

APPENDIX F

General Guidelines for Assessing the Financial Capability of Tenderers for Vessels Building Contracts

INTRODUCTION

1. The Marine Department will consider the technical and management capability of the tenderers to ensure that they have the appropriate capability in all these aspects for fulfilling the contract.
2. In addition, the Department will evaluate the financial capability of the tenderer who is being considered for the award of the contract to ensure that the tenderer is financially capable to fulfil the contract requirement.
3. The following General Guidelines are used by the Marine Department to assess whether, to the best knowledge of the Department, the tenderer recommended is financially capable of completing the proposed contract. The General Guidelines will be used in respect of all tenderers for vessel building contracts of value exceeding \$1,000,000 and for any such contract of a lower value if there is any reason to doubt the financial capability of the tenderers.

INFORMATION REQUIRED

4. The tenderers shall submit the following financial information to facilitate the assessment of their financial capabilities:
 - (a) The original (or true copies certified by its auditors) unconsolidated audited accounts (in English/Chinese) for the **latest three financial years** prior to the tender submission date:
 - (i) the latest accounts should cover an accounting period ending on a date no more than 18 months before the tender submission date;
 - (ii) the audited accounts should be certified by certified public accountants;
 - (iii) full sets of accounts comprise of the Directors' Report, Auditors' Report, Balance Sheet, Profit & Loss Account and Notes to the Accounts.

(b) A statement certified by the Managing Director of the company providing the following updated information:

- (i) a list of all current outstanding contracts and sub-contracts held with the Government and the private sector;
- (ii) the appropriate value of uncompleted works on each of the outstanding contracts and sub-contracts at (i); and
- (iii) the appropriate time required to complete each of the outstanding contracts and sub-contracts at (i).

(c) The tenderers may be requested to provide explanations to enquire on their financial, technical and management status.

(d) A credit check report may be required for providing additional information whenever necessary.

CRITERIA FOR FINANCIAL VETTING

5. In order to be recommended for the award of a contract, a tenderer should fulfill the following minimum financial requirements:

- (i) Capital Employed
Capital employed cannot be less than **10%** of the combined annual value of the new contract and uncompleted works on all current outstanding contracts and sub-contracts held by the tenderer; and
- (ii) Working Capital
Working Capital cannot be less than **10%** of the combined annual value of the new contract and uncompleted works on all current outstanding contracts and sub-contracts held by the tenderer.

6. The Marine Department reserves the right to exercise the discretionary power in recommending a tenderer who is unable to provide adequate financial information for a meaningful assessment to be conducted or who cannot fulfill all the financial requirements specified under para. 5 by requesting the tenderer to submit a banker's guarantee issued by a licensed bank in the Hong Kong SAR. The amount of the banker's guarantee would be determined and specified by the Director for the whole period covered by the contract until the final acceptance of the completed vessel by the Department.