Science Park, the Loop and their ancillary facilities	1,411,318	1,683,515
	3,052,786	4,481,154

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

27. MATERIAL RELATED PARTY TRANSACTIONS

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

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

	Note	2023 HK\$'000	2022 HK\$'000 (restated)
With the Government:			
Financial guarantee received on MTN issued	21	852,000	852,000
Interest expenses on government loans	6(b), 20	8,382	8,984
With the Government's controlled-entities:			
Rental income	(i)	170,123	170,880
Property management fee and air-conditioning income	(i)	52,284	53,911
Equipment rental and procurement sales income	(i)	3,960	3,827

Note:

- (i) All these income from the Government's controlled entities were determined according to terms similar to those offered to the Group's third party tenants.
- (b) The Government granted a loan of HK\$600,000,000 to the Group to be repaid by annual instalments according to the repayment schedules issued by the Government. The loan bears interest at the Government's 'no-gain-no-loss' interest rate (note 20).
- (c) No directors received any remunerations in respect of their services rendered to the Group during the year (2022: Nil).

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(a) Interest rate risk

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

Sensitivity analysis

The Group's sensitivity to interest rate risk has been determined based on the exposure to interest rates for the above-mentioned financial instruments at the end of the reporting period. The analysis is prepared assuming the amount of variable-rate government loans during the year was the amount for the whole year.

If interest rate had been 100 basis points higher/lower and all other variables were held constant, the Group's surplus for the year ended 31 March 2023 would decrease/increase by HK\$6,000,000 (2022: deficit would increase/decrease by HK\$6,000,000).

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to accounts and other receivables. The Group's exposure to credit risk arising from cash and cash equivalents and bank deposits is limited because the counterparties are major financial institutions in Hong Kong, for which the Group considers to have low credit risk.

In respect of accounts receivable, the Group maintains a defined credit policy, including credit evaluation on tenants and payment of a rental deposit is required. These evaluations focus on the tenant's past history of making payments when due and current ability to pay, and take into account information specific to the tenant as well as pertaining to the economic environment in which the tenant operates.

The Group measures loss allowances for accounts receivable at an amount equal to lifetime ECLs, which is calculated using a provision matrix. Given the Group has not experienced any significant credit losses in the past, the allowance for expected credit losses is insignificant.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity risk

Liquidity risk related to the risk that the Group will not be able to meet its obligation associated with its financial liabilities. In managing the liquidity risk, the Group monitors its liquidity requirements to ensure it maintains a level of cash and cash equivalents deemed adequate by management and adequate level of available loan facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	2023					
	On demand or less than 3 months	Within 4-12 months	2-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued charges and other payables	1,438,581	-	-	-	1,438,581	1,438,581
Deposits	318,186	26,831	105,969	15,560	466,546	466,546
Government loans	-	-	361,836	361,836	723,672	536,426
Medium term notes	-	21,438	865,520	-	886,958	851,932
Lease liabilities	625	1,742	1,253	-	3,620	3,581
	1,757,392	50,011	1,334,578	377,396	3,519,377	3,297,066
	2022					
	On demand or less than 3 months	Within 4-12 months	2-5 years	Over 5 years	Total undiscounted cash flows	Carrying amount
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Accrued charges and other payables	1,164,188	-	-	-	1,164,188	1,164,188
Deposits	88,061	146,688	176,557	21,621	432,927	432,927
Government loans	-	-	243,104	486,208	729,312	527,699
Medium term notes	-	27,264	906,603	-	933,867	851,880
Lease liabilities	938	2,857	3,619	-	7,414	7,305
	1,253,187	176,809	1,329,883	507,829	3,267,708	2,983,999

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(d) Capital management

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may issue new shares or raising additional debt. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2023 and 2022.

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

(e) Fair value measurement

Financial assets measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair Value Measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

	2023			
	Level 1	Level 2	Level 3	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Other financial assets				
– Listed	31,686	–	–	31,686
– Unlisted	–	253,970	68,535	322,505
Financial assets at FVPL				
– Unlisted	–	28,994	199,347	228,341
	31,686	282,964	267,882	582,532

NOTES TO THE FINANCIAL STATEMENTS

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28. FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (CONTINUED)

(e) Fair value measurement (Continued)

	2022			
	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
Other financial assets				
– Listed	62,287	–	–	62,287
– Unlisted	–	276,276	68,440	344,716
Financial assets at FVPL				
– Unlisted	–	67,525	81,160	148,685
	62,287	343,801	149,600	555,688

Some other financial assets and financial assets at FVPL of HK\$45,804,000 (2022: HK\$46,708,000) and HK\$48,431,000 (2022: HK\$17,350,000) were transferred from Level 2 to Level 3 of the fair value hierarchy respectively at 31 March 2023 because information previously used was no longer available. Another other financial assets and financial assets at FVPL of HK\$28,952,000 (2022: HK\$23,233,000) and HK\$2,420,000 (2022: HK\$3,443,000) were transferred from Level 3 to Level 2 of the fair value hierarchy respectively at 31 March 2023 because new information became available.

Valuation techniques

Investments whose values are based on quoted market prices in active markets, and therefore classified within Level 1, include active listed equities.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs are classified within Level 2. These includes recent financing made by investors. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect liquidity and/or non-transferability, which are generally based on available market information.

The Level 3 includes financial instruments of which their values are based on unobservable inputs. These are call options with zero strike price and certain investments through simple agreement for future equity. Their values are calculated by adjusted net asset value approach, adjusted recent financing approach, market comparable companies method, trending method, adopted value in prior year, binomial model or scenario probability weighted method.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

29. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2023

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards, which are not yet effective for the year ended 31 March 2023 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

Amendments to HKAS 1	Classification of Liabilities as Current or Non-current (the "2020 Amendments") ^{2,3}
Amendments to HKAS 1	Non-current Liabilities with Covenants (the "2022 Amendments") ²
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ¹
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements ²
Amendments to HKAS 8	Definition of Accounting Estimates ¹
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹
Amendments to HKFRS 16	Leases Liability in a Sale and Leaseback ²
HKFRS 17 and amendments to HKFRS 17	Insurance Contracts ¹

Notes:

¹ Effective for annual periods beginning on or after 1 January 2023

² Effective for annual periods beginning on or after 1 January 2024

³ As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is not expected to have significant impact on the Group's consolidated financial statements.

30. LIST OF PRINCIPAL SUBSIDIARIES

At 31 March 2023, the particulars of the Corporation's principal subsidiaries are as follows:

Name of subsidiary	Place of incorporation and operations	Particulars of issued and paid up capital	Group's effective interest	Principal activity
DP (Data Platform) Limited	Hong Kong	HK\$10,000	100%	To provide commercial advisory services
STP Asset Holding Limited	Hong Kong	HK\$10,000	100%	Investment holding
STP Asset (Elite) Holding Limited	Hong Kong	HK\$10,000	100%	Investment holding
STP Corporate Venture Limited	Hong Kong	HK\$10,000	100%	Investment holding
STP Platform Limited	Hong Kong	HK\$10,000	100%	To provide digital services
Hong Kong – Shenzhen Innovation and Technology Park Limited	Hong Kong	HK\$4,179,010,000	100%	To establish and develop an Innovation and Technology Park at the Lok Ma Chau Loop
香港科技园 (深圳) 有限公司	Shenzhen	HK\$10,721,704	100%	To establish and develop an Innovation and Technology Park in Shenzhen
STP Investment Holding Limited	Hong Kong	HK\$10,000	100%	Investment holding
STP China Holding Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF THREE Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF FOUR Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF FIVE Limited	Hong Kong	HK\$1,000	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

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30. LIST OF PRINCIPAL SUBSIDIARIES (CONTINUED)

At 31 March 2023, the particulars of the Corporation's principal subsidiaries are as follows: (Continued)

Name of subsidiary	Place of incorporation and operations	Particulars of issued and paid up capital	Group's effective interest	Principal activity
CVF SIX Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF EIGHT Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF NINE Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF TEN Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF ELEVEN Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF TWELVE Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF FOURTEEN Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF FIFTEEN Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Beryllium Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Boron Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Carbon Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Hydrogen Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Helium Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Lithium Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Nitrogen Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Corporate Venture III Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Alfven Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Braginskii Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Cabibbo Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Dalembert Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Elsasser Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Fraunhofer Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Ginzburg Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Hadamard Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Isometry Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Jacobian Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Klimontovich Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Langevin Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Majorana Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Noether Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Onsager Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Polyakov Limited	Hong Kong	HK\$1,000	100%	Investment holding

NOTES TO THE FINANCIAL STATEMENTS

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30. LIST OF PRINCIPAL SUBSIDIARIES (CONTINUED)

At 31 March 2023, the particulars of the Corporation's principal subsidiaries are as follows: (Continued)

Name of subsidiary	Place of incorporation and operations	Particulars of issued and paid up capital	Group's effective interest	Principal activity
Primus Quasineutrality Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Riesz Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Shubnikov Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Tonks Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Uhlenbeck Limited	Hong Kong	HK\$1,000	100%	Investment holding
HKSTP IEC Limited	Hong Kong	HK\$10,000	100%	To provide advisory services
Hong Kong Science and Technology Parks Corporation (Talent Services) Limited	Hong Kong	HK\$10,000	100%	To provide recruitment agency services

31. COMPARATIVE FIGURES

Certain comparative figures of note 27(a) to the financial statements has been restated in order to conform to current year's presentation.