

**Public Accounts Committee meeting 26 April 2007**  
**Opening Statement by Dr Allan Wong, ASTRI Chairman**

Mr Chairman,

With your permission, as Chairman of the Board of Hong Kong Science and Technology Research Institute Company Limited (“ASTRI” for short), I would like to say a few words regarding the Audit Commission’s Report No.48 Chapter 2, on the administration of the Institute.

On 24 April 2007, the Board of ASTRI held a Special Meeting to discuss the Audit Report. The Board thanks the Audit Commission for its efforts in examining ASTRI’s operation and pointing out with helpful recommendations on some of the problems in the administration of ASTRI. The Board accepts all of Audit’s recommendations and will follow up vigorously with ASTRI’s management to implement the recommendations as soon as possible.

The Board of Directors has adopted a 5-point Action Plan in response to the Audit Report:

1. A Special Committee is appointed by the Board of Directors to closely monitor the implementation of the recommendations in the Audit Commission's Report No.48, with a view to completion as soon as possible and not later than end 2007.
2. The current Head of Internal Audit of ASTRI is appointed the Compliance Officer with immediate effect to be responsible for all compliance issues in finance, administration and human resources. The Compliance Officer shall report directly to the Audit Committee of the Board.
3. The Board of Directors will rationalize the administration structure within ASTRI with a view to creating a Chief Operating Officer post within three months to be fully responsible for the administration of ASTRI.
4. The Board of Directors agrees to publish annually the key performance targets and achievements of ASTRI in its corporate

mission to provide technology support to the local industry.

5. The Board of Directors will critically consider ASTRI's budget in future years with a view to reducing the proportion of administration cost to total cost of ASTRI from the current 45% to 25% within the next 3 years.

Mr Chairman, Dr Yang tendered his resignation to the Board with immediate effect on 24 April. He pointed out that the media's report this past week on the Audit Commission's observations had inevitably affected ASTRI's image and reputation unfavourably. As the CEO of the organization, he considered it his duty to resign and take all the blames.

Mr Chairman, I would like to emphasize that the Board and management of ASTRI accept and welcome the observations and recommendations made by the Audit Commission regarding the administration of ASTRI. We believe that the recommendations are constructive, and will help ASTRI management and staff improve their performance in the administration of the Institute in future. We will follow up the Action Plan

effectively to improve the administration of the Institute.

Mr Chairman, I will stop here, and I will be very pleased to take questions from the Public Accounts Committee.

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