

**Public Accounts Committee (Public Hearing)  
7 December 2024 (Saturday)**

**Chapter 1 of the Director of Audit's Report No. 83  
Nano and Advanced Materials Institute**

**Opening Remarks by  
the Secretary for Innovation, Technology and Industry**

Chairman,

First of all, I would like to thank the Director of Audit for preparing the audit report on the Nano and Advanced Materials Institute (NAMI), setting out observations and recommendations on the operation, management and corporate governance of NAMI. These will help improve NAMI's management of research and development (R&D) projects, strengthen the promotion and enhancement of industry income and commercialisation work, optimise administrative expenditure, and uphold better corporate governance, thereby benefitting NAMI in terms of operating efficiency and effectiveness. The Government and NAMI agree with all the recommendations in the report.

NAMI was established in 2006 as a non-profit-making company limited by guarantee wholly owned by its host institution, the Hong Kong University of Science and Technology. NAMI focuses on conducting market-driven, demand-led R&D in nanotechnology and advanced materials. In recent years, NAMI has devoted significant efforts in developing forward-looking technologies in research areas such as low-carbon materials, new generation building materials, advanced battery technologies etc., thereby promoting economic growth and sustainable development in Hong Kong, contributing towards our development of "new quality productive forces".

The operating and R&D expenditure of NAMI are mainly funded by the Government. NAMI's Board of Directors (Board) is responsible for supervising NAMI's operation and strategic directions. NAMI is required to submit, after seeking its Board's endorsement, annual plans and reports, financial estimates and audited accounts, quarterly reports and

various performance indicators to the Innovation and Technology Commission (ITC), allowing ITC to monitor NAMI's overall operation and performance at a macro level and to report to the Panel on Commerce, Industry, Innovation and Technology of the Legislative Council on a regular basis.

Over a decade, NAMI has been acting as a focal point for technology collaboration among the Government, industry, academia and research sectors to drive applied R&D and fulfil its public mission of conducting technology transfer to the industry and support the industry to realise the commercialisation of R&D results. NAMI has the largest number of R&D projects involving industry participation among all the public R&D centres. Its partners range from small and medium enterprises in Hong Kong to large corporations in the Mainland. NAMI has successfully realised its R&D outcomes. For example, the Hong Kong Housing Society adopted NAMI's high strength lightweight concrete technology combining it with Modular Integrated Construction technology to build an elderly home at Jat Min Chuen in Shatin. Moreover, the R&D results of NAMI's have gained international recognition as evidenced in the over 150 awards received by NAMI, including prestigious ones such as Edison Awards, R&D 100 Awards, etc. We fully recognised these remarkable efforts made by NAMI.

As NAMI is funded by the Government, we understand the public would be concerned about how NAMI uses public money and whether resources have been efficiently deployed to fulfil its mission. The Government also attach high importance to this audit report. As a company, NAMI conducts its daily operation in accordance with its Corporate Governance Manual. When inadequacies and rooms for improvement are identified, the Manual should be revised. NAMI should step up its efforts in conducting applied R&D, driving technology transfer and facilitating commercialisation of R&D results. The Government should also strengthen monitoring and NAMI's Board should tighten supervision over NAMI. I understand NAMI has already implemented most of the recommendations in the audit report. The Government has urged NAMI to proactively follow up on the remaining recommendations. Meanwhile, we will continue to strengthen the monitoring of NAMI's operation to ensure proper use of public money.

Finally, in order to fully implement the directions outlined in the “Hong Kong Innovation and Technology Development Blueprint” and to accelerate the development of “new quality productive forces”, the Government will further the restructuring of the layout of the public R&D centres in Hong Kong. To this end, we have announced the proposed merger of the Hong Kong Applied Science and Technology Research Institute and NAMI to pool their strengths in applied R&D to create synergies. We will take into account the recommendations in this audit report as we work out the relevant arrangements during the process.

We and colleagues from NAMI are happy to answer Members’ questions. Thank you, Chairman.

Ends