

MESSAGE

The Commerce and Industry Bureau is committed to providing maximum support for Hong Kong's manufacturing and service industries.

With the global economy shifting rapidly towards knowledge-based and higher value-added activities, it is of vital importance that we upgrade our infrastructure and strengthen our efforts to promote innovation and technological improvement in our manufacturing and service industries. Since the establishment of the Chief Executive's Council of Advisors on Innovation and Technology in April 2000 and the Innovation and Technology Commission on 1 July 2000, we have redoubled the Government's efforts to support our industries in their endeavours to respond positively to the changes that are now taking place in Hong Kong's economy.



In the coming year we will enhance the institutional capability of the Innovation and Technology Commission to spearhead Hong Kong's drive to become a world-class, knowledge-based economy, through engaging more technological and professional expertise. This would effectuate greater focus and depth in the programmes undertaken by the Commission. We will also devote more efforts to promote technological entrepreneurship and to foster a culture of innovation and technology in the community. The Hong Kong Applied Science and Technology Research Institute Company Limited and its subsidiary, the Hong Kong Jockey Club Institute of Chinese Medicine Limited, will embark on their research and development programmes to facilitate the technological upgrading of our industry and the development of Chinese medicine.

We will also continue to render maximum support to our small and medium enterprises (SMEs), a key driving force of our economy. Upon the advice of the Small and Medium Enterprises Committee, the Chief Executive has endorsed over thirty new support measures to help enhance the competitiveness of our SMEs. We shall devote our best efforts to make sure that these important initiatives are carried out effectively, and that the public and business sectors are closely engaged in our common endeavour to upgrade our SMEs.

A handwritten signature in black ink, appearing to read 'Chou Tak Hay', written in a cursive style.

(CHAU Tak Hay)
Secretary for Commerce and Industry

Competitive and Knowledge-based Industries

**Policy Objective
and
Key Result Areas**

COMPETITIVE AND KNOWLEDGE-BASED INDUSTRIES

Our Policy Objective is to enable Hong Kong to be a competitive economy through innovation and technology application and by increasing the added value and productivity of Hong Kong's industries.

Our Targets

Our targets this year in pursuing this Policy Objective are –

- to enhance and strengthen our support to activities promoting innovation and the application of technology in manufacturing and service industries
- to build on the recommendations of the Chief Executive's Commission on Innovation and Technology by supporting the Council of Advisors on Innovation and Technology in its work of advising and making recommendations on matters related to innovation and technology so as to optimise their contribution to Hong Kong's economic development
- to maximise Hong Kong's access to high-tech products
- to develop further our infrastructure to support and facilitate the development of manufacturing and service industries
- to strengthen support for the development of small and medium enterprises

Progress

Much progress has been made over the past year in maintaining Hong Kong's competitiveness through our efforts to promote the use of innovation and technology by Hong Kong's manufacturing and service industries. Since its establishment on 1 July 2000, the Innovation and Technology Commission has proactively promoted university-industry collaboration in applied research and development, and encouraged the start-up of

technology-based companies, through its whole range of funding and support programmes. We have also strengthened our technological infrastructure through the Hong Kong Applied Science and Technology Research Institute Company Limited, the Hong Kong Jockey Club Institute of Chinese Medicine Limited, and the development of Phase One of the Science Park.

In the past year, as a result of our vigilant controls, we continued to enjoy good access to cutting-edge technology products and technologies from our trading partners. This has contributed significantly not only to the maintenance of Hong Kong's status as a trading, financial and telecommunications hub in the region, but also to the promotion of technological development in Hong Kong.

We also strengthened our support to small and medium enterprises (SMEs) through a number of initiatives in the past year. The Small and Medium Enterprises Committee (SMEC) was reconstituted in December 2000 and tasked with the responsibility of exploring new measures to support the development of SMEs. In late June 2001, the SMEC has submitted to the Chief Executive (CE) a report recommending future support measures for SMEs after wide consultation and careful studies.

We also achieved the following progress in our four Key Result Areas (KRAs).

1 Promote innovation and improved technology in manufacturing and service industries

We have received a good response to the Innovation and Technology Fund which finances projects that contribute to innovation and technology upgrading in both the manufacturing and service industries, to be undertaken by academic institutions, industrial research bodies as well as private companies. Last year, 107 applications were approved as against a target of 80. This increase is attributable to a rise in applications approved under the Small Entrepreneur Research Assistance Programme, and our introduction of a more focused theme-based solicitation programme in November 2000 in addition to the normal tranches of funding applications. As regards the Applied Research Fund, one of our investments has been acquired by a public-listed company.

2 Maximise Hong Kong's access to high-tech products

Over the past year, we continued to secure access to high-tech products by maintaining a robust control system on trade in strategic commodities. Local businesses and research institutes were able to continue to import the maximum range of high-tech products for legitimate uses.

To keep pace with developments in export controls of strategic commodities in the international scene, we amended Schedules 1 and 2 to the Import and Export (Strategic Commodities) Regulations to reflect the changes made by four international non-proliferation regimes to their lists of strategic commodities under control. The legislative changes came into effect in July 2001. They help alleviate our businesses and research institutes from obsolete control and at the same time help ensure that our system adhere to the international control standards.

To adhere to the international standard of control over chemicals, we will introduce new legislation to implement the Chemical Weapons Convention in Hong Kong. We will introduce the bill into the Legislative Council by the end of 2001. The relevant government departments are making preparations for the implementation of the proposed legislation.

3 Develop a world-class support infrastructure for manufacturing and service industries

We have made good progress in the past year to strengthen our infrastructural facilities. We completed the merger of the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Provisional Hong Kong Science Park Company Limited in May 2001 by establishing the Hong Kong Science and Technology Parks Corporation (HKSTPC). The HKSTPC offers one-stop infrastructural support services to technology-based companies and activities, ranging from nurturing technology start-ups, providing accommodation and services in the Science Park for applied research and development activities, as well as land and premises in the industrial estates for production. The construction of the Science Park Phase One is in full swing. Due to inclement weather and internal problems of the contractor, Science Park Phase One will open in March 2002 rather than end-2001 as scheduled. Response from both

local and overseas technology-based companies towards the Science Park has been encouraging and positive. In order to meet the market demand for space, planning work for Phase Two would be advanced to start in late 2001. Our ultimate aim is to complete all phases of the Science Park in nine rather than 15 years. The industrial estates and the industrial technology centre continue to meet demands for accommodation from their target clients. In 2000-2001, 10.37 hectares of land was granted to lessees in the estates against a target of seven hectares. The Tai Po Industrial Estate is now fully taken up. The Yuen Long Industrial Estate is 94% full while the Tseung Kwan O Industrial Estate is 47% full. As for the industrial technology centre, the tenancy rate is currently 87%.

We have been actively supporting the Board of the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI) in setting up its organisation and developing its research directions. ASTRI is an important addition to our existing technological infrastructure to help stimulate the growth of technology-based industry through performing research and development for transfer to industry. ASTRI's subsidiary, the Hong Kong Jockey Club Institute of Chinese Medicine Limited (HKJCICM) was set up in May 2001 with a \$500 million donation from the Hong Kong Jockey Club Charities Trust to support its research and development programmes. HKJCICM will take forward our vision to position Hong Kong as a world centre for the development of health food and pharmaceuticals based on Chinese medicine.

4 Provide support for small and medium enterprises

We remained committed to supporting the development of SMEs. The Small and Medium Enterprises Information Centre (SMEIC) continued to provide comprehensive one-stop information service to SMEs. An on-going customer satisfaction survey on the SMEIC found a user satisfaction level exceeding 85% by end-June 2001.

We continue to honour our obligations for all existing guarantees under the Special Finance Scheme for SMEs, which has ceased receiving new applications from April 2000 onwards. By the end of August this year, the number of loan cases that were still guaranteed by the Government stood at about 5800, amounting to about \$3.0 billion. As at 30 August 2001, the Government has paid out around \$138 million

as compensation to participating lending institutions in relation to non-performing loans under the Scheme.

We have been working closely with the SMEC to come up with practical recommendations to the Chief Executive (CE) to support SMEs under the themes of “helping to start a new business”, “helping to build a new business” and “helping to expand a business”. Following careful discussion and wide consultation, the SMEC submitted its recommendations in a report to the CE on 27 June 2001. The major recommendations include the establishment of four funding schemes to help SMEs raise capital, enhance human resources, expand overseas markets and enhance overall competitiveness. There are also about 30 other recommendations on new SME support measures relating to the six areas of business environment, financing, corporate governance and culture, human resources, technology application and market expansion. The CE has endorsed the SMEC report in full.

Progress on each previously announced initiative under the above KRAs is set out in the “Detailed Progress” section of this report.

Looking Forward

To achieve our overall targets this year, we will undertake the following initiatives and targets under each of the KRAs for the coming year.

1

Promote innovation and improved technology in manufacturing and service industries

Innovation and technology are important elements contributing to the long-term growth of an economy. They are essential for increasing the added value, productivity and competitiveness of our manufacturing and service industries in the knowledge-based global economy of the 21st century.

Innovation includes both improved technology and better methods of doing things. It may be manifested in new products or services; improved quality; new ways of production, packaging, marketing or distribution; new markets; new supply sources; new organisations or systems; and other areas.

Improved technology is a powerful force for innovation, and is needed not just in the “high-tech” segments of the economy, but in all economic sectors. Improvements to technology may be applied to all aspects of the value-adding chain, including the way in which a product or service is designed, produced, marketed and delivered.

We aim to increase the capacity of our businesses to innovate, as well as to stimulate improvements in technology throughout the economy. We will focus on sustaining and expanding our industries and on spawning or encouraging the growth of new industries that match our current and future competitive strengths. Our vision is to make Hong Kong a world-class centre of innovation and technology in the 21st century.

We have implemented the recommendations made by the Chief Executive’s Commission on Innovation and Technology, which was tasked to study and advise on the measures and institutional arrangements necessary to realise our vision. The Chief Executive’s Council of Advisors on Innovation and Technology was appointed in April 2000 to tender advice on how to give further impetus to our existing strategy and programmes, in order to maximise the contribution of innovation and technology to our economic development.

We will assess our performance in respect of this KRA against the following indicator –

- The number of applications approved under the Innovation and Technology Fund to support innovation and technology in commerce and industry. Our target is to approve a further 110 applications by September 2002.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative *	Target
<p>To enhance the institutional capability of the Innovation and Technology Commission to spearhead Hong Kong's drive to become a world-class, knowledge-based economy</p> <p><i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB (ITC)))</i></p>	<p>To provide stronger professional support for policy development and for theme-based solicitation arrangement under the Innovation and Technology Fund, through engaging additional technology consultants and professional staff starting from 2002</p>
<p>To promote technological entrepreneurship and foster a culture of innovation and technology in the community</p> <p><i>(CIB (ITC))</i></p>	<ul style="list-style-type: none"> ● To launch a large scale Innovation Expo in November 2001 to sustain public awareness and interest in innovation and technology ● To promote and publicise the technology start-up companies funded by the Innovation and Technology Fund and the Applied Research Fund by organising two investment forums and publicising successful stories in 2002 ● To participate in two major technology fairs and exhibitions in 2002

* the bracketed information denotes the agency with lead responsibility for the initiative

High-tech products, such as high performance computers, electronic components, and telecommunication devices, are essential to our banking, finance, high value-added manufacturing and research establishments. Free and full access to these products helps maintain Hong Kong as an international business and financial centre, and stimulates the process of technological upgrading in Hong Kong. Some high-tech products are also capable of military use, and are therefore subject to export controls by our trading partners. To ensure that our trading partners continue to have confidence in exporting such products to Hong Kong without fear that they will contribute towards weapons proliferation activities, we must maintain an effective control system regarding the transfer and use of these goods.

Hong Kong's strategic trade control system is law-based, objective and transparent. Our legislative framework fully adheres to international control standards. We maintain comprehensive licensing controls covering the import, export and, in some cases, transit of strategic commodities. This is supported by vigorous enforcement action. Our control system is widely recognised as one of the finest in the world, and has repeatedly received high regard from our trading partners, for example in the reports on Hong Kong published by the US Congress and Administration, and the UK Government.

We will assess our performance in respect of this KRA against the following indicator –

- The extent to which local businesses and research establishments can continue to import the maximum range of high-tech products from our trading partners for legitimate uses. Our target is to guard against any discriminatory measures imposed by our trading partners on the export of high-tech products to Hong Kong; and to ease their doubts and concern over the autonomy of our control system.

3

Develop a world-class support infrastructure for manufacturing and service industries

The Government is committed to providing a business-friendly environment conducive to the development of our manufacturing and service industries. Accordingly, we invest heavily in infrastructural facilities to support and facilitate the development of our industries. We have also set up industrial support organisations to provide services which meet our industries' needs.

Our industrial base has been moving from low-end and labour-intensive production to high value-added and knowledge-based activities. We therefore aim to provide a support infrastructure which will promote the further development of high value-added and technology-based industries.

To enhance our support to technology-based companies and activities, we established the Hong Kong Science and Technology Parks Corporation (HKSTPC) in May 2001 by merging the Hong Kong Industrial Estates Corporation, the Hong Kong Industrial Technology Centre Corporation and the Provisional Hong Kong Science Park Company Limited. The merger has enabled the new organisation to offer more comprehensive one-stop infrastructural support services to cater for the needs of the industry at different stages of operation. The Hong Kong Productivity Council provides professional and consultancy services in order to promote productivity and to enhance the value-added content of products and services. The Innovation and Technology Commission's Standards and Calibration Laboratory maintains the reference standards of physical measurements for Hong Kong and provides calibration services traceable to the International System of Units. The Hong Kong Accreditation Service of the Innovation and Technology Commission provides official recognition to conformity assessment bodies which are competent and which operate in accordance with international standards, thereby promoting worldwide confidence and acceptance of the testing, certification and inspection services which support our manufacturing and service industries. The Hong Kong Applied Science and Technology Research Institute Company Limited will strengthen Hong Kong's research capability and foster the technological development and upgrading of our industry. Its research and development programmes would cover the fields of information technology, electronics and biotechnology.

The Hong Kong Jockey Club Institute of Chinese Medicine Limited will act as the focal point for action and co-ordination in our pursuit to be the world centre for the development of health food and pharmaceuticals based on Chinese medicine. Its research and development programmes would promote the development and adoption of scientifically robust research methodologies, quality control strategies and best practices to strengthen product development.

We will assess our performance in respect of this KRA against the following indicators –

- Development of the Science Park. Our target is to open Phase One of the Science Park in March 2002 and to start the planning work for Phase Two in late 2001.
- The amount of fully serviced industrial land being taken up in the industrial estates managed by the HKSTPC. Our target is to have seven hectares taken up in 2001-2002.
- The tenancy rate at the industrial technology centre. Our target is to maintain a take up rate of 90%.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
To develop the fourth industrial estate <i>(Commerce and Industry Bureau (Innovation and Technology Commission)(CIB (ITC)))</i>	To start detailed planning for the fourth industrial estate at Tseung Kwan O Area 137 in late 2001
To build up the institutional capability of the Hong Kong Applied Science and Technology Research Institute (ASTRI) to support its research and development (R&D) programme <i>(CIB (ITC))</i>	<ul style="list-style-type: none"> ● To build up ASTRI's R&D capability and human resources in 2002 ● To plan for the development of ASTRI's permanent building to be located at the Science Park in 2002

SMEs comprise over 98% of businesses in Hong Kong and employ about 60% of the working population in the private sector. The Government is committed to providing a business-friendly environment conducive to the development of this sector.

Currently, a variety of services are provided by the Government, support organisation, and industrial and trade associations to support SMEs. For example, the Small and Medium Enterprises Office of the Trade and Industry Department runs various support programmes, such as the Pilot Mentorship Programme for SMEs, and one-stop information services on tariff rates, licensing requirements, and other support services and facilities available to SMEs. The Hong Kong Productivity Council, the Hong Kong Trade Development Council, and the Vocational Training Council provide support and consultancy services specifically targeted at SMEs.

Apart from the above, the Small and Medium Enterprises Committee (SMEC) reckons that, in view of their limited resources and size, SMEs need stronger support in the six areas of business environment, financing, corporate governance and culture, human resources, technology application, and market expansion to help them meet the challenges brought about by three major economic developments, namely, globalisation, China's imminent accession to the World Trade Organization, and the emergence of a knowledge-based economy. In this regard, SMEC has come up with more than 30 new support measures to address SMEs' needs in its report submitted to the Chief Executive on 27 June 2001. The key recommendations are the setting up of four funding schemes aimed at supporting SMEs in securing of loans, enhancing human resources, expanding overseas markets and improving overall competitiveness. The feedback on the recommendations from trade associations, business sectors and community has been positive. As the Government has endorsed the report in full, we will proceed to implement the recommendations accordingly with assistance from related government bureaux/departments and support organisations, with a view to launching the four funding schemes by early 2002 and implementing other recommendations from late 2001 onwards.

We will assess our performance in respect of this KRA against the following indicators –

- The extent to which SMEs show satisfaction with the services provided through the SME Information Centre. Our target is to attain 75% user satisfaction.
- The time taken to implement the four funding schemes, as well as other support measures recommended in the SMEC report. Our targets are to launch the four funding schemes by early 2002, and start implementing other recommendations from the end of 2001.

We will pursue the following initiatives and targets to deliver results in this area –

Initiative	Target
<p>To expand the SME Information Centre and enhance its virtual centre on the Internet to provide more diversified and comprehensive services, particularly advisory services</p> <p><i>(Trade and Industry Department (TID))</i></p>	<p>To open the expanded centre in the fourth quarter of 2001</p>
<p>To implement recommendations of the Small and Medium Enterprises Committee’s Report on support measures for Small and Medium Enterprises (SMEs) including the following four funding schemes –</p> <p>(a) SME Business Installations and Equipment Loan Guarantee Scheme</p> <p>(b) SME Development Fund</p> <p>(c) SME Training Fund</p> <p>(d) SME Export Marketing Fund</p> <p><i>(TID)</i></p>	<p>To launch the four funding schemes by early 2002, and start implementing other recommendations from the end of 2001</p>

Competitive and Knowledge-based Industries

Detailed Progress

1

Promote innovation and improved technology in manufacturing and service industries

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative *	Target #	Present Position +
<p>To develop science and technology indicators to provide an objective and quantitative basis for innovation-and-technology policy formulation and evaluation, manpower planning and benchmarking our science and technology capabilities with other economies</p> <p><i>(Census & Statistics Department)</i></p>	<p>To start preparatory work in 2001-2002 with the indicators being published in phases starting from the second half of 2001-2002</p> <p><i>(2000)</i></p>	<p>Indicators on research and development for the years 1995 to 1999 were published in July 2001 in the Hong Kong Monthly Digest of Statistics. Further indicators will be released in 2002.</p> <p><i>(Action in Progress: On Schedule)</i></p>

* the bracketed information denotes the agency with lead responsibility for the initiative

the bracketed information denotes the year in which the target was set

+ the bracketed information denotes the status of the target

Initiative	Target	Present Position
<p>To identify opportunities and prospective growth areas brought about by technology development in the information technology and the biotechnology sectors</p> <p><i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB (ITC)))</i></p>	<p>To develop initial recommendations in 2001</p> <p><i>(2000)</i></p>	<p>Initial recommendations developed and implemented through a theme-based solicitation programme under the Innovation and Technology Fund.</p> <p><i>(Action Completed)</i></p>
<p>To strengthen policy making, co-ordination and implementation by appointing advisers with a strong science and technology background</p> <p><i>(CIB (ITC))</i></p>	<p>To complete appointing the advisers in 2000</p> <p><i>(1999)</i></p>	<p>A Science Adviser specialising in information technology was appointed in September 2000. We will recruit additional advisers in future.</p> <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To step up overseas liaison and promotion efforts for attracting talents to Hong Kong <i>(CIB (ITC))</i></p>	<p>To map out a strategy by mid-2000 <i>(1999)</i></p>	<p>Having reviewed the matter, we conclude that our strategy should be to focus on joint activities with the overseas Hong Kong Economic and Trade Offices. In particular, we will work closely with the San Francisco office and other relevant organisations to foster collaboration and networking between the high-tech communities of Silicon Valley and Hong Kong. <i>(Action Completed)</i></p>
<p>To launch new programmes which will promote and facilitate collaboration between the business sector and technological institutions on the Mainland, e.g., an electronic database of Mainland technological resources; liaison meetings between relevant bodies in Hong Kong and their Mainland counterparts <i>(CIB (ITC))</i></p>	<p>To start discussing with technology-related authorities in the Mainland on the database and the liaison mechanism in 1999 <i>(1998)</i></p>	<ul style="list-style-type: none"> ● A website on the Mainland's science and technology institutions was established in March 2000. ● Under the auspices of the Technology Trade and Treaty Law Working Group of the Mainland and the Hong Kong Special Administrative Region Joint Commission on Commerce and Trade, Hong Kong and the Mainland authorities jointly organised manpower training programmes in April and September 2001 to support capability building for enhancing technological collaboration. <p><i>(Action Completed)</i></p>

Initiative	Target	Present Position
<p>To encourage relevant bodies to foster closer co-operation with Mainland bodies in the area of technological support infrastructure, including –</p> <ul style="list-style-type: none"> ● encouraging joint-research between Hong Kong and Mainland institutions ● encouraging technology exchanges between the two places to foster cross-fertilisation of ideas 	<ul style="list-style-type: none"> ● To strengthen our support for joint-research projects between Hong Kong and Mainland institutions under Government funding schemes ● To encourage such exchanges between local and Mainland institutions and companies using Government funding schemes and specifically, to support cross-visits, seminars, conferences and training programmes, etc. 	<ul style="list-style-type: none"> ● We have encouraged higher education institutions and industry support organisations in Hong Kong to collaborate with Mainland institutions on joint-research by providing financial support from Government funding schemes. These schemes have provided \$356 million to finance such joint-research projects. ● We have encouraged technology exchanges between Hong Kong and Mainland institutions by providing financial support from Government funding schemes. These schemes have provided \$51 million for the funding of cross-visits, studies, seminars, conferences and training programmes.

Initiative	Target	Present Position
<ul style="list-style-type: none"> ● co-operation between the future Hong Kong Science Park and the future Hong Kong Applied Science and Technology Research Institute and their counterparts as well as research institutions in the Mainland <p><i>(CIB (ITC))</i></p>	<ul style="list-style-type: none"> ● To initiate discussion at the Provisional Hong Kong Science Park Co. Ltd. on the issue of co-operation with Mainland institutes/science parks in 1999 <p><i>(1998)</i></p>	<ul style="list-style-type: none"> ● The Hong Kong Science and Technology Parks Corporation has established contacts with its counterparts in the Mainland to explore opportunities and areas for co-operation. <p><i>(Action Completed)</i></p>

2

Maximise Hong Kong's access to high-tech products

To achieve results in this area, the following initiative has been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To implement fully the Chemical Weapons Convention in the Hong Kong Special Administrative Region so as to achieve the international standard of control of chemical products</p> <p><i>(Commerce and Industry Bureau/ Trade and Industry Department/ Customs and Excise Department/ Government Laboratory)</i></p>	<p>To enact legislation and put in place related administrative arrangements in 1999-2000</p> <p><i>(1998)</i></p>	<ul style="list-style-type: none"> ● Longer time has been taken to draft the new legislation due to technical complexity. We will introduce the bill into the Legislative Council by the end of 2001. ● The relevant departments are making preparations for the implementation of the proposed legislation. <p><i>(Action in Progress: Behind Schedule)</i></p>

3

Develop a world-class support infrastructure for manufacturing and service industries

To achieve results in this area, various initiatives have been undertaken in the past years. Details are set out below –

Initiative	Target	Present Position
<p>To provide enhanced infrastructural support and more flexible service to industry through the new organisation formed by merging the Hong Kong Science Park, the Hong Kong Industrial Estates Corporation and the Hong Kong Industrial Technology Centre Corporation</p> <p><i>(Commerce and Industry Bureau (Innovation and Technology Commission) (CIB (ITC)))</i></p>	<p>To establish the new organisation by statute in 2001</p> <p><i>(2000)</i></p>	<p>The new organisation, namely, the Hong Kong Science and Technology Parks Corporation, was established by statute in May 2001.</p> <p><i>(Action Completed)</i></p>
<p>To develop the research programme of the Hong Kong Applied Science and Technology Research Institute Company Limited (ASTRI)</p> <p><i>(CIB (ITC))</i></p>	<p>To initiate the first ASTRI research project in 2001</p> <p><i>(2000)</i></p>	<p>The Institute has formulated its strategic directions and will commence its research and development programme in 2001-2002.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To support the development of the Chinese medicine industry, in particular its research capability, through the Hong Kong Jockey Club Institute of Chinese Medicine Limited</p> <p><i>(CIB (ITC))</i></p>	<p>To develop the research programmes of the Hong Kong Jockey Club Institute of Chinese Medicine Limited and to initiate its first research project in 2001</p> <p><i>(2000)</i></p>	<p>The Institute has formulated its strategic directions and will commence its research and development programme in 2001-2002.</p> <p><i>(Action in Progress: On Schedule)</i></p>
<p>To gain global recognition for the measurement standards and calibration capabilities of the Standards and Calibration Laboratory (SCL) through its participation in the “Global mutual recognition arrangement” operated by the International Bureau of Weights and Measures (BIPM Global MRA)</p> <p><i>(CIB (ITC))</i></p>	<p>SCL’s capabilities in the areas of mass, dimension, temperature, electromagnetic and frequency measurements, to be listed in the technical schedules of the BIPM Global MRA in 2001</p> <p><i>(2000)</i></p>	<p>SCL’s capabilities in the areas of dimension and electromagnetic are now listed in the technical schedules of the BIPM Global MRA. For mass and temperature, the listings will be listed in late 2001 or early 2002. BIPM has not finalised a scheduled date for listing of frequency capabilities.</p> <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
<p>To gain global recognition and acceptance for accredited testing and calibration laboratories through the participation of the Hong Kong Accreditation Service (HKAS) in the International Laboratory Accreditation Co-operation multilateral agreement (ILAC MLA)</p> <p><i>(CIB (ITC))</i></p>	<p>HKAS to become a signatory of the ILAC MLA in 2001, when it is expected to be finalised</p> <p><i>(2000)</i></p>	<p>HKAS was among the 34 signatory accreditation bodies from 26 economies which signed the ILAC MLA in November 2000.</p> <p><i>(Action Completed)</i></p>
<p>To adopt the new international standards for quality system (ISO 9000:2000) and laboratories (ISO/IEC 17025:1999) in Hong Kong</p> <p><i>(CIB (ITC))</i></p>	<ul style="list-style-type: none"> ● HKAS to extend the accreditation of seven certification bodies to cover certification to ISO 9000:2000 in 2001 ● HKAS to conduct 100 reassessments for laboratories using ISO/IEC 17025:1999 as criteria in 2001 <p><i>(2000)</i></p>	<ul style="list-style-type: none"> ● HKAS has extended the accreditation of five certification bodies to cover ISO 9000:2000. ● HKAS has conducted reassessments of 65 laboratories for compliance with ISO/IEC 17025:1999 standard. <p><i>(Action in Progress: On Schedule)</i></p>

Initiative	Target	Present Position
To plan for and provide new industrial infrastructure, viz. –	To complete the construction of new industrial infrastructure on schedule, i.e., to	
● the Science Park (Phase Two)	● start design and planning work in 2001-2002 and to open Phase Two in 2004-2005 (2000)	● The design and planning work will commence in late 2001. <i>(Action in Progress: On Schedule)</i>
● the Science Park (Phase One)	● bring Phase One of the Science Park on stream in 2001 (1998)	● Construction of Phase One is in full swing. Due to inclement weather and internal problems of the contractor, Science Park Phase One will open in March 2002 rather than end-2001 as scheduled. <i>(Action in Progress: Behind Schedule)</i>
● the fourth industrial estate <i>(CIB (ITC))</i>	● make available the first batch of fully serviced land in the fourth industrial estate by 2001, with a view to completing the whole project in 2004 <i>(1998 and 1997)</i>	● Having critically reviewed the site options, we consider that the Tuen Mun site originally earmarked for the fourth industrial estate is not suitable. <i>(Action Completed)</i>

4

Provide support for small and medium enterprises

To achieve results in this area, the following initiative has been undertaken in the past year. Details are set out below –

Initiative	Target	Present Position
<p>To assist SMEs to learn from the experience of successful businesses through a pilot Mentorship Programme for SMEs</p> <p><i>(Trade and Industry Department)</i></p>	<p>To review the effectiveness of the programme after a year, that is, by 2001, to decide whether, and, if so, how the programme should be conducted in the long run</p> <p><i>(2000)</i></p>	<p>The pilot Programme was launched in late 2000. Seventy-one pairs of mentors and SME mentees have been matched. We will conduct the review shortly.</p> <p><i>(Action in Progress: On Schedule)</i></p>