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來函檔號 Your Ref.: CB(3)/PAC/R48

31 May 2007

Clerk, Public Accounts Committee  
Legislative Council  
Legislative Council Building  
8 Jackson Road  
Central, Hong Kong

(Attn: Ms Serena CHU)

Dear Ms CHU,

**The Director of Audit's Report on the  
results of value for money audits (Report No. 48)**

**Chapter 2: Administration of the Hong Kong Applied Science and  
Technology Research Institute Company Limited (ASTRI)**

Thank you for your letter of 30 May 2007 seeking the Audit Commission's comments on the verbal quotations for the engagement of feng shui consultancy service.

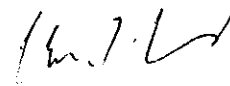
According to ASTRI's Corporate Governance Manual which was in force prior to January 2006, for any purchase with a value over \$50,000 but not exceeding \$1 million, at least three quotations were required. The Manual did not specify whether the quotations should be verbal or written. In January 2006, ASTRI revised this requirement to the effect that at least three written quotations should be obtained for any purchase with a value between \$50,000 and \$500,000.

The Government's procurement procedures currently in force are governed by the Stores and Procurement Regulations. The Regulations require that for purchases with a value over \$50,000 but not exceeding \$500,000, at least five written quotations should be invited. This requirement was in force at the time when ASTRI procured the feng shui consultancy services in 2004 and 2005.

Based on the above, Audit considers that obtaining verbal quotations for the procurement of feng shui consultancy services in June 2004 and October 2005 is in line with ASTRI's then prevailing internal guidelines but not in line with the Government's Stores and Procurement Regulations.

A Chinese translation of this letter will be forwarded to you shortly.

Yours sincerely,



(David M T LEUNG)  
for Director of Audit

c.c. Chairman, Board of Directors, ASTRI  
Secretary for Commerce, Industry and Technology  
Permanent Secretary for Commerce, Industry and Technology  
(Communications and Technology)  
Commissioner for Innovation and Technology  
Secretary for Financial Services and the Treasury  
(Attn: Miss Amy TSE)