



Hong Kong Science and Technology Parks Corporation

2020-2021 Annual Report



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STRATEGIC FOOTPRINT

From strategic research and development (R&D) bases to advanced manufacturing plants, Hong Kong Science and Technology Parks Corporation (HKSTP) maintains an expanding range of dedicated facilities where state-of-the-art equipment and support services are provided to grow the ecosystem.

HONG KONG SCIENCE PARK

Within the 22-hectare waterfront Science Park, the innovation and technology (I&T) flagship infrastructure, we support R&D work of Park companies based in 23 buildings over 4.3 million square feet of gross floor area. We provide advanced equipment, software platforms and professional engineers in our communal laboratories. With the objective of building a community that lives and breathes innovation, we also serve as a test bed and stimulate professional exchange, investor matching, business development and commercialisation.

INDUSTRIAL ESTATES

HKSTP's three Industrial Estates in Tai Po, Tseung Kwan O and Yuen Long are bases of I&T-driven industrial production.

- Tai Po Industrial Estate – primarily occupied by manufacturers in the areas of food processing and other industrial products. The refurbishment of the multi-storey Precision Manufacturing Centre (PMC) was completed in 2017 and is now fully occupied by tenants involved in precise engineering and assembly, new material manufacturing, environmentally-friendly yarn production, tooling, advanced indoor hydroponic and other industries. The MARS Centre, which will be leased to manufacturers of medical accessory resilience supplies, medical-related equipment, materials, health products as well as other precision manufacturing, is under refurbishment and will be completed by December 2021.
- Tseung Kwan O Industrial Estate – primarily occupied by operators in the information and communications technology (ICT) and multimedia industries including data centres. The Data Technology Hub (DT Hub), officially opened in January 2021, serves as a dedicated base for ICT and data-centric businesses. The Advanced Manufacturing Centre (AMC), slated to launch in 2022, will offer a high-specification fully-serviced production base for advanced manufacturing.
- Yuen Long Industrial Estate – caters for a wide range of industries including pharmaceutical and biomedical production. The Microelectronics Centre (MEC), which will be completed in 2023, offers clean rooms and special chemical handling facilities to support development of next-generation microelectronics products.

INNOCELL

The 17-storey InnoCell is a smart living and co-creation space for the I&T community at Science Park. Completed in October 2020, InnoCell provides approximately 30,000 square feet of tailored communal facilities, including 392 units of studios and suites with 511 residential spaces in total. Trial operation and admissions of InnoCell began in the first half of 2021, with full operation by July 2021.

INNOCENTRE

Established in 2006, InnoCentre has evolved into a fintech hub for supporting the development of fintech and digital e-commerce, and nurturing startups. Within the six-storey building in a prime location, FinTech Centre was launched in January 2021 to provide a focal point for financial innovation co-creation. InnoCentre is also home to Lion Rock 72, a downtown hub where budding innovative talents from universities can gather to enjoy our pre-incubation and soft-landing support. It also serves as another development hub for the startups under our Incubation Programmes.

HKSTPC WESTERN DISTRICT HUB (iAXON™)

Located in the Western District, the HKSTPC Western District Hub (iAXON™) is jointly set up by HKSTP and The University of Hong Kong (HKU). Managed by HKSTP, the 4,000 square feet facility is a hub where we combine incubation support with world-class R&D capabilities to nurture deep-tech startups spun off from universities. iAXON™ hosts startups founded by HKU students, faculty members, staff and alumni that are currently doing academic research at HKU and planning to translate knowledge into commercialised R&D results.

HKSTP @WHEELLOCK GALLERY

The HKSTP @Wheellock Gallery, a joint initiative by HKSTP and Wheelock Properties Limited, provides a conducive environment for nurturing technology startups in Hong Kong. Located at the heart of the financial district in Admiralty, the HKSTP @Wheellock Gallery is a 6,000 square feet space designed to stimulate stakeholder interaction through investment pitching and business matching, industry and technology knowledge transfer and exchange, and mentoring and networking for incubatees and early-stage startups.

HONG KONG-SHENZHEN INNOVATION AND TECHNOLOGY PARK

The Hong Kong-Shenzhen Innovation and Technology Park (HSITP) at the Lok Ma Chau Loop is positioned to be a key base for scientific research, supported by relevant higher education, cultural and creative and other ancillary facilities. Integrating the competitive advantages of both Hong Kong and Shenzhen, HSITP is expected to attract leading enterprises, research institutions and higher education institutes as well as top talents from all over the world, creating unprecedented space and opportunities for the I&T industry in Hong Kong, Shenzhen and the Greater Bay Area (GBA). As a wholly-owned subsidiary company of HKSTP, the Hong Kong-Shenzhen Innovation and Technology Park Limited is responsible for the building of the superstructure, operation, maintenance and management of HSITP.

ACHIEVEMENTS AT A GLANCE

- Over 950 technology companies
- Over 13,500 working population
- Over 9,300 R&D practitioners
- 24 countries/regions of origin for Park companies
- Two unicorns – SenseTime & Lalamove
- Over 4.3 million square feet of lab & office space
- Over 240,000 utilised lab hours
- 780 incubatees graduated since inception of Incubation Programmes
- 80% of graduated incubatees still in business
- 541 startups supported
- HK\$11.23 billion of funding raised by Park companies
- 150 local and international awards received by Park companies
- Over 120 enterprises partnered with Park companies under Global Acceleration Academy (GAA) and “Technologies from Science Park” Programmes
- Over 13,000 Science Park SPARK members

Achievements during 2020-21 unless otherwise stated.

FORGING AHEAD WITH INNOVATION & TECHNOLOGY

HKSTP is continuing the mission of creating a world-class I&T ecosystem in Hong Kong. Building on the HK\$10 billion government funding support in 2018, the past year has seen increased capability, depth and diversity across the whole HKSTP network.

Incubation programmes, spanning ideation to acceleration, have expanded in scope and vision. A record number of 148 startups graduated from this year's pre-incubation and incubation programmes, reflective of the growing and thriving I&T community at Science Park.

HKSTP is evolving a best-in-class environment for innovators and R&D development with rapid expansion of infrastructure and facilities. New biotech facilities emerged with the Biobank and Biomedical Informatics Platform, as well as new data and Internet of Things (IoT) facilities with the DT Hub and Sensor Lab 2.0.

The STP Platform was established as a unique test and development capability to maximise the commercial adoption of cutting-edge artificial intelligence and robotics. The state-of-the-art InnoCell, a smart living and co-creation space at Science Park, extends the HKSTP vision to provide the most complete and optimal environment for aspiring entrepreneurs and innovators.

Despite unprecedented global and local challenges, these developments prove that relentless pursuit of innovation is at the core of all HKSTP operations. World-class infrastructure has been complemented with signature events such as Global Matching 2020, Elevator Pitch Competition 2020 and Career Expo 2021. Though held as virtual events, each delivered significant audiences and broad industry participation to showcase Hong Kong's growing ecosystem strength.

HKSTP also stepped up support for the local I&T communities with measures to build resilience and grow opportunity. Two rounds of rental concession for existing tenants were offered during the year, while incubatees received two rounds of HK\$37,500 one-off special grant each in their incubation programme package, ensuring Park companies' ability to maintain investment and focus on R&D activities. In addition, HKSTP established a comprehensive reporting mechanism to maintain business continuity and provide ongoing support to the I&T community.

These holistic measures ensure that people, process and technology elements are in place to advance R&D to new levels and further forge world-class status for Hong Kong's I&T ecosystem.

INNOVATE WITH US

ARTIFICIAL INTELLIGENCE AND ROBOTICS

In 2020-21, HKSTP's thriving Artificial Intelligence and Robotics (AIR) community continued to expand to over 200 companies. They enjoyed access to our expanding AIR support, including the new STP Platform devised to encourage adoption, and new strategic partnerships and extended services under the AIR-focused AI PLUG initiative.

Technology validation platform accelerating mass AIR adoption

- The STP Platform was launched in the first quarter of 2021, offering three core services: Infrastructure-as-a-Service (IaaS), Virtual Lab-as-a-Service (VaaS) and Data-as-a-Service (DaaS), to support technology development and encourage commercial adoption of technology, especially in the areas of AIR, smart city, big data, IoT and sensors.

AIR strategic partnerships benefiting the city

- HKSTP collaborated with the Hospital Authority (HA) for the first time to organise the AI Challenge in February 2021. The top teams were connected with HA to explore collaboration opportunities in the development of smart hospital solutions to enhance the quality of medical services in Hong Kong.
- The first Smart Transportation Challenge was held in March 2021 in partnership with Esri China (Hong Kong), Institute of Transport Studies, The University of Hong Kong, the Lands Department, MTR Corporation Limited, The Kowloon Motor Bus Company (1933) Limited and the Transport Department. With the adoption of simulation technology, over 30 local and overseas contestants visualised their smart traffic management solutions in Hong Kong. The top teams were granted proof-of-concept (PoC) opportunities for implementation of their solutions at Science Park.

Extending specialised AI support

- Following the official launch of AI PLUG in January 2020, its hosting capacity was augmented with high-speed connectivity to further strengthen support for the AIR community. More than 100 AI PLUG members enjoy technical, business, funding and training support from 28 service partners under Tech Shop, AI Infrastructure, Corporate Innovation and AI Academy.

BIOMEDICAL TECHNOLOGY

HKSTP unveiled significant biomedical facilities and programmes to massively augment the capacity for empowering local and overseas biotech companies in delivering cutting-edge and life-saving biotech solutions. The enhanced support contributed to growing the Biomedical Technology (BMT) Cluster at Science Park to 156 companies and incubatees as of 31 March 2021, with notable breakthroughs in R&D and commercialisation success emerging during the year.

Pioneering world-class biomedical facilities

- The Biobank and Biomedical Informatics Platform (BIP) were launched in December 2020 to help establish Hong Kong's status as a regional biotech hub. The Biobank provides a centralised system to collect, process, store and share high-quality biospecimens to facilitate biomedical R&D under ISO accreditation. The BIP serves as a cloud-based biomedical data exchange platform that provides secure cloud data storage and scalable computing resources for biomedical analytical needs.
- Two world-class Good Manufacturing Practice (GMP) facilities were jointly developed by HKSTP with The Chinese University of Hong Kong and The University of Hong Kong respectively to accelerate translational medicine development and manufacturing of life-saving Advanced Therapy Products (ATPs, "cell therapy").

Driving medical breakthroughs with co-incubation

- The HKSTP-AstraZeneca Co-incubation Programme was launched in February 2021 to support biomedical startups in developing integrated oncology solutions. Local and overseas startups joining the programme will benefit from HKSTP's comprehensive Incu-Bio Programme support and connect with AstraZeneca's Mainland and global network of industry stakeholders and partners.

Park companies achieving notable commercialisation success

- GeneHarbor leveraged the patented full chain enzymatic biocatalysis platform technology to optimise the productivity of NMN (Nicotinamide mononucleotide). The application has been extended to the cosmetic and food industries, and four new products have been deployed in the market, enabling GeneHarbor's revenue and marketing channels to grow rapidly in the past year.

- OrbusNeich has brought to the market a range of innovative stent and angioplasty balloon catheters for the treatment of coronary and peripheral vascular diseases. Its proprietary vessel pro healing drug eluting stent has received the CE Mark and regulatory approval in China and Japan.
- Phase Scientific worked on deploying its proprietary technologies in biological samples preparation and processing that can improve the detection rates and accuracies of diagnostic tests and thus enhance patient management.

Improving healthcare with Science Park innovations

- Park companies rose to the challenge and speedily introduced solutions that help to screen, diagnose, monitor and treat COVID-19:
 - Phase Scientific developed a rapid and cost-effective test kit (CE-IVD) for same-day results, now widely used locally by the Government and internationally;
 - Hai Kang Life developed a COVID-19 test kit that is 10 times more sensitive than traditional PCR test, and it has received CE Mark approval;
 - Sanwa Biotech developed a point-of-care 5-in-1 test for FluA, FluB, RSV, HAdV and COVID-19, offering much-needed support to frontline medical professionals;
 - HiFiBio has been developing an antibody that demonstrates potent neutralisation of live virus infections in vitro and in vivo. The antibody has progressed to Phase 1 clinical trial;
 - Belun Technology unveiled an innovation for remote real-time monitoring of key health indicators; and
 - ImmunoDiagnostics distributed EU-certified COVID-19 rapid testing diagnostics products globally.
- HKSTP co-organised the fourth Gerontech and Innovation Expo cum Summit (GIES) in November 2020. At the HKSTP Pavilion themed “Healthy Ageing Tech Leads the Way”, 34 partner companies and incubatees showcased their innovations designed to help improve healthcare and quality of life for the elderly.

FINTECH

FinTech continues to play an important role in Hong Kong’s drive to further financial inclusion, provide innovative and safe financial services, and empower small businesses. HKSTP accelerates fintech innovations through the convergence of people, ideas and technology in an environment where R&D takes centre stage. As of 31 March 2021, more than 70 Park companies were involved in fintech, focusing on a diverse range of business model and technology innovation.

Setting up a new downtown fintech hub

- The FinTech Centre was launched in January 2021 within InnoCentre for the fintech ecosystem to collaborate and co-create projects with the banking and financial sector. The Centre houses the new Fintech Innovation Hub, a neutral ground where financial institutions, technology companies, corporations, universities and government bodies can collaborate in idea exploration, PoC, prototype development, technology testing as well as education and demo.

Spearheading impactful collaborations

- At Hong Kong FinTech Week 2020, HKSTP led 20 fintech partner companies to connect with potential business partners and investors. HKSTP and partners hosted two featured panel discussions sharing the experience of collaborating with I&T companies in driving innovation to address current and future needs of customers.
- HKSTP and Hong Kong Monetary Authority (HKMA) co-organised Fintech Career Accelerator Scheme 2020 (FCAS), a talent development scheme to expand the fintech talent pool in Hong Kong. FCAS saw a substantial increase in the number of internship job applications with over 1,400 applications, representing a year-on-year growth of 150%.
- The Banking Virtual Lab was launched in January 2021, in partnership with Hang Seng Bank, for developers to test and validate their new fintech solutions. Participating companies enjoy access to a comprehensive synthetic banking data set to better understand banking services for developing fintech products and solutions.

- HKSTP and beNovelty co-organised Apidays LIVE Hong Kong for the first time in October 2020. Covering topics such as the Application Programming Interface (API)-driven economy and architecture and Open Banking, the leading industry event was joined by 1,000 attendees and 52 speakers.
- API EcoBooster was launched in partnership with HSBC in July 2020 for local and overseas startups and technology ventures to build open APIs and innovative services for the banking industry. The 30 participants demonstrated their innovative open banking solutions to the industry on the concluding demo day in January 2021.

SMART CITY

Designated as a Smart Region Living Lab under Hong Kong's Smart City Blueprint, Science Park is geared up with 5G hyper-connectivity and revolutionary technologies in sensors, data, AI/ML and IoT to drive Smart Living, Smart Environment, Smart Mobility and Smart People for Smart City development.

Expanding smart sensor infrastructure and support

- Sensor Lab 2.0 was launched in March 2021 as the next phase of HKSTP's Sensor Packaging and Integration Laboratory (Sensor Lab). It features 10,000 square feet of cleanroom space for developing smart sensors for healthcare markets, at shortened hardware development cycles and lower R&D costs.
- HKSTP collaborates with industry partners Arrow Electronics (Arrow) and Analog Devices Inc. (ADI) to provide enhanced support and training at Sensor Lab 2.0. Arrow offers Park companies access to its vast global network, technical expertise and supply chain capabilities, while ADI provides technical guidance and support to the end-development team and help promote next-generation wearable sensors and devices to appropriate end-customers.

Trialling cutting-edge technology on Smart Campus

- HKSTP prepared for the trial of the city's first automated robotic parking system with electric vehicle charging at the carpark beneath Buildings 17W and 19W at Science Park, with an experience programme rolled out in the second quarter of 2021 to gather real-time feedback for fine-tuning in preparation for the operational launch.
- To drive industry adoption for Smart City development in GBA, the first Greater Bay Area 5G Application and Innovation Challenge 2020 attracted 55 participating teams of students, startups and innovators from Hong Kong, Macao and Guangdong harnessing the power of 5G for innovation in education, entertainment, finance, property management, logistics and transportation, healthcare and industrial manufacturing.
- The International Symposium on "Unlocking Innovation in Construction through 5G Technology", co-organised with the Construction Industry Council in December 2020, brought together 1,200 local and international professionals and experts to exchange views on transforming the construction industry with digitalisation and automation supported by 5G technology.

INDUSTRIAL ESTATES

HKSTP plays a pivotal role in re-industrialisation and manages three Industrial Estates (IEs) in Tai Po, Tseung Kwan O and Yuen Long. The Corporation is committed to supporting I&T-driven re-industrialisation by providing the land resources, suitable multi-storey industrial spaces and an I&T-community to facilitate the development of new industrial operations in the IEs.

Re-industrialisation guiding principles

- In support of the Government's re-industrialisation policy to enable the commercialisation of new technologies and world-class manufacturing of high-value products, thereby generating new business and high-skilled employment opportunities, HKSTP is aiming for meritorious projects to be established in the IEs that support the following guiding principles:
 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

Progressing new infrastructure

- The DT Hub, with its occupation permit obtained in March 2020 and its official opening in January 2021, was equipped with built-in exclusive trunk, provisions for dark fibre and highly reliable power supply to help ICT and data-centric businesses accelerate big data analytics, data research and technology development. 21 tenants committed to move in as of 31 March 2021.

INNOVATION JOURNEY – FROM IDEATION, INCUBATION TO ACCELERATION

As the city's primary tech incubator, HKSTP has nurtured a total of over 850 startups through its pre-incubation and incubation programmes as of 31 March 2021. From pre-incubation to acceleration, HKSTP provides the empowering resources for startups to grow and develop at every stage of their innovation and entrepreneurship, from ideation to product PoC, commercialisation and expansion in Hong Kong, Asia and beyond.

Enabling a strong head-start

- STEP, the one-year pre-incubation programme for ideation, is currently supporting 162 members and has delivered 68 graduates. 17 of them progressed to our Incubation Programmes, more than four times the number in 2020, having made a strong head-start in the pre-incubation stage.

Incubating a record number of startups

- In 2021, HKSTP's Incubation Programmes delivered a record cohort of 80 graduates from Hong Kong, China, UK, US, India, France, Australia and Austria. They collectively garnered 91 international and local invention awards and patents.
- Theme-based incubation programmes were rolled out for the first time in July 2020, providing targeted training to startups in the areas of AI, semiconductors and communications. A total of 110 startups and 48 engineering students joined the programmes, featuring 5G, FPGA (Field Programmable Gate Array) and AI computer vision training and workshops. The programmes were designed to provide targeted technical support and resources to accelerate the startup development journey and nurture young talent.

Fast-tracking global development of star startups

- Leading Enterprises Acceleration Programme (LEAP) is designed to grow high-potential startups and help them leapfrog to the world stage for commercialisation, with expert help and funding of up to HK\$4.8 million. In 2020-21, over 60 applications were received, of which 15 top-calibre startups, with business growth in ASEAN, were admitted into the programme. Ten portfolio companies doubled their revenue year-on-year and six LEAP companies raised US\$15 million of investment. The total company portfolio valuation of LEAP companies stood at over US\$700 million last year.

Drawing in high-potential tech enterprises

- ELITE Programme, piloted in June 2019, offers matched funding from HKSTP to attract high-potential local and overseas technology enterprises to expand their R&D activities in Hong Kong. During the year, 20 companies were admitted, of which nine were from overseas. They joined to pursue cutting-edge R&D at Science Park with game changing propositions that include commercial expansion regionally in Asia.

CORPORATE INNOVATION

The Global Acceleration Academy (GAA) provides themed accelerators through which tech ventures develop targeted applications for specific sectors. Since its launch in 2017, a total of 26 GAA thematic programmes had been conducted, joined in by 125 corporate partners and 684 tech ventures, 306 of whom went on to explore technology co-creation with corporate partners.

Leveraging partnerships to accelerate industry-specific innovation

- A joint effort between HKSTP and Chinachem Group to accelerate pilot-first technology adoption in the construction and real estate industry was officially announced in March 2021. In the coming two years, a number of acceleration programmes will be conducted, which will provide startups with extensive training, mentorship and funding to shape and trial solutions at Chinachem properties prior to market adoption.
- The Banking, Financial Services and Insurance (BFSI) Accelerator was launched in January 2021 to match financial companies with HKSTP's strong network of technology ventures to speed up the development of breakthrough fintech solutions. Fintech solutions in the fields of Blockchain, AI and Robotics, Cybersecurity and IoT are among those being targeted in the programme to help a host of leading BFSI partners enhance four focus areas, including operational efficiency, customer experience, wealth management and regulation and compliance.
- HKSTP and HSBC launched SPRINTER 2 in September 2020 to accelerate innovation and transformation in Hong Kong's small businesses and mid-cap companies across several key industries, including manufacturing, logistics, building and related services. The first cohort provided 50 local manufacturers with training, matching with global tech ventures and opportunities to co-create suitable business solutions.

Casting a wider net towards GBA and the world

- Business-and-investment matchmaking event Global Matching 2020 was inaugurated in July 2020 in partnership with InvestHK, through which 160 startups and tech ventures from 29 economies were matched with more than 120 world-class companies and 60-plus regional investors to explore funding, business support and adoption of market-ready solutions.

- HKSTP hosted its first Greater Bay Area Innovation Solution Day in October 2020 for property developers and 35 tech ventures in GBA to jointly explore innovation in smart property management, smart building, smart exhibitions and green technology.

INVESTMENT

HKSTP leverages its corporate venture fund and connects the ecosystem with an established network of 1,000-plus investors to provide funding channels for potential startups. In 2020-21, the Corporation facilitated more than 670 one-on-one and group investment matching sessions, and Park companies raised HK\$11.23 billion in total.

Fresh funding injection for HKSTP Venture Fund

- Rebranded from Corporate Venture Fund, HKSTP Venture Fund was boosted to HK\$600 million with an injection of HK\$350 million, to back local ventures across different investment stages. The fund attracts co-investment from angel investors and venture funds at the rate of approximately HK\$10 of private funding for every dollar of HKSTP Ventures.
- From its inception in 2015 to 31 March 2021, HKSTP Venture Fund has invested a total of HK\$203.5 million in 19 companies. The fund in turn attracted more than HK\$1.94 billion of private sector investment for these companies, with around 58% of the co-investors originating from overseas. About half of the invested companies in the portfolio were sourced outside of Hong Kong, including the Silicon Valley in the US, the UK, the Mainland and Taiwan. HKSTP Venture Fund portfolio covers a broad spectrum of sectors, such as biomedical technology, semiconductors, robotics, material tech, autonomous self-driving and synthetic biology.

Broadening investment support

- Venture Investment Connect, HKSTP's fundraising acceleration programme, brings I&T companies and potential investors together for intensive fundraising and business development consultation. Selected companies enjoy priority access to HKSTP delegations on local and overseas financing roadshows and exhibitions. In 2020-21, 27 startups raised a sum of HK\$4.01 billion through the programme.
- The Investor Calendar online 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. 300 projects have been shortlisted to present to investors since its launch.

Scaling up startups through investment networks

- HKSTP's extensive investor network connects more than 250 active investors and investment institutions. The Corporation offers Professional Clinic programme to coach startups on business models, sales strategy, fundraising trends, business valuation and promotional techniques. 24 free-of-charge consultation sessions were held during the year.

Tremendous success for virtual investment matching events

- Elevator Pitch Competition (EPIc), HKSTP's annual flagship event, was highly successful going virtual with a week-long programme for the first time in 2020. It garnered 476 entries from 37 countries and cities across five continents, with 170 contestants from 31 economies in the semi-final, nearly 70% of whom were from overseas. The pitching competition recorded 195,000 views.
- The Investment x Corporate Innovation Conference, co-organised by the Hong Kong Business Angel Network, brought together 13 I&T heavyweights and global pioneers to discuss regional investment opportunities and share ways to drive corporate innovation and growth.

COLLABORATION AND INDUSTRY ADOPTION

As industry adoption and commercialisation of innovative solutions are indicative of market success, HKSTP continued to expand platforms and channels for maximising the reach of our ecosystem's solutions to a wider cross-section of industries, as well as leveraging our strategic partnerships with industry leaders. Ultimately, HKSTP aims to help partner companies' solutions go to market locally, regionally and internationally.

Creating opportunities for industry adoption

- IndustryConnect fosters collaboration between Park companies and the local industry, including 22 industry and trade associations. In the past year, over 40 companies were connected with 270 industry players from the logistics, manufacturing, welfare, hospitality, catering and financial services sectors, to explore emerging technologies in AI, blockchain, big data, robotics, IoT and health technologies.

Accelerating innovation through industry collaboration

- The Global Acceleration Academy (GAA) and Technologies from Science Park Programmes are designed to encourage leading enterprises to adopt innovative technologies from Park companies. During the year, 120-plus corporate partners were engaged. More than 800 business matchings were arranged, through which Park companies presented their solutions to enterprises including Cathay Pacific Airways, Chinachem Group, Efficiency Office, Hang Seng Bank, Hongkong Post, Hysan Development, Pat Chun International, Sun Hung Kai Properties and more.
- Design x Technology (DXT) was launched in April 2020 with the Hong Kong Designers Association (HKDA) to provide a curated platform, connecting the best local design and I&T talents to form startup partnerships. 30 local designers collaborated with 30 technology companies to develop market-ready innovative products and services. HKSTP also partnered with HKDA to launch the DXT POD at Science Park to serve as a hub for DXT and a showcase of products and services that embody the spirit of design and technology.
- HKSTP signed a Cooperation Framework Agreement with China Everbright Limited (CEL) in January 2021 to establish the CEL Hong Kong Innovation Centre (CEBIC Centre) at Science Park in late 2021. CEL will run an incubation programme on semiconductor and hardware technologies, a business accelerator programme and a digital infrastructure research institute. It also announced the establishment of the CEL HK Innovation Fund with US\$100 million initial funding to primarily invest in Park companies.

Celebrating Park companies' success

- HKSTP partner companies and incubatees collectively won a record haul of 35 awards at the Hong Kong ICT Awards 2020, notably five Grand Awards out of eight award categories. Blutech IoT Ltd., an incubatee of HKSTP's Incubation Programme, won the overall Grand Prize "Award of the Year".
- HKSTP partner companies garnered 50 awards at the Inventions Geneva Evaluation Days 2021, a special virtual edition of the International Exhibition of Inventions of Geneva. The haul of awards included 21 golds, 28 silvers and one bronze, while six of the golds also earned jury commendations.

INNOVATION CULTURE

TALENT

Recognising that creative minds are the single-most important asset for driving innovation, HKSTP makes it a strategic priority to groom local talents from an early stage and create channels to attract bright young people of all cultural backgrounds into the ecosystem through a full spectrum of talent development activities and programmes.

Grooming future innovators

- HKSTP InnoAcademy was launched in October 2020 to nurture, inspire and engage talents for HKSTP partner companies and Hong Kong's I&T development. HKSTP develops forward-looking learning and training programmes, tailored to talents ranging from young undergraduates to junior-level professionals across HKSTP's strategic technology areas, and establishes partnerships with key industry leaders and partner companies to provide talents with multiple I&T career pathways.
- Technology Leaders of Tomorrow (TLT), a signature InnoAcademy programme, had the first cohort of eight high-potential young STEM talents beginning their extensive 26-month programme, including 24 months of R&D work at one of five partner companies. The TLT candidates were selected from over 600 local and overseas applicants. Applications for the second TLT cohort opened in March 2021.
- HKSTP supported PROcruit C, funded by the Hong Kong Jockey Club Charities Trust, to create trainee positions for first-time tertiary jobseekers. As an industry convenor facilitating talent development in the "Technology for Good" track, HKSTP supported 53 participating partner companies to align 55 entry-level I&T roles and arrange industry-specific training and a 12-month traineeship.

Curating tech career opportunities

- Hong Kong Science Park Virtual Career Expo 2021 was held in March 2021. A total of 279 corporations, technology companies and startups offered a record number of 2,400-plus I&T jobs, 85% of which were technology and R&D-related roles. As Hong Kong's largest I&T career expo, the virtual event attracted 79,000 visitor flow from 94 regions, 12,000 CVs and 420,000-plus total pageviews.

Stimulating creativity of young innovators

- To nurture future engineers with a passion for robotics, HKSTP organised Robocon 2020 Hong Kong Contest in September 2020. Nine teams from six local tertiary institutions competed in the annual contest, which crowned "War Dragon" from The Hong Kong University of Science and Technology as the champion team.
- HKSTP and the Construction Industry Council co-hosted SciTech Challenge 2020 in November 2020 to give promising innovators the opportunity to pitch their innovations to the construction industry. Workshops and webinars were staged for 60 participating groups to engage with industry players.

WORK. LIVE. PLAY. LEARN.

Within our I&T ecosystem, the spirit of innovation permeates every aspect of co-creation. The Science Park community, aptly branded SPARK, lives and breathes the "Work. Live. Play. Learn." innovation culture in whatever they do within the ecosystem.

Full immersion in co-creation and tech

- The Experience Centre, set for unveiling in May 2021, showcases the crossover of tech and art. It features more than 30 multimedia and interactive exhibits powered by 300-plus tech components in seven zones, highlighting Hong Kong's world-class innovation and driving co-creation and cross-sector collaboration.
- Smart living and co-creation space InnoCell, completed in October 2020, is ready for the first batch of tenants from July 2021. As the city's first high-rise structure built with the innovative Modular Integrated Construction (MiC) technology, it is packed with smart features for like-minded talents to work, live, play and learn, all within one location.

Engaging the whole community in I&T fervour

- The inaugural City I&T Grand Challenge, organised by the Innovation and Technology Commission together with HKSTP, was launched in December 2020. Themed "Innovating for Hong Kong's New Normal", the campaign rallied innovators of different age groups to submit creative ideas for "environmental sustainability" and "social connectivity". A series of workshops and activities were held throughout the campaign to create an I&T atmosphere in the whole community.

Creating a tightly knit I&T community

- Designed to unite all innovators within campuses operated by HKSTP, SPARK is the Corporation's membership programme for fostering a dynamic innovation-inspired community and unleashing the full potential of Hong Kong's I&T ecosystem. Members can build connections and find inspiration in the community to pursue boundary-breaking innovation.
- Through activities such as the first-ever Human X Robot Basketball Competition, SPARK seeks to inspire and immerse its members in the "Work. Live. Play. Learn." innovation culture. The competition was held for the first time in March 2021. Robots created by the students from The Chinese University of Hong Kong and The Hong Kong University of Science and Technology teamed up with 24 players from Park companies for a series of live basketball games.
- SPARK's dedicated website was enriched with inspiring entrepreneurial stories from our ecosystem. The SPARK x Inspiration Talk series was also introduced during the year to spark imagination with thought-provoking talks envisioning the future empowered by I&T. More SPARK activities are planned to keep the community close-knit.

THE FUTURE

Innovation powers Hong Kong's present and reimagines its future. HKSTP enables innovation by building the critical foundations for a world-class I&T ecosystem. This is crucial to drive transformation of business and society that will thrive in the new digital economy. The Corporation continually forges collaboration across all stakeholders in government, industry, academia and the R&D community to drive ecosystem-wide support that is essential for success.

20TH ANNIVERSARY — PROPELLING SUCCESS

In 2022, Science Park will mark the 20th anniversary of its pursuit of innovation in Hong Kong. Since the beginning, the vision has been to chart a path for talents and startup ventures in their journey to change the world with ground-breaking ideas. Igniting the spirit of "Innovation Starts Here", a year-long series of celebratory events will mark this major milestone and showcase the launchpad of I&T that has been created at the heart of Hong Kong and the GBA.

DRIVING REINDUSTRIALISATION WITH INNOVATION

The Advanced Manufacturing Centre (AMC) in Tseung Kwan O Industrial Estate, slated to launch in 2022, is set to be a key asset in supporting Hong Kong's vision for re-industrialisation. With a gross floor area of 108,600 square metres, high ceilings and high floor-loading design, the AMC will specifically cater to the manufacture of technologically innovative, high value-added or advanced products. It will also offer comprehensive services for logistics, warehousing, prototyping and low-volume assembly. HKSTP will be partnering with a global logistics service provider DB Schenker to create a fully serviced production base at the AMC, streamlining operations through end-to-end intelligent supply chain management and services, all in a single location.

Projected to be completed in 2023, the Microelectronics Centre (MEC) is being developed at the Yuen Long Industrial Estate as a dedicated facility to support development and pilot production of next-generation microelectronics products. It is equipped with clean rooms, storage for dangerous goods and waste treatment facilities, as well as ancillary facilities such as laboratories for product quality and reliability testing analysis.

The MARS Centre is an industrial building currently being refurbished at the Tai Po Industrial Estate. The facility will be dedicated to the production of medical accessory resilience supplies, medical-related equipment, materials, health products as well as other precision manufacturing. It will be completed by December 2021.

THE INNOHK RESEARCH CLUSTER MOVING IN

Located in Science Park, the Government's initiative – *InnoHK* research clusters have received enthusiastic response, with over 60 proposals from world renowned universities and research institutes. 25 R&D centres have completed renovating their laboratories and commenced operation. The remaining three will commence operation in the coming months.

FOSTERING GBA SYNERGY IN SHENZHEN

As announced in the Policy Address 2020, HKSTP will lease and manage certain areas of the I&T Zone in Futian, Shenzhen before the completion of the HSITP's first batch of buildings, so that the institutes and enterprises that are interested in starting their business in the GBA can first establish a presence in the Shenzhen Innovation and Technology Zone. HKSTP's Shenzhen Park will strengthen the integration of Hong Kong into the GBA and underscore Hong Kong's role as GBA's international I&T hub bridging Mainland and overseas I&T stakeholders.

To take forward the initiative, a GBA Advisory Committee has been set up to advise on HKSTP's GBA development strategy and the implementation plan of the Shenzhen Park. Roadshows focusing on major technological areas will be held in the Shenzhen-Hong Kong Science and Technology Innovation Cooperation Zone to promote innovation exchange between Hong Kong and Shenzhen.

HONG KONG-SHENZHEN INNOVATION AND TECHNOLOGY PARK

HSITP is racing ahead with its development. Strategically located at the Lok Ma Chau Loop, HSITP with 1.2 million square metres of gross floor area is three times the space of Science Park. Local, Mainland and international I&T stakeholders and talents can co-create the entire I&T value chain from R&D to prototyping and product design, complemented by mass production capabilities in the GBA. The first eight buildings of the two-phase development will be completed in phases between 2024 and 2027. HSITP will focus on the development of six technology areas, including healthcare technologies, big data and artificial intelligence, robotics, new materials, microelectronics and fintech.

THE CORPORATION

CORPORATE INFORMATION

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INDUSTRIAL ESTATE OFFICE

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

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

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

PRINCIPAL BANKER

Standard Chartered Bank (Hong Kong) Limited

SOLICITORS

Deacons
Lau, Horton & Wise LLP
Mayer Brown
Morgan, Lewis & Bockius
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 31 of this Annual Report under the Directors' Report.

BOARD COMMITTEES#

BUSINESS DEVELOPMENT AND ADMISSION COMMITTEE (BDAC)

Dr. Sunny CHAI Ngai Chiu, BBS, JP (Chairman)
Ms. Cordelia CHUNG (Vice-Chairman)
Mr. Herbert CHIA Pun Kok
Dr. Stephanie MA Kwai Yee
Ms. Angel NG Yin Yee
Mr. Joseph NGAI, JP
Mr. Gavin POON Ka Ming
Mr. Denis TSE Tik Yang
Permanent Secretary for Innovation and Technology

FINANCE AND ADMINISTRATION COMMITTEE (FAC)

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

PROJECTS AND FACILITIES COMMITTEE (PFC)

Mr. Donald CHOI Wun Hing (Chairman)
Dr. Kim MAK Kin Wah, BBS, JP (Vice-Chairman)
Ms. Cordelia CHUNG
Dr. Stephanie MA Kwai Yee
Mr. Daryl NG Win Kong, SBS, JP
Mr. Gavin POON Ka Ming
Permanent Secretary for Innovation and Technology

INVESTMENT COMMITTEE (IC)

Mr. Denis TSE Tik Yang (Chairman)
Mr. CHEN Shuang, JP
Ms. Cordelia CHUNG
Mr. Dennis HO Chiu Ping
Mr. Kent HO Ching Tak
Permanent Secretary for Innovation and Technology

AUDIT COMMITTEE (AC)

The Honourable Jimmy NG Wing Ka, BBS, JP (Chairman)
Mr. Herbert CHIA Pun Kok
Mr. Dennis HO Chiu Ping
Dr. Kim MAK Kin Wah, BBS, JP
Permanent Secretary for Innovation and Technology

SENIOR STAFF ADMINISTRATION COMMITTEE (SSAC)

Dr. Sunny CHAI Ngai Chiu, BBS, JP (Chairman)
Ms. Cordelia CHUNG
Mr. Dennis HO Chiu Ping
Ms. Angel NG Yin Yee
Mr. Joseph NGAI, JP
Permanent Secretary for Innovation and Technology

Remarks:

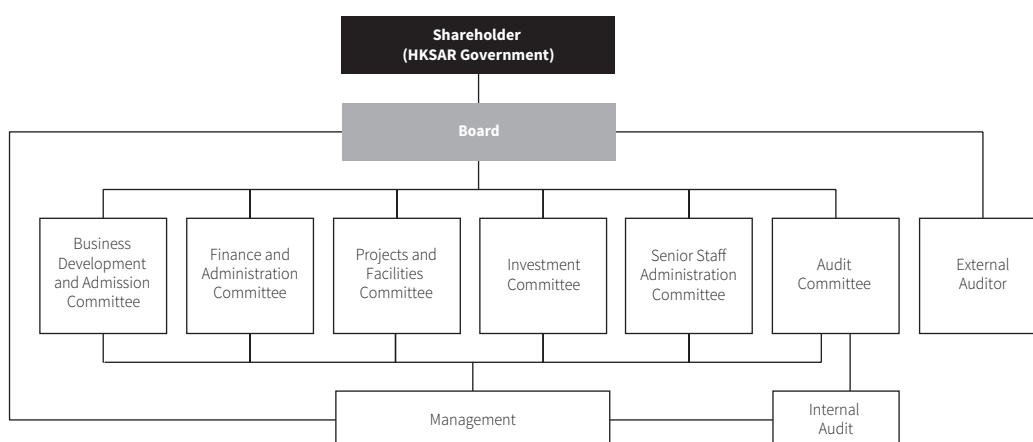
- * Professor TANG Xiaouu resigned from the Board with effect on 2 March 2021.
Mr. Denis TSE Tik Yang resigned from the Board with effect on 11 August 2021.
- # Professor TANG Xiaouu resigned from the BDAC with effect on 2 March 2021.
Mr. Denis TSE Tik Yang resigned from the BDAC, FAC and IC with effect on 11 August 2021.
Updates with effect from 6 July 2021:
The Honourable Elizabeth QUAT joined BDAC and IC.
Updates with effect from 8 July 2021:
The Honourable Elizabeth QUAT joined PFC.
Updates with effect from 16 September 2021:
Ms. Cordelia CHUNG was appointed as the Acting Chairman for the Investment Committee.

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 and Corporate Governance Report contained in Appendix 14 ("CG Code") to the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited 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 strategic directions and policies of the Corporation and overseeing management of the business.

As at 31 March 2021, the Board comprised 16 Non-Executive Directors including the Chairman and 15 Board Members. 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 academia, industry, biomedical technology, pharmaceuticals, finance, investment, trading, property and management consulting. One of our Board Members, the Permanent Secretary for Innovation and Technology, is a public officer. Biographical details of the Board Members are contained 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 determined by the Board.

INDUCTION PROGRAMME

Newly appointed Board Members are invited to attend an induction programme which consists of a meeting with the CEO and 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. 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 latest development of innovation and technology, a briefing session on "I&T Consultancy Study" hosted by KPMG was arranged for the Board on 26 March 2021 to share the visionary innovation and technology blueprint for Hong Kong in the next 5 to 10 years.

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 six times during the year with an average attendance rate of 84%.

The Chairman maintains close contact with the Secretary for Innovation and Technology, the Permanent Secretary for Innovation and Technology, the Commissioner for Innovation and Technology as representatives of the sole shareholder of the Corporation, and the Chairmen of the Board Committees, as well as meeting regularly with the CEO and 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 33 of the Annual Report.

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 21 of the Annual 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 Mr. Denis Tse, 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 SPX1, IE2.0 Projects and re-industrialization principles for the Industrial Estates, . 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 LEAP Acceleratee. During the year, six CVF-IC meetings had been held with an average attendance rate of 92% 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.

A summary of meeting attendance of Board Members in meetings of the Board and Committees for the financial year from 1 April 2020 to 31 March 2021 is provided in the following table.

BOARD MEMBERS	MEETINGS	Board of Directors	BDAC	FAC	PFC	IC	AC	SSAC
Dr. Sunny CHAI Ngai Chiu		5/6	8/8	–	–	–	–	5/5
Permanent Secretary for Innovation and Technology ¹ or her alternates		6/6	8/8	4/4	5/5	3/3	4/4	5/5
Mr. CHEN Shuang (Appointed on 1 July 2020) (Joined FAC and IC on 24 July 2020)		3/5	–	2/3	–	2/2	–	–
Mr. Herbert CHIA Pun Kok (Retired from PFC and joined AC on 24 July 2020)		6/6	7/8	–	2/2	–	3/3	–
Mr. Donald CHOI Wun Hing (Joined FAC on 24 July 2020)		6/6	–	3/3	5/5	–	–	–
Ms. Cordelia CHUNG		6/6	8/8	–	5/5	3/3	–	5/5
Mr. Dennis HO Chiu Ping		6/6	–	4/4	–	2/3	4/4	5/5
Mr. Kent HO Ching Tak		6/6	–	4/4	–	2/3	–	–
Mr. Theodore MA Heng		4/7	–	2/4	–	1/2	3/3	–
Dr. Stephanie MA Kwai Yee (Appointed on 1 July 2020) (Joined BDAC and PFC on 24 July 2020)		4/5	6/6	–	3/3	–	–	–
Mr. Theodore MA Heng (Retired with effect from 30 June 2020)		1/1	–	1/1	–	1/1	1/1	–
Dr. Kim MAK Kin Wah (Retired from BDAC and joined AC on 24 July 2020)		3/6	1/2	–	4/5	–	3/3	–
Mr. Daryl NG Win Kong (Appointed on 1 July 2020) (Joined FAC and PFC on 24 July 2020)		4/5	–	3/3	3/3	–	–	–
Ms. Angel NG Yin Yee		5/6	6/8	–	–	–	–	5/5
The Hon. Jimmy NG Wing Ka		5/6	–	–	–	–	4/4	–
Mr. Joseph NGAI		5/6	5/8	–	–	–	–	3/5
Mr. Gavin POON Ka Ming		5/6	5/8	–	5/5	–	–	–
Professor TANG Xiaou (Resigned with effect from 2 March 2021)		2/5	3/7	–	–	–	–	–
Mr. Denis TSE Tik Yang		5/6	6/8	4/4	–	3/3	–	–
Professor TSUI Lap Chee (Retired with effect from 30 June 2020)		1/1	–	1/1	–	–	0/1	–
Average Attendance Rate		84%	80%	96%	97%	89%	95%	93%

¹ All the Committee meetings including BDAC, FAC, PFC, IC, AC and SSAC were attended by the alternates of Permanent Secretary for Innovation and Technology on 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 determined 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, conflict of interest, acceptance of gifts and advantages, misconduct in public office, handling of confidential information and preservation of secrecy, outside engagement, financial issues, operational and administrative transactions, and intellectual property. 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. The last of such briefing session for new and existing employees was conducted in November 2020. In addition, training sessions relating to "Equal Opportunities in Workplace" were conducted in April and July 2020 respectively for all our employees.

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 the risks associated with the key processes and the effectiveness of the controls in mitigating those identified risks. Independent verification of the effectiveness of controls is performed by the internal audit function.

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 26 to 28 of the Annual Report.

During 2020/21, 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 2020/21 to 2022/23 on 14 December 2020, succeeding KPMG after its 5-year tenure with the Group. 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 2021, the auditor’s remuneration in respect of audit service provided for the Corporation and its subsidiaries was HK\$1,002,000. No non-audit service was provided by BDO for the Group in the same period.

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 updated SDA was approved by the Board in June 2021.

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.

Code provision		Reason for deviation and corresponding measure
A.6.5	All directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the board remains informed and relevant. The issuer should be responsible for arranging and funding suitable training, placing an appropriate emphasis on the roles, functions and duties of a listed company director.	All directors of the Corporation are appointed by the Chief Executive / Financial Secretary of the HKSAR Government who are elite in their fields of profession and possess adequate and updated knowledge and skills. The Corporation 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 18 of the Annual Report for details of relevant information provided by the Corporation, as well as events participated by the directors during 2020/21.
I(i)	To provide transparency, the issuers must include the following information for the accounting period covered by the annual report and significant subsequent events for the period up to the date of publication of the annual report, to the extent possible: how each director, by name, complied with A.6.5	
A.7.1	For regular board meetings, and as far as practicable in all other cases, an agenda and accompanying board papers should be sent, in full, to all directors. These should be sent in a timely manner and at least 3 days before the intended date of a board or board committee meeting (or other agreed period).	For board and committee meetings held during 2020/21, 17% of the total number of meeting papers was dispatched less than 3 days before the meetings and 37% of which were informational papers that required no approval. 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 and Technology the remuneration arrangements for the top two tiers of senior management, including the CEO and Chief Officers.

For purposes of full transparency, the annual emoluments of the Corporation's five highest paid employees are disclosed under note 9 to the financial statements on pages 56 to 57 of the Annual Report.

The attendance of Directors at meetings is reported on page 21 of the Annual Report.

COMMUNICATION

Continuous and transparent communication with our stakeholders, during unprecedented times when volatility is prevailing around the world, remains a top priority of the Corporation. Apart from frequent updates of the latest development of the Corporation, we ensure important information, such as financial relief measures and pandemic preventive measures, reaches our community in an open and timely manner via email, website and mobile app. Media focus and public attention were drawn to milestone development of infrastructure at the Industrial Estates and InnoCell, emphasising the Corporation's undertaking in furthering visions of reindustrialisation and our "Work. Live. Play. Learn." innovation culture.

While we continue to host key events including corporate events, press conferences and Park companies' product/solution launches, and participate in third-party exhibitions and conferences, we move most of our signature events and activities online to make sure our stakeholders can stay engaged and interact with each other even during the time when the Government mandates the practice of social distancing.

In November 2020, we held our annual Elevator Pitch Competition 2020 (EPiC) virtually for the first time, which garnered a great response with over 195,000 live views at the pitching competition. We also took our annual Hong Kong Science Park Career Expo online in March 2021, offering a record high number of 2,400-plus jobs in I&T. Our Chairman, Chief Executive Officer and the senior management also made themselves available online and offline for public occasions and industry forums, to keep evangelising the Corporation in its efforts to drive Hong Kong into an international I&T hub.

DIGITAL AND SOCIAL MEDIA

We participated in the inaugural WRLDCTY FESTIVAL 2020 – the world's first and largest virtual cities festival hosted by Hong Kong and five other international cities celebrating urban culture and innovation with a global community of urban visionaries, globalists, policy makers, business leaders and culture makers from 90 countries in October. Together with Brand Hong Kong, we reinforced Hong Kong's position as a leading world city and celebrated Hong Kong through the lens of culture, community, technology and sustainability with a 10-min experience segment showcasing how our vibrant I&T ecosystem is driving global start-ups, innovators and investors to shape the cities of the future empowered by I&T.

We continue to build engaging content promoting the pioneering spirit of Hong Kong and HKSTP, signature events, partner companies and ecosystem stories, industry news to facilitate communications with our target stakeholders via social and digital channels, namely HKSTP's corporate website, LinkedIn, YouTube, Facebook and Instagram. We also launched HK10X campaign with videos and articles covering pioneers' stories, technology transformations and market opportunities in Hong Kong to local and regional audiences. Some of these contents are created in collaboration with media partners with an aim to deepen our reach to the community. With the enhancements of the HKSTP corporate website and Park App during the year, we paved our way to cultivate a co-creation culture with innovators across key touchpoints on top of optimising visitors' experience and enhancing community engagement.

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 thirteen 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 "10 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 programmes we have arranged included Key Account Management & Portfolio Management Workshop, Strategy Execution via OKR Workshop; Performance Management Workshop, and Next Gens Leaders Development Programme etc. Regular knowledge sharing activities such as Lunch & Learn are organised monthly, which aims to expand the learning horizon in a more relaxing manner.

The Corporation also offers Summer Internship Programme to arouse the career interest of university students in the innovation and technology industry and prepare them to excel themselves in the ecosystem.

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.

SUSTAINABILITY 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.

To protect employee's health and safety, trainings are provided to all computer users according to the Display Screen Equipment ("DSE") regulation and risk assessments are conducted for all computer work stations. SHE induction training was arranged for all new joined staff to ensure they are familiar with occupational and health issues and their roles of maintaining health and safety in the Corporation. Management also organize additional workshops or seminars on topics of public health, environmental protection and sustainability annually.

To ensure workplace safety, the SHE inspection and audits program covers workplaces including HKSTP offices, co-working spaces, public areas of Science Park and InnoCentre as well as construction sites of new development projects. Annual safety audit on the SHE performance of the Corporation was conducted by external certified auditor according to ISO45001 and ISO14001 compliance requirements.

LABORATORY AND RESEARCH SAFETY

As the number of R&D activities conducted in laboratories at the Science Park continuously increases, HKSTP's Laboratory Safety Sub-Committee was established in early 2020 to oversee laboratory and research safety issues. This sub-committee is under the governance of the Central Safety Committee. Members of this sub-committee include representatives from different divisions and units with laboratory operations.

The Laboratory & Research Safety ("LRS") team under the SHE Office established since 2019 is dedicated to enhance the laboratory safety management from "cradle to grave" for the R&D activities conducted in the laboratory premises at the Science Park. Number of companies requiring laboratory premises has increased significantly over the years. A total of 251 safety assessments were conducted by the LRS team for our park companies.

To enhance laboratory users' safety awareness, Management continuously develops new safety trainings to lab users, such as the Laboratory Safety 101@Science and safe handling of compressed gas cylinders.

SHE Handbook is regularly reviewed and enriched with additional guidelines for laboratory safety requirements.

To support the establishment of the InnoHK R&D centers at Science Park, LRS team offered professional advice with respect to laboratory design, safety facilities and equipment during the design and construction periods of the centers. Upon completion of laboratory construction, LRS team conducted pre-occupancy safety inspections to ensure conditions were in compliance with HKSTP's laboratory design guidelines and other requirements.

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 the nature and extent of the risks it is willing to take to achieve its strategic objectives.

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

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

Risk Management Process

The Management applies a consistent risk methodology across all key areas of the business. This is underpinned by a risk and control register which reinforces visibility of risks, controls and actions and accountability of ownership. The process of risk identification, assessment and response is continuous and embedded within the day-to-day operations of the business units. The risk register is reviewed by senior management at least on a 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 2021, the Audit Committee, with delegated authority from the Board, evaluated the effectiveness and adequacy of the risk management system and concluded that it was effective and adequate.

PRINCIPAL RISKS

There are some principal risks which are inherent to the Corporation. For these inherent risks we have controls, processes and procedures in place as a matter of course which serve to mitigate each risk to either minimise the likelihood of the event occurring and/or

minimise the impact if it does occur. The risks listed below are the principal risks of various types to which we are exposed and are not exhaustive. They will necessarily evolve over time due to the dynamic nature of our business.

Principal Risks	Description	Key Mitigations
Strategic Risk	The risk of being not able to strengthen Hong Kong's position as the hub for innovation and technology	<ul style="list-style-type: none"> Proactively engage 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 list of targeted companies to build stronger portfolio
Occupational Health and Safety Risk	The risk of not being able to identify, evaluate and control of 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
	The risk of not being able to operate due to outbreak of the Covid-19 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 the 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' vigilances against phishing email • Appoint professional security consultants to assess system vulnerability and implement solution to address any security issues
Operational Risk	Inadequate or failed internal processes which pose a material impact to the reputation and operation of HKSTP	<ul style="list-style-type: none"> • Policies and procedures and monitoring programmes are in place to address various operational and fraud risks • Compliance audits are conducted
Reputational Risk	Negative publicity due to allegations/negative articles in the press or social media	<ul style="list-style-type: none"> • Maintain close working relationships with the press and media • Effective communications 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 budget and long-term financial projection with an aim in 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 2021.

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 2021 and the financial position of the Group as at that date are set out in the financial statements on pages 37 to 74.

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.

Industrial Estates

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

SHARE CAPITAL

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

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, BBS, JP*	2018*	2020	
Government Members[#]			
Permanent Secretary for Innovation and Technology <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, JP	–	–	–
Members			
Mr. CHEN Shuang, JP	2020		
Mr. Herbert CHIA Pun Kok	2018	2020	
Mr. Donald CHOI Wun Hing	2018	2020	
Ms. Cordelia CHUNG	2017	2019	2021
Mr. Kent HO Ching Tak	2017	2019	2021
Mr. Dennis HO Chiu Ping	2018	2020	
Mr. Theodore MA Heng <i>(Retired on 30 June 2020)</i>	2014	2016	2018
Dr. Stephanie MA Kwai Yee	2020		
Dr. Kim MAK Kin Wah, BBS, JP	2017	2019	2021
Mr. Daryl NG Win Kong, SBS, JP	2020		
The Honourable Jimmy NG Wing Ka, BBS, JP	2018	2020	
Ms. Angel NG Yin Yee	2019	2021	
Mr. Joseph NGAI, JP	2016	2018	2020
Mr. Gavin POON Ka Ming	2018	2020	
The Honourable Elizabeth QUAT, BBS, JP	2021		
Professor TANG Xiaou <i>(Resigned with effect from 2 March 2021)</i>	2018	2020	
Mr. Denis TSE Tik Yang <i>(Resigned with effect from 11 August 2021)</i>	2018	2020	
Professor TSUI Lap Chee, GBM, GBS, JP <i>(Retired on 30 June 2020)</i>	2014	2016	2018

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.

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 appointment of BDO Limited as auditors of the Corporation for a term of 3 years was approved by the Board of Directors on 14 December 2020. The consolidated financial statements for the year ended 31 March 2021 have been audited by BDO Limited.

On behalf of the board

Dr. Sunny CHAI Ngai Chiu, BBS, JP

Chairman

Hong Kong

30 September 2021

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 37 to 74, which comprise the consolidated statement of financial position as at 31 March 2021, 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 2021 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.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS (CONTINUED)

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

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

As at 31 March 2021, the Group held property, plant and equipment attributable to Science Park Segment located in Hong Kong with carrying amounts totalling HK\$10,845 million, which represented 39% 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 2021, which management considered to be an indicator that the carrying value of property, plant and equipment attributable to that segment may not be recovered. Consequently, the recoverable amounts of property, plant and equipment in the Science Park segment were estimated by management and compared with their carrying amounts.

The recoverable amounts of property, plant and equipment 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, terminal rates and the discount rate applied.

We identified the assessment of the recoverability of the carrying value of property, plant and equipment 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.

Our response:

Our procedures in relation to assessing the recoverability of the carrying value of property, plant and equipment 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, terminal 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.

INDEPENDENT AUDITOR'S REPORT

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 March 2020, were audited by another auditor who expressed an unmodified opinion on those statements on 28 September 2020.

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.

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.

INDEPENDENT AUDITOR'S REPORT

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

- 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.

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, 30 September 2021

CONSOLIDATED INCOME STATEMENT AND OTHER COMPREHENSIVE INCOME

For the year ended 31 March 2021
(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
Income			
Gross rental income	5(a)	784,247	723,627
Property management fee, air-conditioning and support facility income		258,663	232,240
Income from technology support centres and communal facilities		17,516	21,538
Industrial Estates income		4,802	250,118
Increase in fair value of financial assets at fair value through profit or loss		24,612	4,270
Government grant income	5(b)	-	3,308
Miscellaneous income		10,004	11,319
		1,099,844	1,246,420
Expenditure			
Operating and administrative expenses		(479,826)	(440,701)
Expenses for property management, technology support centres and communal facilities	6(a)	(445,033)	(370,783)
Incubation and tenant support expenses		(180,441)	(107,706)
Marketing and promotion expenses		(44,402)	(62,637)
Cost of land recognised upon premise in Industrial Estates granted		-	(7,738)
		(1,149,702)	(989,565)
Operating (deficit)/surplus before interest and depreciation			
		(49,858)	256,855
Interest income	5(c)	156,872	234,945
Interest expenses	6(b)	(32)	(34)
Surplus before depreciation			
		106,982	491,766
Depreciation	11	(647,273)	(499,558)
Deferred income		56,168	79,013
(Deficit)/surplus for the year			
	7	(484,123)	71,221
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: changes in fair value recognised during the year		4,906	(8,142)
(Deficit)/surplus and total comprehensive income for the year			
		(479,217)	63,079

The notes on pages 43 to 74 form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2021

(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
Non-current assets			
Property, plant and equipment	11	12,401,202	10,483,129
Construction in progress	12	3,953,020	3,186,920
Industrial Estates	13	349,209	449,209
Other financial assets	14	187,593	66,004
Financial assets at fair value through profit or loss		59,377	34,765
Total non-current assets		16,950,401	14,220,027
Current assets			
Accounts receivable, prepayments, deposits and other receivables	15	194,591	165,543
Bank deposits with original maturities of more than three months	16	10,228,519	10,861,367
Cash and cash equivalents	17(a)	227,418	646,745
Total current assets		10,650,528	11,673,655
Current liabilities			
Accrued charges and other payables	18	1,305,223	1,021,586
Deposits and rental received in advance	19	436,132	375,903
Government loans	20	90,954	89,842
Lease liabilities	23	1,696	1,180
Total current liabilities		1,834,005	1,488,511
Net current assets		8,816,523	10,185,144

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

At 31 March 2021
(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
Total assets less current liabilities		25,766,924	24,405,171
Non-current liabilities			
Deferred income	22	1,743,040	1,809,931
Government loans	20	527,699	618,653
Medium term notes	21	851,830	851,784
Lease liabilities	23	363	1,594
Total non-current liabilities		3,122,932	3,281,962
NET ASSETS		22,643,992	21,123,209
EQUITY			
Issued capital	24	22,770,398	20,770,398
Reserves		(126,406)	352,811
TOTAL EQUITY		22,643,992	21,123,209

Approved and authorised for issue by the board of directors on 30 September 2021.

Dr. Sunny CHAI Ngai Chiu, BBS, JP
Chairperson

Mr. Dennis HO Chiu Ping
Director

The notes on pages 43 to 74 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021
(Expressed in Hong Kong dollars)

	Issued capital \$'000	Accumulated Surplus/ (deficit) \$'000	Fair value reserve (non-recycling) \$'000	Total equity \$'000
At 1 April 2019	17,770,398	286,979	2,753	18,060,130
Changes in equity for 2020:				
Issuance of shares (note 24)	3,000,000	–	–	3,000,000
Surplus for the year	–	71,221	–	71,221
Other comprehensive loss	–	–	(8,142)	(8,142)
Total comprehensive income for the year	–	71,221	(8,142)	63,079
At 31 March 2020 and 1 April 2020	20,770,398	358,200	(5,389)	21,123,209
Changes in equity for 2021:				
Issuance of shares (note 24)	2,000,000	–	–	2,000,000
Deficit for the year	–	(484,123)	–	(484,123)
Other comprehensive income				
Changes in fair value recognised during the year	–	–	4,906	4,906
Total comprehensive income for the year	–	(484,123)	4,906	(479,217)
Transfer within equity upon disposal of other financial assets	–	(4,075)	4,075	–
At 31 March 2021	22,770,398	(129,998)	3,592	22,643,992

The notes on pages 43 to 74 form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021
(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
Cash flows from operating activities			
(Deficit)/surplus for the year		(484,123)	71,221
Adjustments for:			
Depreciation	11	647,273	499,558
Interest expenses	6(b)	32	34
(Gain)/loss on disposal of items of property, plant and equipment	7	(987)	53,480
Deferred income related to disposal of items of property, plant and equipment	7	-	(20,490)
Gain on premise in Industrial Estates granted		-	(109,121)
Interest income	5(c)	(156,872)	(234,945)
Other deferred income recognised		(56,168)	(58,523)
Increase in fair value of financial assets at fair value through profit or loss		(24,612)	(4,270)
		(75,457)	196,944
<i>Changes in operating assets and liabilities:</i>			
Increase in accrued charges and other payables		227,439	17,302
Increase in deposits and rental received in advance		60,229	9,303
Increase in accounts receivable, prepayments, deposits and other receivables		(59,131)	(40,593)
Net cash generated from operating activities		153,080	182,956
Cash flows from investing activities			
Interest received		186,955	262,034
Decrease in bank deposits with original maturities of more than three months when acquired		632,848	134,874
Proceed from Industrial Estates		-	46,859
Proceed from disposal of items of property, plant and equipment		1,060	-
Proceed from disposal of other financial assets		7,541	-
Payment for construction in progress		(3,106,706)	(2,200,682)
Increase in other financial assets		(124,224)	(21,850)
Payment for the purchase of items of property, plant and equipment		(37,696)	(14,470)
Increase in financial assets at fair value through profit or loss		-	(7,856)
Net cash used in investing activities		(2,440,222)	(1,801,091)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021
(Expressed in Hong Kong dollars)

	Note	2021 \$'000	2020 \$'000
Cash flows from financing activities			
Proceeds from issuance of new shares	24	2,000,000	3,000,000
Repayment of medium term notes	17(c)	-	(855,000)
Repayment of government loans	17(c)	(100,565)	(99,203)
Interest paid	17(c)	(29,380)	(40,001)
Capital element of lease rentals paid	17(c)	(2,208)	(1,440)
Interest element of lease rentals paid	17(c)	(32)	(34)
Net cash generated from financing activities		1,867,815	2,004,322
Net (decrease)/increase in cash and cash equivalents		(419,327)	386,187
Cash and cash equivalents at the beginning of the year		646,745	260,558
Cash and cash equivalents at the end of the year	17(a)	227,418	646,745

The notes on pages 43 to 74 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").

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 to commence its Batch 1 Development in the Lok Ma Chau Loop which includes HK\$17,258,000,000 for the Batch 1 development and HK\$877,000,000 for the initial operating cost of Hong Kong-Shenzhen Innovation and Technology Park Limited ("HSITP"), a subsidiary of the Corporation.

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 2021 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 2020

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 2020.

Amendments to HKFRS 3	Definition of a Business
Amendments to HKAS 1 and HKAS 8	Definition of Material

Amendments to HKFRS 3, Definition of a Business

The amendments clarify the definition of a business and introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The election to apply the concentration test is made for each transaction. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. If the concentration test is met, the set of activities and assets is determined not to be a business. If the concentration test is failed, the acquired set of activities and assets is further assessed based on the elements of a business.

Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of “material”, aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

The new or amended HKFRSs that are effective from 1 April 2020 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 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.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

(b) Subsidiaries (Continued)

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.

(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)(ii)).

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
- Industrial Estates buildings	Over the shorter of unexpired terms of the leases or 5%
- Estate centre building	Over the unexpired terms of the leases
- Other properties leased for own use	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 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)).

Industrial Estates buildings

Industrial Estates buildings are developed for innovation and technology-driven industrial production and held to earn rental income rather than for use in the production or supply of goods or for administrative purposes, or for sale in the ordinary course of business. The properties are shown at actual cost which includes all direct costs together with direct and indirect overheads applicable to the construction, less accumulated depreciation and accumulated impairment losses (see note 2.4(h)(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) Industrial Estates

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

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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.

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 “industrial estates” 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.

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)

(i) Credit losses from financial instruments (Continued)

Measurement of ECLs (Continued)

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.

(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
- Industrial Estates.

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)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

2.4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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)).

(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 rate method. The benefit of the government loans granted with no or at a below-market rate of interest, which is the difference between the initial carrying value of the loans and the proceeds received, is treated as a government grant and released to 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) Industrial Estates income in relation to the premises of Industrial Estates granted to the grantees is recognised when the transactions are completed;
- (iii) management fee, air-conditioning and support facility income is recognised when the services are rendered to the tenants;
- (vi) 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 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) government grant income in compensating expenses incurred is recognised on a systematic basis in the same periods in which the related costs are expensed (see note 2.4(n));
- (vii) interest income is recognised as it accrues using the effective interest method; and
- (viii) 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:

Impairment of property, plant and equipment

The Group determines whether the property, plant and equipment is impaired, particularly in assessing whether an event has occurred that may affect the asset value or such event affecting the asset value has not been in existence. 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 2021, the net carrying amount of the property, plant and equipment was HK\$12,401,202,000 (2020: HK\$10,483,129,000) after taking into account the accumulated impairment provision of HK\$135,850,000 made in previous year in respect of certain property, plant and equipment.

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, 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) Industrial Estates

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

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

	2021			
	Science		Industrial	
	Park	InnoCentre	Estates	Total
	\$'000	\$'000	\$'000	\$'000
Items excluding Government				
Funded Initiatives				
Income	973,869	48,526	89,560	1,111,955
Expenditure	(813,087)	(34,328)	(44,129)	(891,544)
Operating surplus before interest and depreciation	160,782	14,198	45,431	220,411
Net interest income	89,030	-	67,810	156,840
Surplus before depreciation	249,812	14,198	113,241	377,251
Depreciation, net of deferred income	(500,667)	(4,670)	(12,005)	(517,342)
Reportable segment (deficit)/surplus for the year	(250,855)	9,528	101,236	(140,091)
<i>Government Funded Initiatives</i>				
- Rental income concession				(12,111)
- Total expenses				(331,921)
Deficit for the year				(484,123)

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

4. OPERATING SEGMENT INFORMATION (CONTINUED)

	2020			Total \$'000
	Science Park \$'000	InnoCentre \$'000	Industrial Estates \$'000	
	Items excluding Government Funded Initiatives			
Funded Initiatives				
Income	872,498	59,653	326,466	1,258,617
Expenditure	(775,836)	(37,366)	(59,638)	(872,840)
Operating surplus before interest and depreciation	96,662	22,287	266,828	385,777
Net interest income	132,367	–	102,544	234,911
Surplus before depreciation	229,029	22,287	369,372	620,688
Depreciation, net of deferred income	(394,420)	(15,641)	(9,787)	(419,848)
Reportable segment (deficit)/surplus for the year	(165,391)	6,646	359,585	200,840
<i>Government Funded Initiatives</i>				
– Rental income concession				(12,197)
– Total expenses				(117,422)
Surplus for the year				71,221

Total cost of facilities under Government Funded Initiatives as at 31 March 2021 was approximately HK\$532 million (2020: approximately HK\$303 million).

5. GROSS RENTAL INCOME, GOVERNMENT GRANT INCOME AND INTEREST INCOME

(a) Gross rental income

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

(b) Government grant income

This represented government grant income earned in connection with two planning studies funded by the Government, namely the Lok Ma Chau Loop Development Master Planning Study and the Business Model and Business Planning for HSITP at Lok Ma Chau Loop. The studies were fully completed in June 2019.

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

5. GROSS RENTAL INCOME, GOVERNMENT GRANT INCOME AND INTEREST INCOME (CONTINUED)

(c) Interest income

	2021	2020
	\$'000	\$'000
Interest income on bank deposits	156,872	234,945

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\$410,318,000 (2020: HK\$333,626,000) and expenses for technology support centres and communal facilities of HK\$34,715,000 (2020: HK\$37,157,000). Included in expenses for property management were salaries and other benefits of HK\$115,789,000 (2020: HK\$87,389,000) and contribution to defined contribution retirement scheme of HK\$5,058,000 (2020: HK\$4,439,000) that the management companies paid to their staff.

(b) Interest expenses

	2021	2020
	\$'000	\$'000
Interest expenses on medium term notes	27,264	32,480
Interest expenses on government loans	9,034	10,810
Interest expense on lease liabilities	32	34
	36,330	43,324
Less: interest expense capitalised into construction in progress (Note)	(36,298)	(43,290)
	32	34

Note: The borrowing costs were capitalised at rates of 1.1% to 3.2% per annum (2020: 1.1% to 3.2%).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

7. (DEFICIT)/SURPLUS FOR THE YEAR

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

	2021	2021	2020	2020
	\$'000	\$'000	\$'000	\$'000
Employee benefit expenses (excluding staff costs of property management, as set out in note 6(a)):				
– Wages and salaries		328,362		283,238
– Retirement scheme contribution		17,521		15,756
(Gain)/loss on disposal of items of property, plant and equipment	(987)		53,480	
Less: Deferred income related to disposal of items of property, plant and equipment	–		(20,490)	
Net (gain)/loss on disposal		(987)		32,990
Auditors' remuneration		1,002		808

8. DIRECTORS' EMOLUMENTS

No directors received any fees or emoluments in respect of their services rendered to the Group during the year (2020: 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:

	2021	2020
	\$'000	\$'000
Salaries and other benefits	13,535	12,980
Performance related incentive payments	2,892	3,174
Retirement benefit scheme contributions	949	773
	17,376	16,927

The remuneration of the CEO for the year is HK\$ 5,182,000 (salary and other benefits: HK\$ 3,961,000; performance related incentive payments: HK\$ 990,000; retirement benefit scheme contributions: HK\$ 231,000) (2020: HK\$ 4,993,000 (salary and other benefits: HK\$ 3,841,000; performance related incentive payments: HK\$ 960,000; retirement benefit scheme contributions: HK\$192,000)).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

9. FIVE HIGHEST PAID EMPLOYEES (CONTINUED)

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

	2021	2020
HK\$2,500,001 to HK\$3,000,000	2	2
HK\$3,000,001 to HK\$3,500,000	2	2
HK\$4,500,001 to HK\$5,000,000	-	1
HK\$5,000,001 to HK\$5,500,000	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 2021 and 2020.

The Group has not recognised deferred tax assets in respect of subsidiaries' cumulative unused tax losses of HK\$126,244,718 (2020: HK\$78,137,305) 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*									Total
	Science		Industrial Estates buildings	Other properties leased for own use	Estate centre building	Laboratories equipment and facilities	Leasehold improvements	Furniture, fittings and equipment	Motor vehicles	
	Park	InnoCentre								
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cost:										
At 1 April 2019	10,996,370	204,970	130,939	795	938	389,007	711,160	202,610	3,737	12,640,526
Additions	-	-	-	3,419	-	4,422	5,121	4,944	-	17,906
Disposals	(131,630)	-	-	-	-	(1,434)	(200)	(905)	(200)	(134,369)
Transfer from Construction in progress	2,316,905	-	-	-	-	8,231	71,849	6,633	-	2,403,618
Reclassification	-	-	-	-	-	20,833	-	(20,833)	-	-
At 31 March 2020 and 1 April 2020	13,181,645	204,970	130,939	4,214	938	421,059	787,930	192,449	3,537	14,927,681
Additions	4,212	-	-	1,493	-	9,511	7,124	16,849	-	39,189
Disposals	-	-	-	-	-	(39,464)	(312)	(2,123)	-	(41,899)
Transfer from construction in progress	829,451	-	1,360,502	-	-	3,790	303,279	29,208	-	2,526,230
Reclassification	-	-	-	-	-	-	(11)	11	-	-
At 31 March 2021	14,015,308	204,970	1,491,441	5,707	938	394,896	1,098,010	236,394	3,537	17,451,201
Accumulated depreciation and impairment provision:										
At 1 April 2019	2,817,993	83,544	41,806	-	454	346,942	573,113	159,038	2,976	4,025,866
Charge for the year	366,216	4,672	7,777	1,443	25	26,481	76,570	16,102	272	499,558
Written back on disposals	(78,201)	-	-	-	-	(1,434)	(138)	(899)	(200)	(80,872)
Reclassification	-	-	-	-	-	7,469	-	(7,469)	-	-
At 31 March 2020 and 1 April 2020	3,106,008	88,216	49,583	1,443	479	379,458	649,545	166,772	3,048	4,444,552
Charge for the year	391,574	4,670	42,224	1,961	25	21,532	161,657	23,359	271	647,273
Written back on disposals	-	-	-	-	-	(39,449)	(309)	(2,068)	-	(41,826)
Reclassification	-	-	(450)	-	-	-	(1,411)	1,861	-	-
At 31 March 2021	3,497,582	92,886	91,357	3,404	504	361,541	809,482	189,924	3,319	5,049,999
Net book value:										
At 31 March 2021	10,517,726	112,084	1,400,084	2,303	434	33,355	288,528	46,470	218	12,401,202
At 31 March 2020	10,075,637	116,754	81,356	2,771	459	41,601	138,385	25,677	489	10,483,129

* These properties are held for rental

NOTES TO THE FINANCIAL STATEMENTS

(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:

	2021	2020
	\$'000	\$'000
Ownership interests in leasehold land and properties held for own use with remaining lease term of:		
– within 50 years	12,030,328	10,274,206
Other property leased for own use with remaining lease term of:		
– within 3 years	2,303	2,771
	12,032,631	10,276,977

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:

	2021	2020
	\$'000	\$'000
Depreciation charge of right-of-use assets:		
– Ownership interests in leasehold land and buildings	438,493	378,690
– Other properties leased for own use	1,961	1,443
Interest on lease liabilities (note 6(b))	32	34

NOTES TO THE FINANCIAL STATEMENTS

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12. CONSTRUCTION IN PROGRESS

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the year	3,186,920	3,213,692
Additions	3,156,129	2,333,556
Capitalised interest (note 6(b))	36,298	43,290
Transfer from Industrial Estates	100,000	-
Transfer to property, plant and equipment	(2,526,230)	(2,403,618)
Reclassification	(97)	-
Carrying amount at the end of the year	3,953,020	3,186,920

As at 31 March 2021, Construction in progress, including enhancement work in Hong Kong Science Park, Advanced Manufacturing Centre (Project C) and Micro-Electronics Centre ("MEC") are projects for the purpose of leasing and providing tenants with infrastructure to drive innovation and technology development.

13. INDUSTRIAL ESTATES

	2021	2020
	\$'000	\$'000
Carrying amount at the beginning of the year	449,209	386,947
Additions	-	70,000
Transfer to construction in progress	(100,000)	-
Cost of land recognised upon premise granted	-	(7,738)
Carrying amount at the end of the year	349,209	449,209

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14. OTHER FINANCIAL ASSETS

	Note	2021 \$'000	2020 \$'000
Equity securities designated at FVOCI (non-recycling):			
– Unlisted	(i)	187,593	60,472
– Listed in overseas	(ii)	–	5,532
		187,593	66,004

Notes:

- (i) The unlisted equity securities represent investments in start-up companies. Those companies are engaged in various industries including software and application, biotech and healthcare technology. 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 (2020: Nil).
- (ii) The listed equity securities were disposed of during the year ended 31 March 2021.

15. ACCOUNTS RECEIVABLE, PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2021 \$'000	2020 \$'000
Accounts receivable, net of loss allowance	21,384	11,739
Prepayments	15,822	15,089
Deposits and other receivables	157,385	138,715
	194,591	165,543

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 define appropriate credit limits. Overdue balances are regularly reviewed by senior management and collections are followed up regularly.

For receivables due from grantees of Industrial Estates, the Group may reclaim the premises granted to the grantees in default of payments and the directors consider there are no significant credit risks. As at 31 March 2021, the balance of accounts receivable covered by collateral amounted to HK\$715,000 (2020: HK\$1,541,000). Except for receivables from Industrial Estates' grantees 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).

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

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

As at 31 March 2021 and 2020, all bank deposits had remaining maturities within one year.

As at 31 March 2021, these bank deposits carried interest at the average interest rate of 0.83% (2020: 2.28%) per annum.

17. CASH AND CASH EQUIVALENTS

(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) Non-cash transaction

During the year ended 31 March 2021, there was no major non-cash transaction (2020: HK\$17,000).

(c) Reconciliation of liabilities arising from financing activities:

The table below details changes in the Group's liabilities 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
	\$'000	\$'000	\$'000	\$'000	\$'000
As at 1 April 2020	851,784	708,495	20,591	2,774	1,583,644
Changes from financing cash flows:					
Repayment of government loans	–	(100,565)	–	–	(100,565)
Capital element of lease rentals paid	–	–	–	(2,208)	(2,208)
Interest element of lease rentals paid	–	–	–	(32)	(32)
Interest paid	–	–	(29,380)	–	(29,380)
Total changes from financing cash flows	–	(100,565)	(29,380)	(2,240)	(132,185)
Other changes:					
Increase in lease liabilities from entering into new lease during the year	–	–	–	1,493	1,493
Amortisation of deferred income	–	10,723	–	–	10,723
Interest expenses (note 6(b))	–	–	–	32	32
Interest expense capitalised (note 6(b))	46	–	36,252	–	36,298
Total other changes	46	10,723	36,252	1,525	48,546
As at 31 March 2021	851,830	618,653	27,463	2,059	1,500,005

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

17. CASH AND CASH EQUIVALENTS (CONTINUED)

	Medium term notes \$'000	Government loans \$'000	Interest payable \$'000	Lease liabilities \$'000	Total \$'000
As at 1 April 2019	1,706,708	796,973	17,378	795	2,521,854
Changes from financing cash flows:					
Repayment of government loans	–	(99,203)	–	–	(99,203)
Repayment of medium term notes	(855,000)	–	–	–	(855,000)
Capital element of lease rentals paid	–	–	–	(1,440)	(1,440)
Interest element of lease rentals paid	–	–	–	(34)	(34)
Interest paid	–	–	(40,001)	–	(40,001)
Total changes from financing cash flows	(855,000)	(99,203)	(40,001)	(1,474)	(995,678)
Other changes:					
Increase in lease liabilities from entering into new lease during the year	–	–	–	3,419	3,419
Amortisation of deferred income	–	10,725	–	–	10,725
Interest expenses (note 6(b))	–	–	–	34	34
Interest expense capitalised (note 6(b))	76	–	43,214	–	43,290
Total other changes	76	10,725	43,214	3,453	57,468
As at 31 March 2020	851,784	708,495	20,591	2,774	1,583,644

(d) Total cash outflow for leases

	2021	2020
	\$'000	\$'000
Within financing cash flows and relating to lease rentals paid	2,239	1,474

NOTES TO THE FINANCIAL STATEMENTS

(Expressed in Hong Kong dollars unless otherwise indicated)

18. ACCRUED CHARGES AND OTHER PAYABLES

	2021 \$'000	2020 \$'000
Accrued charges	1,225,394	920,700
Other payables	79,829	100,886
	1,305,223	1,021,586

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

19. DEPOSITS AND RENTAL RECEIVED IN ADVANCE

Deposits received from tenants of HK\$189,089,000 (2020: HK\$279,247,000) 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:

	2021 \$'000	2020 \$'000
Current		
Amount due within one year	90,954	89,842
Non-current		
Amount due over one year	527,699	618,653
	618,653	708,495

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(Expressed in Hong Kong dollars unless otherwise indicated)

20. GOVERNMENT LOANS (CONTINUED)

The balance can be further analysed as follows:

	2021	2020
	\$'000	\$'000
Balance at effective interest rate	618,653	708,495
Unamortised deferred income	83,024	93,747
Total outstanding balance with the Government	701,677	802,242

Government loans are obtained from the Government in 2008 and 2018 for the construction of Hong Kong Science Park Phase 2 and Phase 3 respectively. These loans are unsecured and bearing interest at the "no-gain-no-loss" floating interest rate of the Government which is 1.11% (2020: ranging from 1.11% to 1.26%) per annum during the year. The loan for Hong Kong Science Park Phase 2 is repayable to the Government by 15 annual instalments until 2022. 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

	2021	2020
	\$'000	\$'000
Non-current		
Amount due over one year	851,830	851,784

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.

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23. LEASE LIABILITIES

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

	2021		2020	
	Present value of minimum lease payments \$'000	Total minimum lease payments \$'000	Present value of minimum lease payments \$'000	Total minimum lease payments \$'000
Within 1 year	1,696	1,709	1,180	1,206
After 1 year but within 2 years	363	364	1,231	1,242
After 2 years but within 5 years	-	-	363	364
	363	364	1,594	1,606
	2,059	2,073	2,774	2,812
Less: total future interest expense		(14)		(38)
Present value of lease liabilities		2,059		2,774

24. ISSUED CAPITAL

	2021		2020	
	No. of shares ('000)	HK\$'000	No. of shares ('000)	HK\$'000
Authorised, issued and fully paid:				
At 1 April	20,770,398	20,770,398	17,770,398	17,770,398
Issuance of new shares	2,000,000	2,000,000	3,000,000	3,000,000
At 31 March	22,770,398	22,770,398	20,770,398	20,770,398

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 18,934,000,000 ordinary shares of HK\$1 each were issued at par to the Government for cash.

During the year ended 31 March 2021, additional 2,000,000,000 ordinary shares (2020: 3,000,000,000) of HK\$1 each were issued at par to the Government for cash.

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24. ISSUED CAPITAL (CONTINUED)

At the end of the reporting period, the entire amount of 22,770,397,594 shares of HK\$1 each of the Corporation were registered under The Financial Secretary Incorporated, a corporation solely established under the Financial Secretary Incorporation Ordinance (Chapter 1015 of the Laws of Hong Kong) which is wholly owned by the Government.

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:

	2021	2020
	\$'000	\$'000
Within one year	865,719	615,634
After 1 year but within 2 years	539,400	423,107
After 2 years but within 3 years	255,211	182,259
After 3 years but within 4 years	143,319	45,893
After 4 years but within 5 years	77,823	30,718
After 5 years	62,832	77,294
	1,944,304	1,374,905

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26. COMMITMENTS

At 31 March 2021, the Group had the following capital commitments at the end of the reporting period:

	2021	2020
	\$'000	\$'000
Authorised, but not contracted for:		
– construction of the Science Park and its ancillary facilities	7,266,884	4,042,276
– development projects in Industrial Estates	3,650,831	2,244,043
	10,917,715	6,286,319
Contracted, but not provided for:		
– development projects in Industrial Estates	3,080,949	4,726,029
– construction of the Science Park and its ancillary facilities	1,057,940	1,208,284
	4,138,889	5,934,313

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	2021	2020
		\$'000	\$'000
With the Government:			
Financial guarantee received on MTN issued	21	852,000	852,000
Interest expenses on government loans	20	9,034	10,810
Government grant income	(i)	–	3,308
With the Government's controlled-entities:			
Rental income	(ii)	63,907	48,959
Management fee and air-conditioning income	(ii)	24,763	20,346
Equipment rental and procurement sales income	(ii)	9,254	8,601

Notes:

- (i) Grant from the Government was in connection with two planning studies, namely the Lok Ma Chau Loop Development Master Planning Study and the Business Model and Business Planning for HSITP at Lok Ma Chau Loop.
- (ii) 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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

27. MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(b) The Government has agreed to make available a loan facility of up to HK\$1,643,000,000 to the Group to be repaid by annual instalments according to the repayment schedules issued by the Government and interest bearing 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 (2020: 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.

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 (deficit)/surplus for the year ended 31 March 2021 would increase/decrease by HK\$7,016,000 (2020: HK\$8,022,000).

(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 trade 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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

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

(c) Liquidity risk

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 utilisation of available loan facilities to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

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

	2021					
	On demand		1-5 years	Over 5 years	Total	
	or less than	Within 4-12			Undiscounted	Carrying
	3 months	months	cash flows	amount		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Accrued charges and other payables	1,305,223	-	-	-	1,305,223	1,305,223
Deposits	114,960	64,219	181,146	7,943	368,268	368,268
Government loans	-	102,802	114,363	571,816	788,981	618,653
Medium term notes	-	33,165	914,222	-	947,387	851,830
Lease liabilities	302	1,407	364	-	2,073	2,059
	1,420,485	201,593	1,210,095	579,759	3,411,932	3,146,033

	2020					
	On demand		1-5 years	Over 5 years	Total	
	or less than	Within 4-12			Undiscounted	Carrying
	3 months	months	cash flows	amount		
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Accrued charges and other payables	1,001,215	5,826	-	14,545	1,021,586	1,021,586
Deposits	35,375	31,212	274,616	4,631	345,834	345,834
Government loans	-	102,802	102,802	686,180	891,784	708,495
Medium term notes	-	33,090	941,486	-	974,576	851,784
Lease liabilities	302	904	1,606	-	2,812	2,774
	1,036,892	173,834	1,320,510	705,356	3,236,592	2,930,473

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(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 2021 and 2020.

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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

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

(e) Fair value measurement (Continued)

	2021			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Other financial assets				
– Listed	-	-	-	-
– Unlisted	-	144,801	42,792	187,593
Financial assets at FVPL	-	7,787	51,590	59,377
	-	152,588	94,382	246,970

	2020			
	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
Other financial assets				
– Listed	5,532	-	-	5,532
– Unlisted	-	30,000	30,472	60,472
Financial assets at FVPL	-	7,755	27,010	34,765
	5,532	37,755	57,482	100,769

Due to the change in valuation technique, a financial asset at FVPL with fair value of Nil (2020: HK\$597,000) and some other financial assets of HK\$ 23,252,000 (2020: HK\$17,324,000) were transferred from Level 2 to Level 3 of the fair value hierarchy at 31 March 2021. Another financial asset of HK\$ 9,562,000 (2020: Nil) was transferred from Level 3 to Level 2 of the fair value hierarchy at 31 March 2021.

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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

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

(e) Fair value measurement (Continued)

The Level 3 includes financial instruments of which their values are based on unobservable inputs. These are mostly call options with zero strike price. 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 or binomial model.

29. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 MARCH 2021

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 2021 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

2020 Amendments to HKFRS 16	COVID-19 – Related Rent Concessions ¹
2021 Amendments to HKFRS 16	COVID-19 – Related Rent Concessions beyond 30 June 2021 ³
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁵
Amendments to HKAS 1	Disclosure of Accounting Policies ⁵
Amendments to HKAS 8	Definition of Accounting Estimates ⁵
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁵
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use ⁴
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ⁴
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2 ²
Annual Improvements to HKFRSs 2018-2020 ⁴	
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁵

Notes:

- ¹ Effective for annual periods beginning on or after 1 June 2020
- ² Effective for annual periods beginning on or after 1 January 2021
- ³ Effective for annual periods beginning on or after 1 April 2021
- ⁴ Effective for annual periods beginning on or after 1 January 2022
- ⁵ Effective for annual periods beginning on or after 1 January 2023

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.

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(Expressed in Hong Kong dollars unless otherwise indicated)

30. LIST OF PRINCIPAL SUBSIDIARIES

At 31 March 2021, the particulars of the Corporation's principal subsidiaries are as follows:

Subsidiary	Place of incorporation and operations	Particulars of issued and paid up capital	Group's effective interest	Principal activity
STP Asset Holding Limited	Hong Kong	HK\$10,000	100%	Investment holding
STP Corporate Venture Limited	Hong Kong	HK\$10,000	100%	Investment holding
Hong Kong – Shenzhen Innovation and Technology Park Limited	Hong Kong	HK\$10,000	100%	To establish and develop an Innovation and Technology Park at the Lok Ma Chau Loop
STP Investment Holding Limited (formerly known as STP Anchor Asset Holding Limited)	Hong Kong	HK\$10,000	100%	Investment holding
STP China Holding Limited (formerly known as RIK ONE Limited)	Hong Kong	HK\$1,000	100%	Investment holding
CVF ONE Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF THREE Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF FIVE Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF SIX Limited	Hong Kong	HK\$1,000	100%	Investment holding
CVF SEVEN 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 THIRTEEN 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 Hydrogen Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Helium Limited	Hong Kong	HK\$1,000	100%	Investment holding
STP Corporate Venture III Limited	Hong Kong	HK\$1,000	100%	Investment holding
Primus Alfvén 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