

Head 155 — GOVERNMENT SECRETARIAT: INNOVATION AND TECHNOLOGY COMMISSION

4 To strengthen Hong Kong's research capability for technological development and to stimulate the growth of technology-based industry in Hong Kong, the Commission has been working closely with the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) in strengthening its institutional and research capabilities to support the activities of its R&D Centre for Information and Communications Technologies. The ASTRI's subsidiary, the Hong Kong Jockey Club Institute of Chinese Medicine Limited (HKJCICM) promotes and supports the modernisation and further development of Chinese medicine in Hong Kong. The work of the ASTRI and the HKJCICM will be further described under Programme (7).

5 To support the further development of innovation and technology with emphasis on five key elements, i.e. focus, market relevance, industry participation, leverage on the Mainland, and better co-ordination among different elements of the innovation and technology programme, five R&D centres have been established in April 2006 to drive and co-ordinate R&D efforts in the technology areas of nanotechnology and advanced materials, textile and clothing, automotive parts and accessory systems, logistics and supply chain management enabling technologies, and information and communications technologies. The R&D projects carried out by these centres will be funded by the ITF.

6 To enhance the level of collaboration on R&D between organisations in Hong Kong and those in the Guangdong Province, the Guangdong-Hong Kong Technology Cooperation Funding Scheme (TCFS) was introduced under the ITSP in September 2004. The TCFS supports applied R&D projects which will facilitate the economic development in the Greater Pearl River Delta (PRD) region. In 2006, the Commission and the Guangdong Provincial Department of Science and Technology jointly invited applications for the third consecutive year under six technology areas.

7 The performance under this programme is reflected in the extent to which the applied R&D activities receiving funding support are of relevance to industry and the extent to which the R&D centres, the ASTRI and the HKJCICM accomplish their research programmes effectively. Performance indicators in respect of the ITSP, TCFS, R&D centres, ASTRI and PAG are as follows:

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
ITSP ^Ψ			
applications received and processed.....	6 [#]	126	126
projects funded and being monitored	121	117	122
TCFS			
applications received and processed.....	89	62	77
projects funded and being monitored	23	58	90
R&D centres' projects ^φ			
Automotive Parts and Accessory Systems R&D Centre			
new projects	—	—	30
projects funded and being monitored	—	—	30
Hong Kong R&D Centre for Information and Communications Technologies			
new projects	—	9	21
projects funded and being monitored	—	9	30
Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies			
new projects	—	—	12
projects funded and being monitored	—	—	12
Nano and Advanced Materials Institute			
new projects	—	—	30
projects funded and being monitored	—	—	30
Hong Kong Research Institute of Textiles and Apparel			
new projects	—	—	25
projects funded and being monitored	—	—	25
ASTRI projects [@]			
new projects	7	4	2
projects funded and being monitored	20	21	20
PAG			
applications received and processed.....	163	121	140
projects funded.....	92	68	68

Ψ The figures do not include applications submitted by or projects undertaken by the four R&D centres not hosted by the ASTRI, which are now reported under the new indicator "R&D centres' projects".

Due to the review of the funding approach for innovation and technology development, invitation for ITSP applications had been suspended and was resumed under the new approach in late 2005.

φ New indicator as from 2006.

@ The figures do not include projects undertaken by the Hong Kong R&D Centre for Information and Communications Technologies hosted by the ASTRI, which are now reported under the new indicator "R&D centres' projects".

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Matters Requiring Special Attention in 2007–08

8 During 2007–08, the Commission will continue to:

- support the activities of R&D centres with emphasis on technology transfer of funded projects;
- enhance collaboration on R&D between Hong Kong and Guangdong; and
- work closely with the ASTRI and the HKJCICM in strengthening their research capabilities and developing and implementing their research projects and transferring technologies to industry for commercialisation.

Programme (2): Fostering University-Industry Collaboration

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	6.6	6.8	6.5 (–4.4%)	6.7 (+3.1%)
				(or –1.5% on 2006–07 Original)

Aim

9 The aim is to promote university-industry partnership in R&D projects.

Brief Description

10 The Commission achieves this aim through administering the University-Industry Collaboration Programme (UICP) under the ITF to support commercial R&D projects undertaken by private companies in collaboration with local universities. Companies in the private sector are encouraged to invest and to leverage on the knowledge and resources of local universities through three schemes under the UICP, namely, the Teaching Company Scheme, Matching Grant for Joint Research, and Industrial Research Chair Scheme. The Teaching Company Scheme provides financial incentives to local companies to take on graduate students from local universities to assist in proprietary R&D work. Under the Matching Grant for Joint Research, private companies will contribute half of the project cost, in respect of R&D projects taken up jointly with local universities. They will also be able to hold the intellectual property rights arising from the projects. The Industrial Research Chair Scheme provides funding support to research efforts of universities and industry in technology fields which are not yet developed in Hong Kong but have good development potential.

11 The UICP received a total of six applications requesting \$3 million in 2006.

12 The key performance indicators are:

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
UICP			
applications received and processed.....	18	9	10
projects funded and being monitored	90	62	40

Matters Requiring Special Attention in 2007–08

13 During 2007–08, the Commission will continue to administer the UICP and monitor progress of the funded projects.

Programme (3): Promotion of Technological Entrepreneurship

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	5.5	8.5	7.5 (–11.8%)	7.8 (+4.0%)
				(or –8.2% on 2006–07 Original)

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Aim

14 The aim is to promote technological entrepreneurship in Hong Kong and provide essential support to technology-based entrepreneurial activities.

Brief Description

15 The Commission provides funding support to technology-based entrepreneurial activities through the Small Entrepreneur Research Assistance Programme (SERAP) of the ITF and the Applied Research Fund (ARF). The SERAP provides financing at the pre-venture capital stage for start-ups to carry out R&D activities and to conduct market validation. The ARF provides funding to technology companies in Hong Kong at the venture capital stage. In addition, we work closely with the Hong Kong Science and Technology Parks Corporation (HKSTPC), which operates an incubation programme to provide technology start-ups with support in marketing, finance, technology and management in their critical initial years of operation.

16 During 2006–07, the Commission:

- administered the SERAP and the ARF programme;
- publicised the SERAP funding scheme via talks and seminars;
- published the SERAP Company Directory for 2007;
- organised topical seminars for SERAP companies;
- ran a pilot mentorship programme for SERAP companies;
- reviewed the SERAP programme to enhance effectiveness;
- provided networking support to some SERAP and ARF companies; and
- monitored the management of SERAP and ARF investee companies.

17 The key performance measures are:

Target

	Target working days	2005 (Actual)	2006 (Actual)	2007 (Plan)
informing applicants of the result of their SERAP applications after receipt of full information	50.0	41.1	44.8	40.0

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
SERAP			
applications received and processed.....	69	64	75
projects funded and being monitored	80	92	90
new projects funded by the ARF ^Ω	2	0	0

^Ω Following a review of the strategy on innovation and technology development, the ARF has ceased making new investment since March 2005, but will continue to operate to monitor and oversee existing investments and their exit.

The performance under this programme is also reflected in the extent to which the incubation programme is successfully run by the HKSTPC.

Matters Requiring Special Attention in 2007–08

18 During 2007–08, the Commission will continue to:

- administer the SERAP and oversee the ARF to support technology start-ups;
- provide value-adding services to companies participating in the SERAP and the ARF;
- monitor progress of the funded projects; and
- pursue the exit of ARF projects through fund managers.

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Programme (4): Planning for Innovation and Technology Development

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	26.9	25.3	23.9 (–5.5%)	23.5 (–1.7%)
				(or –7.1% on 2006–07 Original)

Aim

19 The aim is to support the formulation and co-ordination of innovation and technology policies and sustain public awareness of innovation and technology.

Brief Description

20 The Commission provides secretariat support and policy input to the Steering Committee on Innovation and Technology, chaired by Secretary for Commerce, Industry and Technology, in examining policy issues and co-ordinating the various elements of the Government's programme and resources to promote innovation and technology.

21 The Commission supports technology co-operation with the Mainland, and participates actively in relevant regional activities which help promote innovation and technology.

22 To enhance public awareness and understanding of the importance of innovation and technology, the Commission organises promotional events locally and administers the General Support Programme (GSP) under the ITF to fund projects such as seminars and exhibitions which help foster an innovation and technology culture.

23 An Internship Programme was introduced under the GSP in July 2004 for universities with projects funded under the ITSP or the Matching Grant for Joint Research Scheme of the UICP to recruit interns to assist in the projects. It aims to provide opportunities for fresh graduates from tertiary institutions to acquire research/industrial experience at local universities/companies, stimulate the interest of fresh graduates in applied R&D activities and help create a larger pool of research talents.

24 During 2006–07, the Commission:

- adopted a new strategic framework for innovation and technology development under which five R&D centres have been established to drive and co-ordinate applied R&D in selected technology focus areas;
- supported and provided input to the policy deliberations of the Steering Committee on Innovation and Technology;
- enhanced technology co-operation with the Mainland at the central, regional and provincial levels through various co-operation mechanisms, including the Mainland/Hong Kong Science and Technology Cooperation Committee, the Pan-PRD Joint Conference on Regional Cooperation in Science and Technology, and the Guangdong/Hong Kong Expert Group on Cooperation in Innovation and Technology;
- organised the Innovation Festival 2006 to promote an innovation and technology culture in particular among the youth. Activities of the Festival included roadshows and seminar, My Favourite Inventions for Quality Living Competition, technology and design workshops and the Youth Innovation Exhibition;
- organised the Hong Kong Student Science Project Competition and arranged members of the winning teams to participate in an exchange tour to Singapore and mentorship programmes offered by R&D organisations in Hong Kong;
- established the Hong Kong Youth Innovation Club to provide a sustainable and interactive platform to nurture youth innovative talents;
- nominated entries from the Hong Kong Special Administrative Region in two categories of the State Science and Technology Awards, namely, the State Technological Invention Award and the State Scientific and Technological Progress Award;
- organised a 'Hong Kong Pavilion' at the China Hi-Tech Fair 2006 to introduce the R&D centres newly set up under the new strategic framework for innovation and technology development and to showcase the latest technological achievements of Hong Kong enterprises and research organisations; and
- participated actively in the Asia-Pacific Economic Cooperation (APEC) Industrial Science and Technology Working Group.

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25 The key performance indicators are:

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
GSP			
applications received and processed.....	5	10§	15
projects funded and being monitored	12	6§	6
Internship Programme			
applications received and processed.....	12	6¶	18
projects funded and being monitored	33	11¶	24

§ As the five R&D centres were set up in April 2006 and it would take time for the centres to formulate their own technology roadmaps and research directions, no GSP applications were received from the centres in 2006.

¶ The ITSP applications received in 2006 were restricted to last for one year at most while only projects with remaining project duration of not less than one year would be eligible for the Internship Programme.

Matters Requiring Special Attention in 2007–08

26 During 2007–08, the Commission will continue to:

- strengthen technology co-operation with the Mainland through the Mainland/Hong Kong Science and Technology Cooperation Committee, the Pan-PRD Joint Conference on Regional Cooperation in Science and Technology, and the Guangdong/Hong Kong Expert Group on Cooperation in Innovation and Technology, and establish closer co-operation with Shenzhen;
- administer the GSP (including Internship Programme) and monitor progress of the funded projects;
- organise the Hong Kong Student Science Project Competition and other events to foster and promote an innovation and technology culture in the community;
- organise activities for members of the Hong Kong Youth Innovation Club;
- nominate entries for the State Science and Technology Awards;
- organise the ‘Hong Kong Pavilion’ at the China Hi-Tech Fair 2007; and
- participate in the APEC Industrial Science and Technology Working Group.

Programme (5): Infrastructural Support

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	35.6	53.7	47.4 (–11.7%)	58.4 (+23.2%)
				(or +8.8% on 2006–07 Original)

Aim

27 The aim is to develop world-class support infrastructure to facilitate technological upgrading and development of the industry and to promote innovation and design.

Brief Description

28 The Commission achieves the aim through planning, supporting and overseeing technological infrastructural projects; and participating actively in the formulation and implementation of policies by other government bureaux and departments which impinge on innovation and technology development in Hong Kong. We work closely with relevant industry support organisations such as the HKSTPC, the ASTRI, the HKJCICM, the Hong Kong Productivity Council (HKPC) and the Hong Kong Design Centre (HKDC) in the process.

29 The Commission provides secretariat support and policy input to the Steering Group on the Promotion of Innovation and Design, chaired by Secretary for Commerce, Industry and Technology, in examining policy issues and co-ordinating the various elements of the Government’s programme and resources for the promotion of innovation and design in industry.

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30 To strengthen Government's support for design and innovation, and to promote wider use of design and innovation in industries to help them move up the value chain, the Commission implements the DesignSmart Initiative with a funding commitment of \$250 million. The Initiative comprises a Design Support Programme (DSP) and the InnoCentre. The DSP operates four funding schemes to support projects in four categories - design research; design/business collaboration; design professional continuing education; and fostering the culture of design. The InnoCentre is jointly operated by the HKSTPC and the HKDC for creating and sustaining a cluster of high value-added design activities among design professionals and interns, and companies, where creative ideas with functionality will be stimulated, nurtured, researched, promoted, commercialised and branded.

31 During 2006–07, the Commission:

- worked closely with the HKSTPC on its policy directions and development plans, as well as the planning and construction of Phase Two of the Hong Kong Science Park (HKSP) at Pak Shek Kok;
- worked closely with the ASTRI in strengthening their institutional and research capabilities to develop its R&D Centre for Information and Communications Technologies;
- monitored the delivery of value-added support services to the manufacturing and related service industries by the HKPC;
- worked closely with the HKDC to promote design as a value-added activity and integrate it into business processes;
- administered the DSP and worked closely with the HKSTPC and the HKDC to develop the InnoCentre for the design cluster; and
- organised the Hong Kong Young Design Talent Awards 2006 to sponsor six promising local young designers and design students to attend training at reputable overseas design institutions.

32 The key performance indicators are:

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
DSP			
applications received and processed.....	14	42	54
projects funded and being monitored	18	53	49

Matters Requiring Special Attention in 2007–08

33 During 2007–08, the Commission will continue to:

- work closely with the HKSTPC on its various development and business plans;
- assist in the planning and construction of the Phase Two of the HKSP;
- assist the ASTRI in strengthening its R&D capabilities and lead research programmes in the four focus areas of communications technologies, consumer electronics, integrated circuit (IC) design and opto-electronics;
- assist the HKJCICM in transforming its development directions from a research-driven model to one of assisting local Chinese medicine development;
- assist the HKDC in promoting design as part and parcel of the innovative capacity essential for our industry's progression into higher value-added activities;
- administer the DSP and monitor progress of the funded projects; and
- work closely with the HKSTPC and the HKDC to operate the InnoCentre for the design cluster.

Programme (6): Quality Support

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)	51.1	52.1	48.1 (–7.7%)	52.4 (+8.9%)
				(or +0.6% on 2006–07 Original)

Aim

34 The aim is to promote internationally accepted standards and conformity assessment services to underpin technological development and international trade.

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Brief Description

35 The Commission achieves this aim through the operation of the Standards and Calibration Laboratory (SCL), the Product Standards Information Bureau (PSIB), and the Hong Kong Accreditation Service (HKAS).

36 During 2006–07, the SCL participated in six projects on international comparison of standards. Its capabilities in the metrology areas of length, mass and related quantities, electricity, thermometry, and time and frequency have been listed in the technical schedules of the Mutual Recognition Arrangement (MRA) drawn up by the International Committee for Weights and Measures (CIPM). Through the CIPM MRA of which the SCL is a signatory, calibration certificates bearing the CIPM MRA logo issued by the SCL are internationally accepted by over 180 national metrology institutes and related organisations in 65 economies. The HKAS provides a comprehensive range of accreditation services under the Hong Kong Laboratory Accreditation Scheme (HOKLAS), the Hong Kong Certification Body Accreditation Scheme (HKCAS) and the Hong Kong Inspection Body Accreditation Scheme (HKIAS). Accreditation services have been extended to cover indoor air quality inspection in 2006. Through the MRAs signed between the HKAS and the international and regional organisations of accreditation bodies, reports and certificates bearing the HKAS accreditation marks issued by organisations accredited by the HKAS are widely recognised world-wide. The PSIB represented Hong Kong, China in the APEC Sub-Committee on Standards and Conformance.

37 The key performance measures are:

Targets

	Target working days	2005 (Actual)	2006 (Actual)	2007 (Plan)
processing of quotation for calibration services.....	3 ^α	3	3	3
calibration of equipment	17	15	14	16
provision of technical advice in response to oral enquiries on product standards....	1	1	1	1
processing of simple written enquiries on product standards	1	1	1	1
processing of complicated written enquiries on product standards	8	8	8	8
issue of quotations for documented standards.....	1	1	1	1
processing of orders for photocopies of documented standards	2	2	2	2

α This target has been revised from four to three days as from July 2006.

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
SCL			
calibrations performed.....	728	792Φ	792
revenue generated (\$).....	1,299,460	1,228,630Φ	1,228,630
revenue/post (\$).....	358,354	386,223	386,223
PSIBV			
technical enquiries.....	550	502	500
sales and photocopying of documented standards enquiries	485	406	360
quotations given	2 597	2 353	2 150
orders placed	340	271	240
revenue generated (\$).....	273,623	192,921	150,000
revenue/post (\$).....	176,531	124,465	130,434λ
HOKLAS			
accredited laboratories (cumulative)	131	148	152
assessments and reassessments conducted.....	210	250	260
overseas laboratory accreditation schemes with mutual recognition arrangement with the HOKLAS (cumulative).....	58	61	61
HKCAS			
accredited certification bodies (cumulative).....	10	12	14
assessments, reassessments and surveillance conducted.....	13	15	16
overseas certification bodies accreditation schemes with multilateral recognition arrangement with the HKCAS (cumulative).....	34	36	36

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	2005 (Actual)	2006 (Actual)	2007 (Estimate)
HKIAS			
accredited inspection bodies (cumulative).....	9	12	14
assessments, reassessments and surveillance conducted.....	14	16	17
overseas inspection bodies accreditation schemes with multilateral recognition arrangement with the HKIAS (cumulative).....	9	11	11

Φ While the number of requests for calibrations increased in 2006 due to an increase in the requests from government departments, revenue generated in 2006 was similar to that in 2005 as fees were not charged on the calibrations performed for government departments.

∇ The drop in these indicators in recent years is mainly caused by the increase in avenues for obtaining standards, such as through the internet, and that more customers have moved their operation to the Mainland. The downward trend is expected to continue for 2007.

λ Fewer number of officers will be deployed to provide the service in 2007.

Matters Requiring Special Attention in 2007–08

38 During 2007–08, the Commission will:

- participate in activities to promote the MRAs of the Asia Pacific Laboratory Accreditation Co-operation, the International Laboratory Accreditation Co-operation, the Pacific Accreditation Co-operation, and the International Accreditation Forum;
- develop plans to extend accreditation services to other areas to support industry;
- participate in the activities of the CIPM MRA, and in the activities of the Asia Pacific Metrology Programme;
- participate in more projects on international comparison of standards;
- strengthen interactions between staff of the SCL and local metrology users with a view to disseminating measurement techniques and knowledge to local industries;
- conduct visits to SCL customers to gauge their needs and to offer professional advice on-site;
- participate in APEC activities in the areas of standards and conformance; and
- participate in international standardisation activities.

Programme (7): Subvention: Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited

	2005–06 (Actual)	2006–07 (Original)	2006–07 (Revised)	2007–08 (Estimate)
Financial provision (\$m)				
Hong Kong Productivity Council	174.5	174.8	173.8 (–0.6%)	172.8 (–0.6%)
Hong Kong Applied Science and Technology Research Institute Company Limited	93.3	119.9	119.9 (—)	119.9 (—)
Total	267.8	294.7	293.7 (–0.3%)	292.7 (–0.3%)

(or –0.7% on
2006–07 Original)

Hong Kong Productivity Council

Aim

39 The aim is to promote productivity excellence through the provision of integrated support across the value chain of the industry, in order to achieve more effective utilisation of resources, enhance the value-added content of products and services, and enhance the industry's international competitiveness.

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Brief Description

40 The HKPC provides integrated support to innovative and growth oriented Hong Kong firms across the value chain. Its principal sectoral focus is on manufacturing, particularly in Hong Kong's foundation industries, and related service activities. The main geographical focus is Hong Kong and the PRD.

41 The work of the HKPC is guided by three strategies: to enhance manufacturing technology and process upgrading, to tap new manufacturing opportunities arising from the Mainland and Hong Kong Closer Economic Partnership Arrangement (CEPA), and to provide regionalisation and globalisation support to improve the cost-effectiveness of manufacturing activities. Its activities mainly fall in the following areas:

- providing one-stop services to the manufacturing industries, particularly the foundation industries, in the areas of manufacturing and materials technology, product design and development, technology commercialisation and e-manufacturing;
- promoting the application of good management practices and continuous benchmarking across the value chain for innovative and growth oriented enterprises, especially small and medium enterprises (SMEs), through operation management, human resources management, innovation management and strategic business management;
- assisting information technology (IT) service providers, in particular SMEs, to improve their quality, capacity and productivity, and supporting the integration of IT services across the value chain; and
- providing environmental technology support in green manufacturing, efficient energy and resource usage, compliance with environmental legislation and internal standards, as well as environmental methods and technology transfer.

42 During 2006–07, the subsidiaries run by the HKPC include:

- the Clothing Technology Demonstration Centre Company Limited which demonstrates technologies and production systems to improve the efficiency of the textile and garment sectors;
- the HKPC Technology (Holdings) Company Limited which functions as a vehicle for commercialisation of patents, technologies and projects deliverables of the HKPC and other R&D institutes;
- the Productivity (Holdings) Limited which operates consulting firms in Guangzhou, Shenzhen and Dongguan to strengthen the HKPC's integrated support and services for Hong Kong firms operating in the PRD; and
- the Automotive Parts and Accessory Systems R&D Centre Limited which undertakes market-led R&D projects in collaboration with industry, universities and technology institutes.

43 The key performance indicators are:

Indicators

	2005–06 (Actual)	2006–07 (Revised Estimate)	2007–08 (Estimate)
overall income/expenditure ratio (%)	62.9	63.5	62.8
income from consultancy/technical assistance (\$m).....	164.1	167.3	159.5
income from training courses (\$m).....	25.7	33.8	30.3
income from exhibitions/study missions/conferences (\$m).....	6.0	8.8	11.3
income from manufacturing support/process control (\$m).....	30.4	22.4	25.1
no. of people who attended the HKPC training courses ^φ	6 174	5 600	6 500
no. of people who attended the HKPC exhibitions.....	10 000	5 500 ^β	5 500
no. of people who participated in the HKPC study missions/conferences [^]	4 731	2 300	1 910

^φ Figures include participants in fee-charging training courses only.

^β The number of people who attended HKPC exhibitions decreased in 2006–07 as HKPC has organised more small-scale showcases on specific topics, rather than large-scale exhibitions for the general public.

[^] The number of participants would vary depending on the number and type of the events organised or planned. Such events may include large-scale conferences on popular topics as well as small-scale events targeting at particular groups of clients.

Matters Requiring Special Attention in 2007–08

44 During 2007–08, the HKPC will:

- continue to provide integrated support to innovative and growth-oriented Hong Kong firms across the value chain, with the main sectoral focus on manufacturing, particularly in Hong Kong's foundation industries, and related service activities;

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- continue to meet the needs of Hong Kong companies and industries to capitalise on the new opportunities arising from CEPA;
- enhance its support to Hong Kong firms operating in PRD, through subsidiary consulting firms set up in Guangzhou, Shenzhen and Dongguan; and
- continue to operate the R&D Centre for Automotive Parts and Accessory Systems.

Hong Kong Applied Science and Technology Research Institute Company Limited

Aim

45 The aim is to provide research capability for Hong Kong's technological development and stimulate the growth of technology-based industry in Hong Kong.

Brief Description

46 The ASTRI's missions are to:

- perform relevant and high quality R&D and transfer the technologies and results to industry;
- promote greater application of technology in industry;
- become a focal point for attracting outside R&D personnel to work in Hong Kong;
- enhance Hong Kong's technological human resources development;
- act as a spawning ground for technology entrepreneurs; and
- provide a focal point for industry-university collaboration.

47 Over the years, the ASTRI's research areas include photonics technologies, internet applications, wireless communications and IC design. Its operating strategy is to transfer the technologies and results developed from its R&D projects to industry for technology dissemination through licensing arrangements, contract research arrangements and spinning-off new technology companies. This process will elevate the technology level of Hong Kong industry and accelerate the expansion of the technology industry base, thereby creating new employment opportunities. In April 2006, the ASTRI launched the R&D Centre for Information and Communications Technologies which focuses on four technology areas, namely, communications technologies, consumer electronics, IC design and opto-electronics.

48 The ASTRI's subsidiary, the HKJCICM, promotes and supports the modernisation and further development of Chinese medicine in Hong Kong. The Hong Kong Jockey Club Charities Trust has pledged to donate \$500 million to fund the R&D activities managed by the HKJCICM while the ASTRI provides premises and supporting facilities to the HKJCICM and funds its recurrent operating costs.

49 Since its set-up, the HKJCICM has funded 13 projects in collaboration with local universities and Mainland institutions, including the setting up of a Chinese medicine laboratory and associated network to strengthen pharmacognosy and quality control of Chinese medicine.

50 The key performance indicators are:

Indicators

	2005 (Actual)	2006 (Actual)	2007 (Estimate)
no. of patents filed.....	23 ^Δ	53	70
no. of technology transfer ^δ	9	32	40
no. of technology workshop/seminars organised.....	23	48	50

^Δ The figure has been updated after the preparation of the 2006–07 Estimates.

^δ Indicator renamed as from 2006.

Matters Requiring Special Attention in 2007–08

51 During 2007–08, the ASTRI will:

- continue with the research projects initiated in 2006–07 and before;
- continue to strengthen its institutional and research capabilities through the development of its R&D Centre;
- promote and transfer technologies developed from its R&D projects to industry;
- work closely with the local industry and universities on the latest development of manufacturing technology and market trend with a view to fostering closer collaboration;

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- promote the ASTRI's R&D activities with a view to raising public awareness on the work of the ASTRI; and
- advise and assist the HKJCICM in executing its refined development directions from a research-driven model to one of assisting local Chinese medicine development through information and technology intermediary and project incubation.

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ANALYSIS OF FINANCIAL PROVISION

Programme	2005–06 (Actual) (\$m)	2006–07 (Original) (\$m)	2006–07 (Revised) (\$m)	2007–08 (Estimate) (\$m)
(1) Support for Research and Development.....	22.3	22.2	21.5	22.5
(2) Fostering University-Industry Collaboration	6.6	6.8	6.5	6.7
(3) Promotion of Technological Entrepreneurship.....	5.5	8.5	7.5	7.8
(4) Planning for Innovation and Technology Development.....	26.9	25.3	23.9	23.5
(5) Infrastructural Support.....	35.6	53.7	47.4	58.4
(6) Quality Support.....	51.1	52.1	48.1	52.4
(7) Subvention: Hong Kong Productivity Council, Hong Kong Applied Science and Technology Research Institute Company Limited.....	267.8	294.7	293.7	292.7
	415.8	463.3	448.6 (–3.2%)	464.0 (+3.4%)
				(or +0.2% on 2006–07 Original)

Analysis of Financial and Staffing Provision

Programme (1)

Provision for 2007–08 is \$1.0 million (4.7%) higher than the revised estimate for 2006–07. This is mainly due to the increased provision arising from the employment of non-civil service contract staff, partly offset by savings from deletion of posts in 2006–07.

Programme (2)

Provision for 2007–08 is \$0.2 million (3.1%) higher than the revised estimate for 2006–07. This is mainly due to the increased provision arising from the employment of non-civil service contract staff and the provision for filling a vacant post, partly offset by savings from deletion of posts in 2006–07.

Programme (3)

Provision for 2007–08 is \$0.3 million (4.0%) higher than the revised estimate for 2006–07. This is mainly due to the increased provision for filling a vacant post.

Programme (4)

Provision for 2007–08 is \$0.4 million (1.7%) lower than the revised estimate for 2006–07. This is mainly due to the reduced general departmental expenses and salary provision, partly offset by the increased cash flow requirement for non-recurrent projects.

Programme (5)

Provision for 2007–08 is \$11.0 million (23.2%) higher than the revised estimate for 2006–07. This is mainly due to the increased provisions for promoting design in Hong Kong and general departmental expenses.

Programme (6)

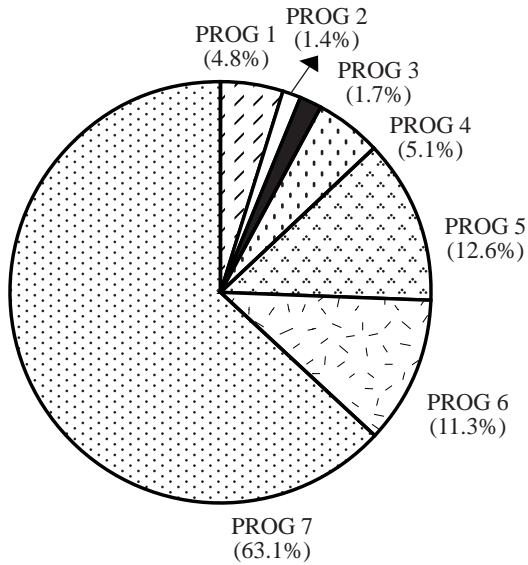
Provision for 2007–08 is \$4.3 million (8.9%) higher than the revised estimate for 2006–07. This is mainly due to the increased provision for filling of vacancies and the provision arising from the employment of non-civil service contract staff.

Programme (7)

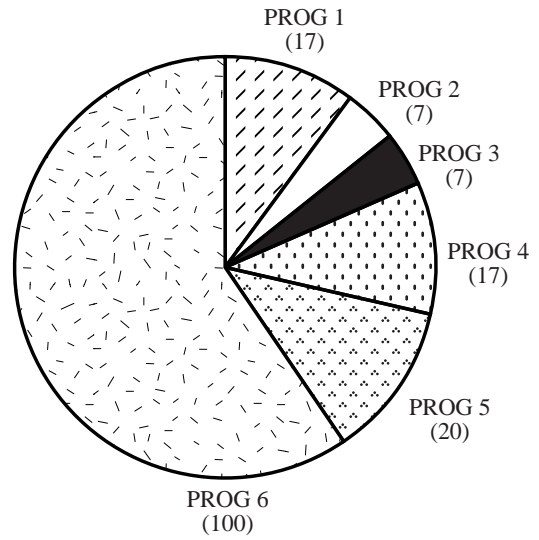
Provision for 2007–08 is \$1.0 million (0.3%) lower than the revised estimate for 2006–07. This is mainly due to the reduced cash flow requirement for a non-recurrent item (HKPC: Repayment of loan to the Loan Fund).

**Head 155 — GOVERNMENT SECRETARIAT:
INNOVATION AND TECHNOLOGY COMMISSION**

*Allocation of provision
to programmes
(2007-08)*

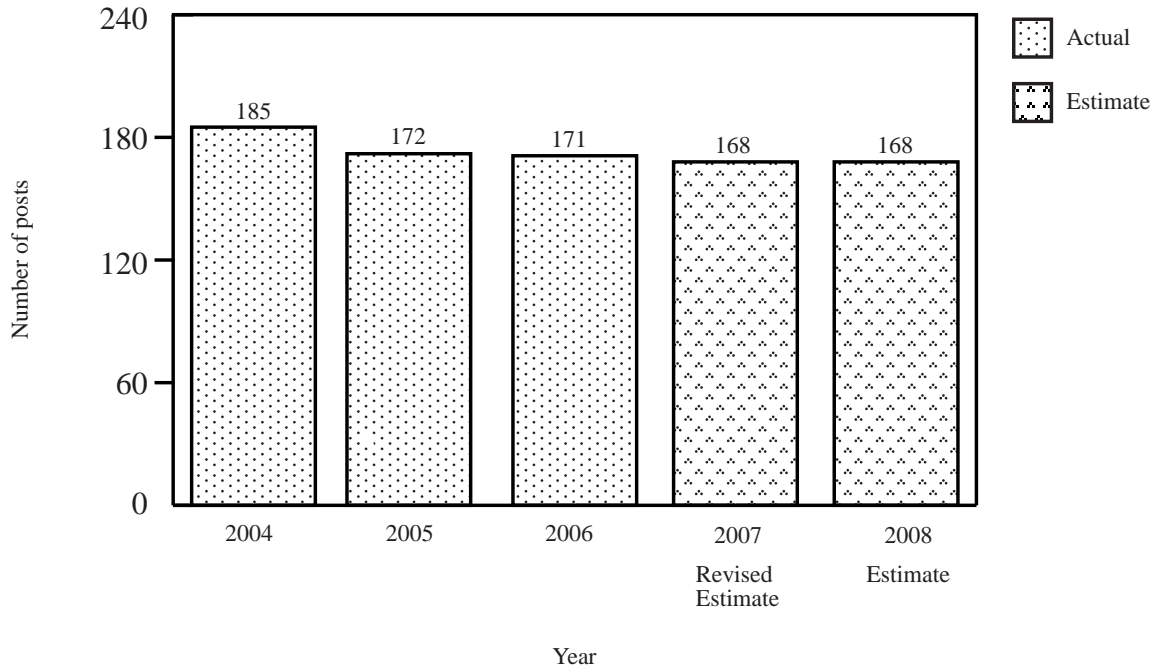


*Staff by programme
(as at 31 March 2008)*



(No government staff under PROG 7)

*Changes in the size of the establishment
(as at 31 March)*



**Head 155 — GOVERNMENT SECRETARIAT:
INNOVATION AND TECHNOLOGY COMMISSION**

Sub-head (Code)	Actual expenditure 2005-06	Approved estimate 2006-07	Revised estimate 2006-07	Estimate 2007-08	
	\$'000	\$'000	\$'000	\$'000	
Operating Account					
Recurrent					
000	Operational expenses.....	361,179	398,823	390,559	410,616
	Total, Recurrent	<u>361,179</u>	<u>398,823</u>	<u>390,559</u>	410,616
Non-Recurrent					
700	General non-recurrent.....	51,924	62,402	55,855	51,330
	Total, Non-Recurrent	<u>51,924</u>	<u>62,402</u>	<u>55,855</u>	51,330
	Total, Operating Account.....	413,103	461,225	446,414	461,946
Capital Account					
Plant, Equipment and Works					
661	Minor plant, vehicles and equipment (block vote).....	1,858	2,080	2,225	2,100
	Plant, vehicles and equipment	807	—	—	—
	Total, Plant, Equipment and Works	<u>2,665</u>	<u>2,080</u>	<u>2,225</u>	2,100
	Total, Capital Account	2,665	2,080	2,225	2,100
	Total Expenditure.....	<u>415,768</u>	<u>463,305</u>	<u>448,639</u>	464,046

**Head 155 — GOVERNMENT SECRETARIAT:
INNOVATION AND TECHNOLOGY COMMISSION**

Details of Expenditure by Subhead

The estimate of the amount required in 2007–08 for the salaries and expenses of the Innovation and Technology Commission is \$464,046,000. This represents an increase of \$15,407,000 over the revised estimate for 2006–07 and of \$48,278,000 over actual expenditure in 2005–06.

Operating Account

Recurrent

2 Provision of \$410,616,000 under *Subhead 000 Operational expenses* for the salaries, allowances and other operating expenses of the Innovation and Technology Commission.

3 The establishment as at 31 March 2007 will be 168 permanent posts. No change in establishment is expected in 2007–08. Subject to certain conditions, the controlling officer may under delegated power create or delete non-directorate posts during 2007–08, but the notional annual mid-point salary value of all such posts must not exceed \$60,938,000.

4 An analysis of the financial provision under *Subhead 000 Operational expenses* is as follows:

	2005–06 (Actual) (\$'000)	2006–07 (Original) (\$'000)	2006–07 (Revised) (\$'000)	2007–08 (Estimate) (\$'000)
Personal Emoluments				
- Salaries.....	79,693	82,555	78,600	82,074
- Allowances.....	1,067	1,490	1,275	1,367
- Job-related allowances	—	2	2	2
Personnel Related Expenses				
- Mandatory Provident Fund contribution.....	8	22	22	22
- Civil Service Provident Fund contribution.....	—	—	—	61
Departmental Expenses				
- General departmental expenses.....	30,086	37,774	35,830	51,710
Subventions				
- Hong Kong Productivity Council.....	157,073	157,073	154,923	155,473
- Hong Kong Applied Science and Technology Research Institute Company Limited	93,252	119,907	119,907	119,907
	<u>361,179</u>	<u>398,823</u>	<u>390,559</u>	<u>410,616</u>

**Head 155 — GOVERNMENT SECRETARIAT:
INNOVATION AND TECHNOLOGY COMMISSION**

Commitments

Sub-head (Code)	Item (Code)	Ambit	Approved commitment	Accumulated expenditure to 31.3.2006	Revised estimated expenditure for 2006-07	Balance
			\$'000	\$'000	\$'000	\$'000
<i>Operating Account</i>						
700		<i>General non-recurrent</i>				
	002	Consultancy studies on Hong Kong Mainland technological collaboration	5,000	120	—	4,880
	003	Consultancy study on biotechnology industry in Hong Kong.....	1,300	—	500	800
	006	Impact studies on Innovation and Technology Fund projects	5,000	198	589	4,213
	047	Hong Kong Productivity Council : Repayment of loan to the Loan Fund.....	548,690	391,382	18,366	138,942
	438	DesignSmart Initiative.....	250,000	42,825	34,000	173,175
		Total.....	<u>809,990</u>	<u>434,525</u>	<u>53,455</u>	<u>322,010</u>