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電郵 E-mail:

17 September 2025

All contractors on
List of Approved Contractors for Public Works and
List of Approved Suppliers of Materials and Specialist
Contractors for Public Works

Dear Sirs,

**Interim Administrative Arrangement on Financial Vetting
for Retention on the List and the Specialist List**

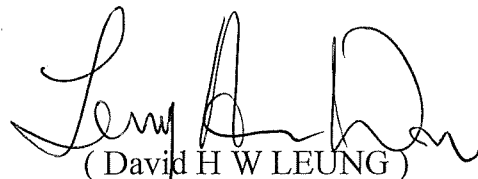
Although the Hong Kong economy continued to expand solidly in the second quarter of 2025 with Real Gross Domestic Product (GDP) grown by 3.1% year-on-year in the same quarter, the business environment of individual sectors remains challenging. These sectors include the construction industry which has been hampered by the shrunk construction volume of the private market amid the Government's effort to boost expenditure in public works projects. In particular, construction contractors are facing reduced job opportunities and hence more susceptible to cash flow problems.

Against the above backdrop, we hereby promulgate an interim relieving measure to assist public works contractors by relaxing the capital requirements stipulated in the Contractor Management Handbook for retention on the approved lists. This interim measure will take immediate effect until **30 September 2027**. For details, please refer to the attached *"Guide on Interim Administrative Arrangement on Financial Vetting for Retention on the List and the Specialist List"*.

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If you have any enquiries, please contact Ms. Dorothy Lam at 3509 8369.

Yours faithfully,



(David H W LEUNG)
for Secretary for Development

Encl.

c.c. The Hong Kong Construction Association
Hong Kong General Building Contractors Association
The Hong Kong Federation of Electrical and Mechanical Contractors Limited
Hong Kong Electrical and Mechanical Contractors Associations Limited
The Hong Kong Registered Contractors Association

Guide on Interim Administrative Arrangement on Financial Vetting for Retention on the List and the Specialist List

Introduction

This guide sets out the details of the interim administrative arrangement in respect of the financial vetting of contractors for retention on the List¹ and the Specialist List². This guide shall be read in conjunction with the Contractor Management Handbook (CMH).

Existing Arrangement

2. For retention on the List and/or the Specialist List, contractors are required under the CMH to, *inter alia*, maintain a minimum level of employed capital and working capital. Failure to do so will render the contractor to be subject to regulating actions in accordance with Section 5.6 of the CMH.

Interim Administrative Arrangement

3. The interim administrative arrangement serves to assist contractors by relaxing the CMH requirements in respect of the employed capital and working capital that they need to maintain for retention on the above list(s), as summarized below:-

(i) Suspension due to shortfall in employed capital

If a contractor cannot meet the requirement of **employed capital** as stipulated in Appendix 2A or Appendix 3B of the CMH, but is able to meet 70% of the required amount, the regulating action to be imposed against the contractor under paragraph 5.6.2 of the CMH (i.e. automatic suspension from tendering) will not be triggered. For the avoidance of doubt, paragraph 5.6.2 of the CMH will still be triggered if the contractor fails to meet the working capital requirement in the CMH.

¹ List of Approved Contractors for Public Works

² List of Approved Suppliers of Materials and Specialist Contractors for Public Works

If a contractor is currently suspended from tendering solely due to its shortfall in **employed capital**, the suspension will be uplifted if the contractor is able to prove to the satisfaction of the Development Bureau that it is able to meet 70% of the required amount stipulated in Appendix 2A or Appendix 3B of the CMH.

(ii) Removal due to shortfall in employed and/or working capital

If a contractor fails to make good the shortfall in employed and/or working capital as required in Appendix 2A or Appendix 3B of the CMH within one year from suspension, the regulating action to be imposed against the contractor with reference to paragraph 5.6.3 of the CMH (i.e. automatic removal from the List and/or the Specialist List) will be withheld for 12 months.

Notwithstanding the aforesaid, the regulating action with reference to paragraph 5.6.3 of the CMH **will NOT be withheld** if, during the time when the contractor has been suspended from tendering due to shortfall in employed and/or working capital pursuant to paragraph 5.6.2 of the CMH, the contractor is under suspension pursuant to paragraph 5.5.2 (i.e. failure to submit annual audited financial statements / half-yearly management accounts within the prescribed time) or paragraph 5.5.5 (i.e. failure to answer queries or provide information within the specified time for financial assessment) of the CMH. For the avoidance of doubt and in line with sub-paragraph (i) above, as far as **employed capital** is concerned in this sub-paragraph, it will suffice for the contractor to meet 70% of the required amount.

4. To safeguard the Government's interests, the required threshold in respect of the financial vetting of contractors before contract award and before admission, confirmation and promotion in the List and the Specialist List shall remain unaffected by this interim administrative arrangement.

Effective Date

5. This interim administrative arrangement shall take effect from 17 September 2025 until 30 September 2027 and is applicable to the management accounts or audited financial statements with accounting periods ending on or before 30 September 2027. It may be revised or terminated at any time that the Development Bureau consider appropriate.

**Works Branch
Development Bureau
September 2025**