

政府總部
發展局
工務科
香港添馬添美道 2 號
政府總部西翼



**Works Branch
Development Bureau
Government Secretariat**

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

本局網址 Our Website: <http://www.devb.gov.hk>

電話 Tel No.: 3509 8279

本局檔號 Our Ref.: () in DEVB(W) 510/83/08

傳真 Fax No.: 2521 9682

來函檔號 Your Ref.:

電郵 E-mail: tonyykho@devb.gov.hk

16 January 2020

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

The construction industry has been one of the main pillars of Hong Kong's economy and amongst the industry stakeholders, contractors are one of our key partners in providing first class infrastructure which has helped shape Hong Kong into a world city.

All along, the Government is committed to providing assistance to the construction industry as and when necessary, and you may recall that during the period of financial tsunami in late 2008, we introduced a suite of interim financial relief measures to help the industry.

Recently, there are signs that our economy begins to undergo an economic downturn. As such, we have devised an interim relieving measure to assist contractors by relaxing the capital requirements in the Contractor Management Handbook. This interim measure will take effect from **1 February 2020**. For details, please refer to the attached "*Guide on Interim Administrative Arrangement on Financial Vetting for Retention on the List and the Specialist List*".

We will continue to monitor the economic situation closely and where necessary introduce further relieving measures to help the industry sail smoothly in this difficulty period.

If you have any enquiries, please contact Ms. Mandy Chan at 3509 8369.

Yours faithfully,

(Y K HO)
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

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

Introduction

The Development Bureau is considering various financial relieving measures that can help contractors, especially small and medium-sized contractors (SMEs) deal with cashflow difficulties in the midst of the current economic downturn.

2. Against the above background, this guide sets out the details of a proposed 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

3. 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

4. The proposed 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 paragraphs 5.5.2 or 5.5.5 of the CMH. For the avoidance of doubt and in line with sub-paragraph (i) above, as far as the employed capital is concerned in this sub-paragraph, it will suffice for the contractor to meet 70% of the required amount stipulated in Appendix 2A or Appendix 3B of the CMH.

5. 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 proposed interim administrative arrangement.

Effective Date

6. This proposed interim administrative arrangement shall take effect from **1 February 2020 for a period of 12 months**. It may be revised or terminated at any time that the Development Bureau consider appropriate.

**Works Branch
Development Bureau
January 2020**