



## Dear Valued Partners,

As we usher in the Year of the Dragon, we extend our warmest wishes for a prosperous and joyous Chinese New Year! In the spirit of celebration, we are thrilled to share insights into how Supply Chain Financing is revolutionizing the construction industry, fostering growth, and enhancing prosperity for all stakeholders.

### Understanding Supply Chain Finance: Building Prosperity, Strengthening Bonds

Supply Chain Finance (SCF) is a term describing a set of technology-based solutions that aim to lower financing costs and improve business efficiency for buyers and sellers linked in a sales transaction. It works by automating transactions and tracking invoice approval and settlement processes, from initiation to completion. Buyers agree to approve their suppliers' invoices for financing by a bank or other outside financier-often referred to as "factors." Via this short-term credit it optimizes working capital and provides liquidity to both parties. Suppliers get payment early, and buyers get more time to pay.

### Navigating the Material Supply Challenge: Solutions for Sustainable Growth

The construction industry faces unique challenges, including slow payment cycles and complex supply chains. Suppliers often endure prolonged waiting periods for payment, hindering their ability to invest in growth and innovation. Conversely, contractors grapple with cash flow constraints, limiting their capacity to undertake larger projects and expand operations.

Supply Chain Financing addresses these challenges head-on by facilitating seamless transactions and alleviating financial burdens. By bridging the gap between material procurement and project completion, Supply Chain Financing enables sustainable growth and prosperity throughout the construction ecosystem.

### Unlocking Potential: Empowering Contractors with Financial Flexibility

In the competitive landscape of construction, financial flexibility is paramount. Supply Chain Financing empowers contractors to seize new opportunities, pursue ambitious projects, and navigate evolving market dynamics with confidence. By optimizing cash flow and streamlining operations, contractors can focus on delivering exceptional results and driving business success in the Year of the Dragon and beyond.

### Looking Ahead: Embracing Innovation, Building Together

As we embark on this auspicious journey into the Year of the Dragon, let us embrace innovation, collaboration, and shared prosperity. Together, we have the power to transform challenges into opportunities, harness the potential of Supply Chain Financing, and build a future defined by growth, resilience, and prosperity.

In the spirit of Chinese New Year, may abundance and prosperity abound in all our endeavors. Wishing you and your loved ones a joyful and fulfilling Year of the Dragon!

**Kung Hei Fat Choi!**

## PROJECT NEWS

Chevalier-China Railway Joint Venture have been awarded a HK\$3.98 billion contract for the design and construction involving three sites in the first batch of Light Public Housing ("LPH") project. The three projects in the contract are located at Yau Pok Road, Yuen Long, Tuen Mun Area 3A and Choi Hing Road, Ngau Tau Kok respectively. A total of over 6,300 units, along with the ancillary facilities, will be constructed using Modular Integrated Construction (MiC) method. The internal floor area of these units ranges from 13 to 31 square metres. The construction work at the sites will commence from December 2023 by phases, among which the LPH site at Yau Pok Road, Yuen Long, is expected to be completed in Q1 2025 at the earliest to provide about 2 100 units. The other sites are expected to be completed in phases from Q2 2025 to Q3 2026. China State Construction Engineering (Hong Kong) Ltd have been awarded a HK\$6.28 billion contract to construct a further phase of the design and construction of LPH at Olympic Avenue, Kai Tak, which is also due to be complete from Q2 2025 to Q3 2026. In total the four sites are expected to provide a total of 17,000 units.

## STAFF NEWS

We are pleased to welcome Pius Wong to the Team. Pius is an experienced Chartered Project QS who has joined us to provide contracts administration and quantity surveying services at the Hong Kong International Airport on the Third Runway System project.

**Welcome Pius!**

## HONG KONG CONSTRUCTION INDUSTRY STATISTICS

Census & Statistics Department's construction output statistics for the fourth quarter of 2023 ('Q4') show:

- The gross value of construction works performed by main contractors in Q4 of 2023 increased by 4.2% from a year earlier to HK\$71.3 billion. In real terms there was an 4.4% increase for Q4 of 2023 after removing the effect of price changes. For the whole of 2023, gross value of construction works performed by main contractors increased by 8.8% from 2022 to HK\$271 billion.
- Private sector sites were up 16.5% for Q4 of 2023 from a year earlier at HK\$22.8 billion. For the whole of 2023, private sector sites were up 27.0% at HK\$85.0 billion compared to 2023.
- Public sector sites increased by 2.6% for Q4 of 2023 to HK\$24.9 billion. For the whole of 2023, public sector sites were up 0.7% at HK\$93.0 billion compared to 2022.
- Gross value of construction works at locations other than construction sites (maintenance, decoration, repair, electrical installations, etc.) was down 4.1% for Q4 of 2023 at HK\$23.6 billion. For the whole of 2023, other locations were up 3.6% at HK\$93.1 billion compared to 2022.
- Residential Building projects accounted for the largest share in gross value for 2023 at HK\$69.8 billion (up 49.8%) with transport projects coming in second at HK\$37.2 billion, up 7.2% from 2023.