



**CEO's Overview**  
 Prof. Edward S. Yang  
 Chief Executive Officer

I am pleased to report the past year has been both rewarding and challenging for ASTRI. The Management went through a period of major reorganization to ensure continued excellence in R&D activities.

During the year under review, we exceeded all our main targets. Innovation Technology Funding went up 12 per cent (\$135 million to \$153 million); and total funding, including recurrent subvention, rose six per cent (\$241 million to \$255 million). These increases enabled us to step up outputs, namely, technology transfers (platform projects) rose 34 per cent (33 to 50); and industry income went up 35 per cent (\$11.3 million to \$17.6 million). I am very proud of our colleagues' combined efforts in achieving these milestones.

Other prominent achievements include the "Innovation Award" Communications Technologies Group received in December last year from Wireless Personal Area Networking (WPAN) Working Group of China National Information Technology Standardization Technical Committee; and the "2007 Hong Kong Awards for Industries: Technological Achievement Grand Award" awarded to ASTRI and its spun-off company, ALTAI, in January 2008.

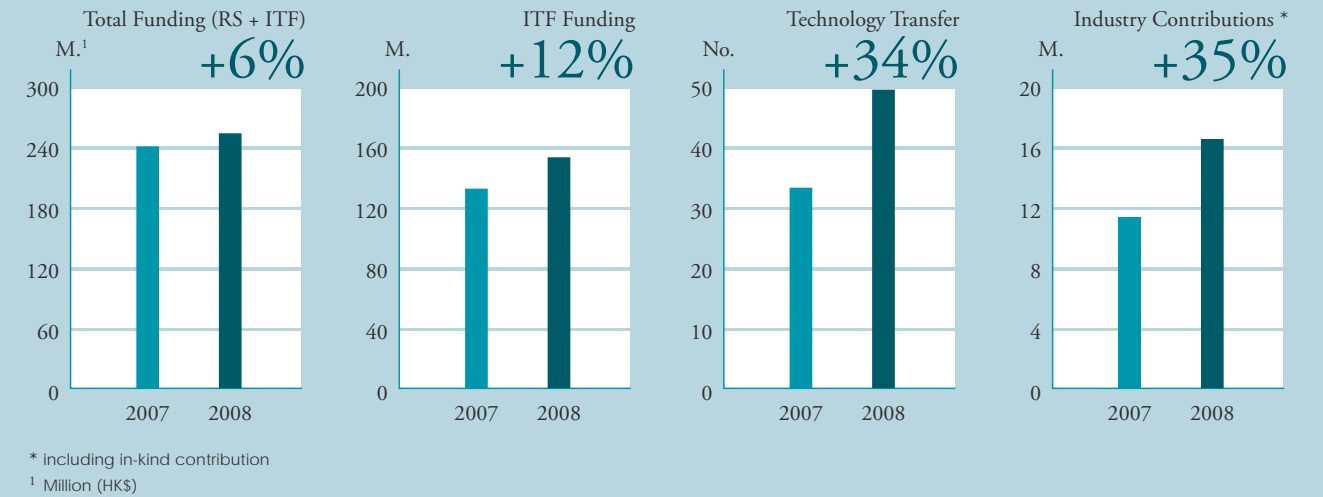
ASTRI in October last year also signed a significant Memorandum of Understanding with TVB, ATV, Hong Kong Science and Technology Parks Corporation, and Rohde & Schwarz Hong Kong Limited, to establish the Hong Kong Digital Terrestrial Television Local Testing Group. It is the first organization in Hong Kong to support both the roll out and testing of digital TV (DTV) broadcasting technology, particularly for testing set-top boxes and DTV sets.

On 31 December last year, in conjunction with the Launching of Hong Kong's Digital Terrestrial TV Broadcasting, ASTRI signed an agreement with Tsinghua University to establish a Multimedia Broadcasting and Communications Joint Research Laboratory — the first-of-its-kind between Hong Kong and Beijing on DTV broadcasting.

ASTRI held two very successful Industry and University Consultation Forums in September 2007, one in Hong Kong and the other in Shenzhen, introducing to industry and the academia our various technology programmes and R&D endeavours. The forum also aimed to solicit the audiences' ideas for future projects, and to seek collaborations from industry and universities on the development of innovative technologies for the sustainable growth of Hong Kong.

During the year, ASTRI successfully launched the Industry Collaborative Projects (ICP) Scheme, involving multimedia and home entertainment, high-definition IP receiver and TV system, low-cost MRI systems and components for mass markets, and the tyre pressure gauge systems. These projects are undertaken

## Year to Year Performance

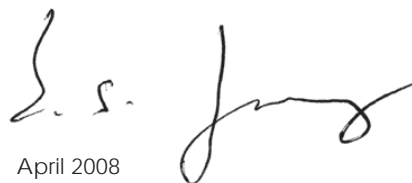


in collaboration with local industry partners who contributed 50 to 100 per cent of the budget. This Scheme is a new funding model which effectively alleviates the chronic shortage of industry support ASTRI faced in the past.

Fully aware ASTRI is supported by public funds, the Management, guided by its Board, continued to achieve further cost-effectiveness during the year. It is worth noting ASTRI contained administrative staffing cost to a relatively low level. Last year's ratio of management and administrative manpower cost (\$29.03 million) over total manpower cost (\$185.79 million) was about 15.6 per cent, and only about 29 per cent of recurrent expenditure was spent on staffing at headquarters. Of the total 406 employees, only 15 per cent are non R&D staff (61).

The latest administrative staffing situation compares very favourably with other educational and research institutions in the region. The Management is monitoring closely the headquarters staffing situation and will continue to employ measures, such as outsourcing, to achieve a higher level of cost effectiveness and value for money, without adversely affecting the efficiency of ASTRI's overall operation.

Looking ahead, I am optimistic that with the generous support from both Government and industry, and total commitment of all members of ASTRI, we will achieve further excellence in our R&D endeavours in a customer-focused manner that will contribute significantly to the sustainable growth of Hong Kong as a knowledge-based economy and a centre of technological development in the region.

  
 April 2008

