

22 January 2009

Our Ref : ITCCR5/22/1610/08

Your Ref : CB(3)/PAC/R51

Clerk, Public Accounts Committee
Legislative Council
Legislative Council Building
8 Jackson Road
Central, Hong Kong
(Attn. Ms Miranda Hon)

Dear Ms Hon,

**The Director of Audit's report on the
results of value for money audits ("Report No. 51")**

Administration of the DesignSmart Initiative (Chapter 2)

Thank you for your letter of 20 January 2009 seeking further information as to whether warning letters have been issued in respect of the 19 projects referred to in paragraph 2.16 of the captioned Chapter.

The 19 projects consist of 18 under the Design-Business Collaboration Scheme (DBCS) and one under the General Support Scheme (GSS). As at today, we have not issued any warning letter to these projects because –

- (a) three projects have since been withdrawn by the applicants;
- (b) one project had sought and obtained a two-week extension of the completion report submission due date and submission was made within this period. There were some clarifications and technical issues in the accounts to be considered; these have now been resolved and the revised completion report submitted;
- (c) eight projects have applied for and been approved extended deadlines for project completion or submission of completion, and the concerned completion reports have been submitted within the extended timeframe; and

- (d) seven projects have applied for and been approved extended deadlines for project completion or submission of completion, and their respective extended timeframes have yet to expire.

Yours sincerely,



(Eddy Chan)

Commissioner for Innovation and Technology

c.c. Secretary for Commerce and Economic Development (fax no. 2588 1421)
Secretary for Financial Services and the Treasury (fax no. 2147 5239)
Director of Audit