

商務及經濟發展局  
通訊及科技科

香港添馬添美道二號  
政府總部西翼二十一樓



COMMUNICATIONS  
AND TECHNOLOGY BRANCH  
COMMERCE AND ECONOMIC  
DEVELOPMENT BUREAU

21/F, West Wing  
Central Government Offices  
2 Tim Mei Avenue  
Tamar, Hong Kong

本函檔號 Our Ref.: CTB(CR)7/28/18

來函檔號 Your Ref.: CB(4)PAC/R62

Tel No. : 2810 2722

Fax No.: 2519 9780

19 June 2014

Miss Mary So  
Clerk to the Public Accounts Committee  
Legislative Council  
Legislative Council Complex  
1 Legislative Council Road  
Central, Hong Kong.

Dear Miss So,

**Public Accounts Committee**  
**Consideration of Chapter 6 of the Director of Audit's Report No. 62**  
**CreateSmart Initiative**

I refer to your letter dated 20 May 2014. I set out our response to the queries raised in relation to Chapter 6 of the Director of Audit's Report No. 62 (Audit Report).

CreateSmart Initiative ("CSI") projects

- (a) 22 out of the 165 projects approved under CSI (as at 30 November 2013) are study missions or delegations by nature. Details of such projects are at **Annex 1**.

## Control of use of funds

- (b) As of today, Create Hong Kong (CreateHK) has a total of 69 posts, which consist of 53 civil service and 16 non-civil service posts. A detailed breakdown of the establishment of CreateHK is at **Annex 2**.

There is no auditor in the establishment of CreateHK. Nor has CreateHK engaged an outside auditor from June 2009 to 30 November 2013 to inspect the books and records of the grantees of CSI funding. For every approved CSI project, the grantee is required under the CSI Guide and project agreement to appoint an independent auditor to prepare a report on the audited accounts for the project, which is required to be submitted as part of the completion report. CSI funding of up to \$20,000 is provided in respect of each project for this purpose. As at 30 November 2013, 85 projects approved under CSI with total approved funding of \$158 million had been audited by independent auditors prior to submission of completion reports to CreateHK. The requirement to prepare audited accounts was set out in the Government's submission to the Finance Committee in 2009 for setting up the CSI (i.e. FCR(2009-10)15).

- (c) Under the traditional funding approach, the CSI funding support covers only the net approved project cost after deducting the budgeted income, which may include sponsorship and/or funding from other sources for the project (collectively known as "non-CSI funding"). Grantees are encouraged to seek non-CSI funding for a CSI project so as to reduce the reliance on government funding and to draw on resources available in the community.

Under the alternative funding approach referred to in paragraph 3.14(a) of the Audit Report (hereinafter referred to as "alternative funding approach"), the CSI funding would be used to cover certain designated expenditure items of the project while some other expenditure items of the project would be covered by non-CSI funding. As such, the grantee does not need to apply the non-CSI funding to offset the designated expenditure items.

Such arrangement is intended to allow the overall project to expand in scope through deployment of non-CSI funding, develop into a larger platform to benefit more participants and in turn reduce the share of public funding in the total cost of the overall project.

- (d) The CSI Vetting Committee adopts the same assessment criteria to evaluate all applications for CSI funding, be it under the traditional funding approach or the alternative funding approach.
- (e) The traditional funding approach mentioned in (c) above is the default arrangement for CSI projects. The alternative funding approach is in effect an arrangement to make exception/variation to the traditional funding approach. Requests raised by grantees for making such exceptions or variations are considered by the relevant CSI Assessment Panel and the Government having regard to the circumstances of the projects concerned. In the case of Project M as well as its previous and subsequent editions (hereinafter referred to as the “Project M series”), the grantee proposed in submitting its funding application a funding approach which is different from the traditional one. The Assessment Panel and the Government were aware of the different funding approach as proposed by the grantee and did not object to such with the intention to allow the overall project to expand in scope, to develop into a larger platform to benefit more participants and to reduce the share of public funding in the total cost of the overall project.

If a project proponent proposes a funding approach other than the traditional one, the Assessment Panel and the Government will duly consider the request. There is no question of the grantee of Project M being given preferential treatment. However, we agree with the Director of Audit’s recommendation that we should review the alternative funding approach. In particular, we will consider the extent to which, and if so how, CreateHK should continue to encourage more private sponsorship to plough back into CSI projects.

(f)&(h) The Project M series, consisting of four projects in total, adopt the alternative funding approach. They are the only CSI-supported projects which adopt the alternative funding approach stipulated above. Please refer to the response to question (e) above for the rationale of applying the alternative funding approach to the Project M series.

(g) As in the case of commercial establishments and other Government funding schemes, independent audits on the financial statements are well accepted professional means for compliance checking. CreateHK has relied on independent auditors to check the financial statements of the CSI projects and confirm compliance. Project M as a CSI project is no exception.

In the case of Project M, the grantee advised that it had expended all the CSI funding on the designated CSI-funded expenditure items. The grantee also confirmed that the “unspent fund balance” in question originated from the non-CSI funding. The same was reflected in the audited accounts submitted by the grantee. In accordance with the alternative funding arrangement, such “unspent fund balance” arising out of non-CSI funding is not required to be returned to the Government. Nevertheless, for the sake of prudence and protection of Government’s interests, and as we set out in the response to the Audit Report, we plan to engage another independent auditor to conduct a second audit on Project M.

(i) According to the information provided by the Audit Commission, the Commission identified examples of failures to comply with the procurement requirements in all the 15 projects examined. The information in respect of these 15 cases as provided by the Audit Commission is set out at **Annex 3**.

## Monitoring and evaluating projects

- (j) At the project implementation stage, CreateHK monitors the progress of the CSI projects by conducting site visits, seeking information from the grantee to ascertain whether the project is carried out in accordance with the approved project proposal, and reviewing progress reports submitted by the grantee.

It is set out in the CSI Guide, which is incorporated into and forms part of the CSI project agreement, that the Government reserves the right to suspend or terminate the funding support to a project and the project agreement for reasons including, but not limited to:

- (i) non-compliance with all or any of the terms and conditions as set out in the project agreement;
- (ii) lack of progress of the project in a material way;
- (iii) slim chance of completion of the project in accordance with the project proposal;
- (iv) the original objectives of project are no longer relevant to the needs of the creative industry as a result of material change in the circumstances;
- (v) objectives and relevance of the project have been overtaken by events; or
- (vi) the Controlling Officer sees a need to suspend or terminate the project in public interest.

There are also provisions in the project agreement between the Government and the grantee which allow the Government to terminate the project agreement and demand from the grantee full or partial repayment of the CSI funding provided.

We are mindful of the need to observe the proportionality principle and reckon that terminating the project agreement is an extreme form of sanction. As part of the review of the CSI which we will commence this year, we will consider whether and how other forms of sanction, including financial sanctions, should be included in the project agreements for lack of progress of the project and/or other reasons.

- (k) We have evaluated all completed projects, including those which are study missions or delegations by nature, against the objectives, deliverables, milestones and budget set out in the approved project proposals. Apart from the project information, press clippings, feedbacks from participants/attendees/visitors, photographs and/or videos provided by the grantees in the completion report, we also conducted evaluation based on the audited account reports prepared by independent auditors and the observation we made during our site visits (if applicable).

Yours sincerely,



( Miss Susie Ho )

Permanent Secretary for Commerce and Economic Development  
(Communications and Technology)

c.c. Secretary for Commerce and Economic Development  
Secretary for Financial Services and the Treasury  
Director of Audit  
Head of Create Hong Kong

**Details of the projects approved under the CreateSmart Initiative (CSI)  
the nature of which are study mission and delegation**

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
1.	Hong Kong Pavilion at MIPCOM 2009	Exploring markets	\$556,400	\$556,400	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- public relations and marketing materials;</li> <li>- participation fees in the exhibitions;</li> <li>- audit fee, etc.</li> </ul>	19	Digital Entertainment	Cannes, France	A Hong Kong Pavilion was set up at MIPCOM 2009 to showcase the strengths and products of the digital entertainment industry of Hong Kong. Delegate companies participated in MIPCOM 2009 and MIPJUNIOR 2009 for acquiring market intelligence, business matching, exposure and networking.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
2.	Hong Kong Digital Entertainment Industry Study Mission and Pavilion at SIGGRAPH Asia 2009	Exploring markets	\$4,274,000	\$742,774	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- public relations and marketing materials;</li> <li>- sponsorship for admission fees charged to the participants;</li> <li>- organisation of networking events;</li> <li>- audit fee, etc.</li> </ul>	40	Digital Entertainment	Yokohama, Japan	<p>A Hong Kong Pavilion was set up at SIGGRAPH Asia 2009 to showcase the latest developments of the Hong Kong animation and visual effects industries and computer graphic products, including award winning works.</p> <p>Industry practitioners and tertiary students participated in lectures and panels on computer graphics development and the networking activities, obtained exposure, and exchanged views with their overseas counterparts.</p>



No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
3.	HK4As Kam Fan Awards Winners Participation in International Awards (2009 edition)	Nurturing talents and facilitating start-ups	\$253,400	\$253,400	- Flight and accommodation; - entry costs and registration fees for international awards/competitions; - audit fee, etc.	14	Advertising	London, United Kingdom; Cannes, France; Singapore; and Bangkok, Thailand	Representatives from the advertising industry participated in the award presentation ceremonies, workshops, seminars, and networking activities of the D&AD Awards 2010, Cannes Lions 2010, Spikes Asia 2010, Young Spikes 2010, and ADFEST Young Lotus Creative Workshop 2010.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
4.	Promoting Hong Kong to be the Host City of SIGGRAPH Asia 2011	Exploring markets	\$9,133,124	\$7,365,824	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- public relations and marketing materials;</li> <li>- sponsorship for admission fees charged to the participants;</li> <li>- organisation of networking events;</li> <li>- audit fee, etc.</li> </ul>	135 (Seoul:40; Vancouver:30; Hangzhou:35; Beijing:30)	Digital Entertainment	Seoul, Korea; Vancouver, Canada; Hangzhou, Zhejiang ; and Beijing	<p>A Hong Kong Pavilion was set up at SIGGRAPH Asia 2010 in Korea, SIGGRAPH 2011 in Canada, China International Cartoon &amp; Animation Festival 2011, and Beijing International Radio, TV and Film Equipment Exhibition 2011.</p> <p>A study mission comprising industry practitioners and tertiary students was sent to attend these international events.</p>

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
5.	Knowledge Update and Market Promotion for Hong Kong's Animation Industry via "Annecy 2010" International Animation Film Festival	Exploring markets	\$951,775	\$738,365	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- marketing;</li> <li>- admission fees;</li> <li>- organisation of networking events;</li> <li>- audit fee, etc.</li> </ul>	30	Digital Entertainment	Annecy, France	<p>A Hong Kong Pavilion was set up in Annecy 2010 to promote the animation industry of Hong Kong. Industry practitioners and tertiary students participated in screenings, conference, exhibition and networking events. They also obtained international exposure.</p>

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
6.	Hong Kong Pavilion at MIPCOM 2010	Exploring markets	\$771,000	\$555,700	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- public relations and marketing materials;</li> <li>- participation fees in the exhibitions;</li> <li>- audit fee, etc.</li> </ul>	13	Digital Entertainment	Cannes, France	A Hong Kong Pavilion was set up at MIPCOM 2010 to showcase the strength and excellence of Hong Kong digital entertainment industry. Delegate companies participated in MIPCOM 2010 and MIPJUNIOR 2010 for acquiring market intelligence, business matching, exposure and networking.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
7.	HK4As Representatives to Participate in International Awards (2010 edition)	Nurturing talents and facilitating start-ups	\$826,650	\$603,400	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- entry costs and registration fees for the international awards/competitions;</li> <li>- audit fee, etc.</li> </ul>	20	Advertising	Bangkok, Thailand; Cannes, France; and Singapore	Representatives from advertising industry participated in the award presentation ceremonies, workshops, seminars and exhibitions of ADFEST 2011, Cannes Lions 2011, Young Lions Competition 2011, Spikes Asia 2011, and Young Spikes Creative Competition 2011.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
8.	HK4As Representatives to Participate in International Awards and Creative Sharing by International Awards' Representatives (2011 edition)	Nurturing talents and facilitating start-ups	\$1,090,460	\$664,470	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- entry costs and registration fees for the international awards/competitions;</li> <li>- organisation of a sharing session;</li> <li>- audit fee, etc.</li> </ul>	13	Advertising	Pattaya, Thailand; Cannes, France; and Singapore	Representatives from the advertising industry participated in the award presentation ceremonies, workshops, seminars and exhibitions of ADFEST 2012, ADFEST Young Lotus Creative Workshop 2012, Cannes Lions 2012, Young Lions Competition 2012, Spikes Asia 2012, and Young Spikes Creative Competition 2012.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
9.	International Design Summer Camp Programme <sup>1</sup>	Nurturing Talents	\$2,705,940	\$1,915,890	- Staffing for the project; - flight and accommodation; - organisation of a study tour, including admission fees for the places visited; - audit fee, etc.	50 participants for the study tour to Milan;  210 participants for the summer camp	Design	Milan, Italy	Participating local design students visited exhibitions in the Milan Design Week, design studios and designer stores.  As for the summer camp, students attended master talks, conducted local site visits and a 2-day study tour to the Pearl River Delta, completed a design project, and presented their creative works at the closing ceremony.

<sup>1</sup> This project consists of a Milan Design Study Tour and an International Design Summer Camp held in Hong Kong. A separate breakdown of the costs into the two components is not available.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
10.	“Creativity in Business ” Seminar Series For Promoting Hong Kong ’s Design and Marketing Services On the Chinese Mainland (2012)	Exploring markets	\$2,089,000	\$1,767,150	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- marketing;</li> <li>- organisation of networking activities;</li> <li>- audit fee, etc.</li> </ul>	81	Advertising	Quanzhou, Fujian; Dongguan, Guangdong; and Chengdu, Sichuan	Participating industry players took part in seminars, mini-exhibitions, business matching sessions, market briefings and visits.



No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
11.	SmartHK, Hangzhou (2012 edition)	Exploring markets	\$2,718,000	\$2,123,000	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- exhibition production;</li> <li>- public relations and marketing materials;</li> <li>- sponsorship for the participation fees charged to the participants;</li> <li>- audit fee, etc.</li> </ul>	60	Advertising, architecture, design, printing and digital entertainment	Hangzhou, Zhejiang	<p>A pavilion was set up to showcase successful cases and award-winning projects of creative industries of Hong Kong.</p> <p>Participating industry players took part in a series of exhibitions, conferences, seminars and networking events for promoting Hong Kong's creative industries to the potential clients in the Mainland.</p>

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
12.	2012 Hong Kong Berlin Designers Exchange	Nurturing Talents	\$531,674	\$506,067	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- exhibition production;</li> <li>- transportation expenses in Berlin;</li> <li>- admission fees for the places visited;</li> <li>- audit fee, etc.</li> </ul>	10	Design	Berlin, Germany	Participating young designers showcased their creative works in DMY International Design Festival 2012, held presentation at the DMY open talks, joined the reception organised by the Hong Kong Economic and Trade Office in Berlin, conducted media interview, and visited design studios and museums.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
13.	2012 Hong Kong Denmark Designers Exchange	Nurturing Talents	\$280,081	\$260,892	- Flight and accommodation; - exhibition production; - transportation expenses in Copenhagen; - admission fees for the places visited; - audit fee, etc.	10	Design	Copenhagen, Denmark	Participating young designers showcased their creative works in Roskilde Festival 2012, attended workshops, and visited design studios.
14.	Fashion Guerilla - Paris	Exploring Markets	\$998,000	\$998,000	- Staffing for the project; - exhibition production; - venue rental for setting up a pop-up showroom; - flight and accommodation; - public relations and marketing materials; - documentation; - audit fee, etc.	13	Design	Paris, France	Participating local emerging fashion designers set up a pop-up showroom during the Paris Fashion Week 2013.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
15.	HK4As Representatives to Participate in International Awards and Creative Sharing by International Awards' Representatives (2012 edition)	Nurturing talents and facilitating start-ups	\$590,300	\$420,600	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- entry costs and registration fees for the international awards/competitions;</li> <li>- organisation of a sharing session;</li> <li>- audit fee, etc.</li> </ul>	17	Advertising	Pattaya, Thailand; Cannes, France; and Singapore	Representatives from the advertising industry participated in the award presentation ceremonies, workshops, seminars and exhibitions of ADFEST 2013, ADFEST Young Lotus Creative Workshop 2013, Cannes Lions 2013, Young Lions Competition 2013, Spikes Asia 2013, and Young Spikes Creative Competition 2013.
16.	“Creativity in Business” Seminar Series For Promoting Hong Kong’s Design and Marketing Services (2013/14)	Exploring markets	\$3,011,800	\$1,914,085	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- flight and accommodation;</li> <li>- exhibition production;</li> <li>- marketing;</li> <li>- organisation of networking activities;</li> <li>- audit fee, etc.</li> </ul>	83	Advertising	Taipei, Taiwan; Shaoxing, Zhejiang; Qingdao, Shandong	Participating industry players took part in seminars, mini-exhibitions, business matching sessions, market briefings and visits.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
17.	Hong Kong Berlin Designers Exchange 2013 (HKDX)	Nurturing Talents	\$506,054	\$506,054	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- exhibition production;</li> <li>- transportation expenses in Berlin;</li> <li>- admission fees for the places visited;</li> <li>- audit fee, etc.</li> </ul>	10	Design	Berlin, Germany	Participating young designers showcased their creative works in DMY International Design Festival 2013; conducted workshops and demonstration sessions, attended DMY open talks; joined the reception organised by the Hong Kong Economic and Trade Office in Berlin; conducted media interviews; and visited design studios, specialty design stores, museums, etc.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
18.	SmartHK, Guangzhou (2013 edition)	Exploring markets	\$2,367,000	\$1,809,250	<ul style="list-style-type: none"> <li>- Accommodation;</li> <li>- exhibition production;</li> <li>- public relations and marketing materials;</li> <li>- sponsorship for the participation fees charged to the participants;</li> <li>- audit fee, etc.</li> </ul>	61	Advertising, architecture, design, printing and digital entertainment	Guangzhou, Guangdong	<p>A pavilion was set up to successful cases and award-winning projects of creative industries of Hong Kong.</p> <p>Industry players took part in a series of exhibitions, conferences, seminars and networking events for promoting Hong Kong's capability to the potential clients in the Mainland.</p>
19.	Hong Kong Brussels Design September 2013	Nurturing Talents	\$582,610	\$582,610	<ul style="list-style-type: none"> <li>- Flight and accommodation;</li> <li>- exhibition production;</li> <li>- transportation expenses in Brussels;</li> <li>- admission fees for the places visited;</li> <li>- audit fee, etc.</li> </ul>	11	Design	Brussels, Belgium	<p>Participating young designers showcased their creative works in Brussels Design September 2013; staged a fashion presentation; attended open talks, presentations and workshops; and visited design studios.</p>

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
20.	Fashion Guerilla - Tokyo	Exploring Markets	\$1,010,000	\$1,010,000	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- exhibition production;</li> <li>- venue rental for setting up a pop-up showroom</li> <li>- flight and accommodation;</li> <li>- public relations and marketing materials;</li> <li>- documentation;</li> <li>- audit fee, etc.</li> </ul>	10	Design	Tokyo, Japan	Participating local emerging fashion designers set up a pop-up showroom during the Tokyo Fashion Week 2013.

No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
21.	Break the Cocoon, Sparkling Hong Kong!	Exploring Markets	\$1,285,000	\$1,285,000	<ul style="list-style-type: none"> <li>- Staffing for the project;</li> <li>- exhibition production;</li> <li>- flight and accommodation;</li> <li>- transportation expenses in Frankfurt;</li> <li>- admission fees for the places visited;</li> <li>- public relations and marketing materials;</li> <li>- documentation;</li> <li>- audit fees, etc.</li> </ul>	10	Design	Frankfurt, Germany	<p>An exhibition booth was set up in Ambiente 2014 to showcase the winning designs of the Smart Gift Design Awards.</p> <p>Winning designers presented their designs to trade fair visitors; attended seminars; visited Ambiente 2014, design associations, trade associations, museums and retail outlets; and met retail group operators.</p>



No.	Title of the project	Objectives of the project	Funding requested	Funding approved	Major types of expenditures set out in the approved budget	No. of participants	Sector to which the participants belonged	Destinations of places visited	Major activities undertaken
22.	2014 HK4As representatives to participate in International Awards and Creative Sharing by International Awards' representatives	Nurturing talents and facilitating start-ups	\$613,450	\$426,480	- Flight and accommodation; - entry costs and registration fees for the international awards/competitions; - organisation of a sharing session; - audit fee, etc.	5 so far (The project has not yet been completed.)	Advertising	Pattaya, Thailand; Cannes, France; and Singapore	It is intended that representatives from the advertising industry will participate in the award presentation ceremonies, workshops, seminars and exhibitions of ADFEST 2014, ADFEST Young Lotus Creative Workshop 2014, Cannes Lions 2014, Young Lions Competition 2014, Spikes Asia 2014, and Young Spikes Creative Competition 2014.

**Remark**

The table covers those CSI projects approved before 30 November 2013, the nature of which are classified as “study mission and delegation” and at least 50% of the approved project costs of which are directly attributable to study missions or delegations. For those projects with activities conducted in and outside Hong Kong respectively, a separate breakdown for the cost of the activities conducted outside Hong Kong is not available.

**Establishment of Create Hong Kong (CreateHK)  
(as at 30 April 2014)**

**Civil Service Posts**

<b><u>Rank</u></b>	<b><u>Number</u></b>
Head of Create Hong Kong (D3)	1
Senior Principal Executive Officer (D2)	1
Secretary-General of the Film Development Council (D2)	1
Chief Executive Officer	1
Principal Trade Officer	1
Senior Geotechnical Engineer	1
Principal Entertainment Standards Control Officer	2
Senior Executive Officer	2
Trade Officer	2
Systems Manager	1
Chief Entertainment Standards Control Officer	2
Senior Explosives Officer	1
Executive Officer I	2
Analyst/Programmer I	1
Explosives Officer I	2
Entertainment Standards Control Officer	5
Executive Officer II	2
Assistant Trade Officer II	6
Explosives Officer II	2
Personal Secretary I	3
Personal Secretary II	1
Assistant Clerical Officer	6
Typist	1
Clerical Assistant	6
<b>Sub-total</b>	<b>53</b>

## **Non-Civil Service Contract (NCSC) Posts**

<b><u>Post Title</u></b>	<b><u>Number</u></b>
Senior Manger	2
Manager	4
Film Production Executive	1
Office Executive	1
Assistant Film Production Executive	1
Executive Assistant	3
Coordinator (Project and Administration)	1
Assistant Manager	1
Clerical Assistant	1
General Assistant	1
<hr/>	
<b>Sub-total</b>	<b>16</b>

**Total number of civil service and NCSC posts: 69**

### **Remarks**

The above posts are responsible for a whole range of duties required of CreateHK, with processing CreateSmart Initiative (CSI) funding applications and monitoring approved CSI projects being one of those.

**Examples of the failure to fulfil procurement requirements  
identified by the Audit Commission**

<b>Project</b>	<b>Example (Note)</b>
1	No quotation was obtained for an expense item. (Accommodation: \$19,045).
2	Insufficient quotations were obtained for an expense item. (Exhibition production cost: \$200,000).
3	Insufficient quotations were obtained for an expense item. (Exhibition production cost: \$15,075)
4	Insufficient quotations were obtained for an expense item. (Transportation cost: \$93,823)
5	No quotation was obtained for an expense item. (Insurance: \$36,080)
6	No quotation was obtained for an expense item. (Flight: \$129,430; accommodation: \$82,529)
7	Insufficient quotations were obtained for an expense item. (Consultancy fee: \$320,000)
8	No quotation was obtained for an expense item. (Flight: \$130,504; accommodation: \$33,806)
9	Insufficient quotations were obtained for an expense item. (Hire of services: \$60,135)
10	A supplier which did not submit the lowest bid was selected without full justifications given by the grantee. (Video production: \$129,000)
11	Insufficient quotations were obtained for an expense item. (Translation services: \$6,800)
12	Insufficient quotations were obtained for an expense item. (Audit fee: \$10,000)
13	Insufficient quotations were obtained for an expense item. (Publicity: \$39,000)
14	Insufficient quotations were obtained for an expense item. (Marketing: \$15,800)
15	Insufficient quotations were obtained for an expense item. (Audit fee: \$11,650)

**Note :** The Audit Commission had conducted sample tests but had not examined all the procurement activities of the 15 projects. As stipulated in the CreateSmart Initiative Guide, at least two to five written quotations (subject to the actual procurement amount) are required for every procurement the aggregate value of which exceeds \$5,000.