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19 February 2010

Clerk to the Finance Committee
Legislative Council
3rd floor, Citibank Tower
3 Garden Road
Hong Kong
(Attn.: Ms Anita SIT)

Dear Ms Sit,

Finance Committee
Follow-up to meeting on 29 January 2010

I refer to your letter of 2 February 2010 to the Secretary for Financial Services and the Treasury, and attach the requested information as follows -

- (a) income generated from commercialisation of R&D projects funded by the Innovation and Technology Fund as set out in Enclosure 4 to FCR(2009-10)48 (Annex A); and
- (b) R&D expenditure by Israel between 2005 and 2007 (Annex B).

On (a), please note that the income figures for the projects concerned only represent the initial revenue generated up to now. There may be further licensing income or other revenue generated from further development of the technologies. Due to the sensitive nature of the commercial information involved and the evolving business models of the companies concerned, we do not have full details on the financial information from the projects concerned at this stage.

Yours sincerely,



(Davey Chung)
for Commissioner for Innovation and Technology

c.c. Hon Emily LAU Wai-hing, JP (Chairman of the Finance Committee)

**Income Generated from Commercialization of R&D Projects Funded by
Innovation and Technology Fund (ITF)
set out in Enclosure 4 to FCR(2009-10)48**

Project Title/Project Team (ITF funding)	Income Generated
1. Advanced and Affordable Magnetic Resonance Imaging (MRI) Hong Kong Applied Science and Technology Research Institute (ASTRI) (\$1.36 million)	The project has generated an income of \$3.3 million from licensing involving one company.
2. LED for General Lighting - Area Light Source ASTRI (\$12.87 million)	The project has generated so far an income of \$1.6 million from licensing involving four companies.
3. Next Generation Antenna Sub-Assemblies ASTRI (\$7.83 million)	The project has generated an income of \$0.85 million from contract services and licensing involving nine companies.
4. Practical MIMO for WiMAX/LTE Device ASTRI (\$13.95 million)	The project has generated an income of \$3.1 million from licensing involving one company.
5. Development of Automobile Advanced Frontlight System Automotive Parts and Accessory Systems R&D Centre / Hong Kong Productivity Council (\$3.46 million)	The project was completed in March 2009. It is expected to start generating income from licensing in the coming year.

Project Title/Project Team <i>(ITF funding)</i>	Income Generated
<p>6. Novel Ring Yarns and Production Technology / Finer Nu-Torque Cotton Yarn Production</p> <p>The Hong Kong Research Institute of Textiles and Apparel / The Hong Kong Polytechnic University (PolyU) (\$6.63 million)</p>	<p>The project was completed in November 2008. It is expected to generate income from licensing in the coming years.</p>
<p>7. RFID Enablement Middleware for Enterprise Applications</p> <p>Hong Kong R&D Centre for Logistics and Supply Chain Management Enabling Technologies / The University of Hong Kong (HKU) (\$10.50 million)</p>	<p>A HKU subsidiary has further developed the technologies into several commercial products, which have generated an income of over \$17 million involving 13 customers.</p>
<p>8. Demonstration line for the production of low-cost humidity sensor</p> <p>Nano and Advanced Materials Institute / The Hong Kong University of Science and Technology (\$0.41 million)</p>	<p>The project, which was completed in January 2009, has so far generated an income of \$60,000 from licensing involving two companies. Further income from royalties will be received upon product launch.</p>
<p>9. Development of Miniaturized Micro/nano-injection Moulding Machines</p> <p>PolyU (\$9.80 million)</p>	<p>A joint venture company set up by PolyU and a local company in 2009 has secured an order to manufacture the micro-injection moulding machine and expects to receive more orders in 2010-11.</p>
<p>10. Light Four Wheel Vehicle</p> <p>EuAuto Technology Ltd (\$1.91 million)</p>	<p>The electric vehicle developed under the project was launched in January 2009. The company has been receiving orders from both Hong Kong and overseas.</p>

R&D Expenditure by Israel between 2005 and 2007

	Total R&D Expenditure		Private R&D Expenditure		Public R&D Expenditure	
	US\$ million	(as % of GDP)	US\$ million	(as % of GDP)	US\$ million	(as % of GDP)
Israel						
2005	5,806	(4.37%)	4,675	(3.52%)	1,131	(0.85%)
2006	6,494	(4.41%)	5,297	(3.59%)	1,197	(0.82%)
2007	8,030	(4.76%)	6,708	(3.98%)	1,323	(0.78%)