

Construction Industry Council

Committee on Construction Business Development and Productivity

Meeting No. 003/24 of the Committee on Construction Business Development and Productivity (Com-CBD&PRO) was held on 18 December 2024 (Wednesday) at 2:30 pm in the Board Room, 38/F, COS Centre, 56 Tsun Yip Street, Kwun Tong, Kowloon and via MS Teams.

Present:	Ricky LEUNG	(RyL)	Chairperson
	Frankie FUNG*	(FEK)	for Permanent Secretary for Development (Works)
	Victor CHEUNG*	(VC)	
	Leo LAI*	(LLKW)	
	Gerald LAU*	(GLTF)	
	David LEE*	(DLBF)	
	Yip-wing LEUNG*	(LYWg)	
	Simon LIU	(SiL)	
	Edward LO	(CPL)	
	Lawrence NG	(LN)	
	Wei PAN*	(PnW)	
	Edwin TONG	(ETg)	
	Eddy TSANG	(TPC)	
Emil YU	(EYCO)		
In Attendance:	Francis AU*	(FAKM)	Adviser
	Yan ZHOU	(YZ)	Assistant Director – Industry Development
	Timothy LEUNG	(TLG)	General Manager – Industry Development
	Eric JIANG	(EJ)	Senior Manager – Industry Development
	June HA	(JH)	Manager – Industry Development
	Zoe LAM	(ZeL)	Manager – Industry Development
	Michelle LEUNG*	(MYWL)	Manager – Industry Development
	Tim SUEN	(TSTT)	Manager – Industry Development
	Ken WONG*	(KWWK)	Manager – Industry Development
	Nigel CHAN*	(CCLN)	Assistant Manager – Industry Development
Apologies:	Daniel LEUNG	(LHWD)	for Permanent Secretary for Housing (Housing)
	Danny HUNG	(CSH)	
	Dominic LAW	(DLTK)	

Thomas YIP (TYWK)

* Members attended the meeting online via MS Teams.

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3.1 Safety Moment

EJ shared the CIC Chairman's safety message – to conduct dynamic risk assessment and field control briefing, and to stop working if there is any change in on-site environment or work procedures.

EJ also reported the events held in December 2024 such as Walk the Talk Webinar and ICAC Webinar on Professional Ethics and Integrity of Safety Officers. EJ promoted the CIC Master Class in Safety Leadership Culture, which would be held on 21 January 2025 to Members.

Members took note of the above.

3.2 Confirmation of the Minutes of the Previous Meeting

Members confirmed the minutes of the Com-CBDPRO Meeting No. 002/24 without further amendment.

3.3 Matters Arising from the Previous Meeting

a. Confirmation of the Minutes of the Previous Meeting (Paper CIC/CBDPRO/M/001/24)

Members confirmed the minutes of the Com-CBDPRO Meeting No. 001/24 without further amendment.

b. Update on Future Construction Excellence Programme

ZeL reported that the Future Construction Excellence (FCE) programme was completed successfully on 3 December 2024 together with the Graduation Ceremony. Positive feedback was received from participants on the programme. ZeL reported that Hong Kong Institute of Construction (HKIC) would continue to operate the programme in the future based on the first cohort framework. Members acknowledged the benefits of programme and suggested extending the target participants to individuals at the

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Chief Executive Officer (CEO) level, rather than limiting to CEO level minus 1 to 2. Members also expressed interest to nominate their colleagues to participate in the FCE. The CIC Secretariat took note of the above.

c. Update on MiC / MiMEP Promotion Activities & Plan

ZeL presented the proposed MiC MiMEP 3-year promotion plan. Consultation with different industry stakeholders was targeted to be completed in Q1 2025. ZeL further elaborated the proposed tactics and initiatives to facilitate the adoption of MiC MiMEP in the construction industry, including seminars, factory visits, site visits, reference materials, trainings, networking and collaboration with Hong Kong and the Greater Bay Area. Besides, MiC MiMEP Achievement Ceremony was proposed to be held in the Construction Innovation Expo (CIExpo) 2025. The detailed work plan would be reported in the next meeting.

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ZeL also reported the status of the current MiC MiMEP training courses. After reviewing the details, a new master class on MiMEP project implementation (PM) was recommended to address the needs of MiMEP. ZeL presented the proposed course outline and the composition of the Technical Advisory Panel. Members suggested to include one representative from Association of Consulting Engineers of Hong Kong (ACEHK) in the Technical Advisory Panel.

3.4 2024 Key Performance Indicator (KPI) Progress Update

a. KPI progress update of Construction Business Development

TLG reported the updates on KPI Items 1 to 5 of Construction Business Development as follows:

- KPI Item 1 and Item 2 on enhancement of construction contract terms were on track. Further details would be reported under Agenda Item 3.10.
- KPI Item 3 on promotion of NEC Contracts, three events were organised on 9 July 2024, 18 July 2024 and 29 November 2024, covering topics on NEC ECC HK Edition, NEC for Building Works and NEC Term Service Contract (TSC) HK Edition respectively. Additionally, the CIC assisted the

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Development Bureau (DEVB) to organise a series of training workshops for government project officers and resident site staff, with a total of five 2-day workshops.

In 2025, the CIC would continue to assist the DEVB to organise regular training workshops for government project officers and resident site staff, with the support from the School of Professional Development in Construction (SPDC) of the Hong Kong Institute of Construction (HKIC).

- For KPI Item 4 on Security of Payment Legislation (SOPL), the details would be reported under Agenda Item 3.12(a).
- KPI Item 5 on CIC Outstanding Contractor Award 2024 was on track. OCA Presentation Ceremony was held successfully on 6 November 2024. Follow-up post-event promotion details would be reported under Agenda Item 3.9.

b. KPI progress update of Construction Productivity

EJ reported the updates on KPI Items 1 to 4 of Construction Productivity as follows:

- KPI Item 1 on managing the Digital Resource Centre was completed. As of 12 December 2024, the accumulated click rate on Digital Resource Centre reached 51,951, which exceeded the target of 50,000.
- KPI Item 2 about the promotion of innovative solutions was completed. A seminar was held successfully on 12 December 2024 on High Strength Steel – S690/S960 and the Artificial Intelligence Rock in Ground Investigation Logging, which was an invention developed with the support from the CIC Research & Development (R&D) Fund. The seminar attracted nearly 2,000 participants, both in-person and online, to attend.
- For KPI Item 3, five innovative technologies had been identified for construction productivity gain and safety in building projects, which were: 1) Landlink, a network technology to provide stable 4G/5G network to support innovative technologies on site; 2) Drilling Robot, one of the popular robotic technologies being applied on site with reference to the data given by Construction Innovation and Technology Fund (CITF), which could enhance both safety and productivity by substituting workers from work-

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at-height; 3) Scaffolding Sensor, which could mitigate human errors that caused failure of scaffolding system by installation of sensors at critical points on the scaffold to monitor the load, strain and displacement; 4) Remote Tower Crane, which could enhance both safety and productivity of tower crane operation; and 5) Smart Site Safety System (4S), by selecting special 4S products that are already applied on site to further promote its practical values and benefits.

- KPI Item 4 on CIC Innovation Award (CIA) 2025 and CIExpo 2025 would be reported in detail under Agenda Item 3.5. The Launching Ceremony was held on 30 October 2024 at the CIC Global Construction Digitalisation Forum and Exhibition 2024.

c. KPI Progress update of Modular Integrated Construction (MiC)

ZeL reported the updates on KPI Items 1 to 5 of MiC as follows:

- KPI Item 1 on updates of Reference Materials was on track. Reference Materials on Logistics and Transport for MiC Projects was issued in November 2024. Reference Materials on Use of Digital Technologies for QA/QC of MiC Modules in MiC Factories had been updated and would be circulated to Members for information.

[Post-meeting note: the Reference Materials on Use of Digital Technologies for QA/QC of MiC Modules in MiC Factories was circulated to Members for information on 31 December 2024.]

- KPI Item 2 on MiC Resources Centre was completed. As of 9 December 2024, the accumulated visitors were 10,276.
- KPI Item 3 on potential renovation works at the MiC Resources Centre was deferred as recorded in Com-CBD&PRO Meeting No. 001/24.
- KPI Item 4 on promotion of MiC by knowledge sharing like seminars, webinars, site visits and factory visits, etc. was completed. Five events were held.

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- KPI Item 5 on providing support to the establishment of MiC and Multi-trade integrated Mechanical, Electrical and Plumbing (MiMEP) training courses has been completed. The first CIC Master Class on MiC Logistics and Transportation Management (MiCLTM) was concluded in November 2024 with 47 graduates completed the course. The upcoming Master Class on MiCLTM was scheduled for April 2025. The revision of teaching materials for the MiC foreman course had been finalised and updated. Members recommended boosting promotion efforts for the master class to attract more subcontractors and to increase practitioners' awareness of industry trends.

3.5 Update on Construction Innovation Expo (CIExpo) 2025 and CIC Construction Innovation Award (CIA) 2025

EJ reported the update on the preparation work of CIExpo 2025 and CIA 2025. The CIExpo 2025 was confirmed to be a 3-day programme, which would be held from 11 to 13 December 2025, in the 2nd meeting of the Organising Committee of CIExpo 2025 on 17 October 2024. The Judging Panel for CIA 2025 was formed with all the proposed Members confirmed to be in the Judging Panel. 102 positive feedback on Express of Interest (EOI) to be exhibitor were received from interested companies. The CIC Secretariat would further screen and select interested exhibitors with innovative solutions and/or products during the formal exhibitor recruitment process in Q1 2025.

**3.6 Update on CIC R&D Fund 2024 Application Summary and Assessment Results
Paper CIC/CBDPRO/P/008/24 (for information)**

EJ provided the update on the status of the first round of R&D Fund applications in 2024, where four new R&D proposals would be funded. Members inquired about how the assessment criteria and the assessment mechanism could assess whether an application was successful or not. The CIC Secretariat explained that most of the R&D proposals received were with high quality. However, due to the budget limitation, only those R&D proposals with the highest ranking based on the assessment

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results from the Assessment Panel Meetings would be funded. Members suggested to provide constructive feedback in the notification letters to those unsuccessful applicants for their reference and improvement.

Members had no further adverse comments. The CIC Secretariat would follow up on the abovementioned recommendations.

3.7 Progress Update on the Funded Research Project - Development of Advanced Seismic Design Guidelines for MiC Buildings in Hong Kong and in the Greater Bay Area

Prof. CHAN Tak-ming, Professor of The Hong Kong Polytechnic University, updated Members about the final report of the funded research project. Prof. CHAN reported that a seismic design guideline for MiC buildings had been completed including design strategies and recommendations for MiC buildings which could assist engineers to understand the seismic performance of MiC buildings and conduct the seismic design.

Members asked if this design guideline could be adopted as principal approval basis for government authorities in the legislation of buildings' design. Prof. CHAN replied that he would seek comments from the Buildings Department for further use of this seismic design guideline.

Members had no further adverse comments. The CIC Secretariat would liaise with the project team for the closing of project.

3.8 Progress Update on the Funded Research Project - Development of an artificial intelligence rock type classification and fracture state characterization APP for engineering applications

Prof. Louis WONG Ngai-yuen from The University of Hong Kong provided the update to Members regarding the progress of the funded project. Prof. WONG announced the successful completion of several site trials for rock classification, which conducted in collaboration with construction companies. The project team named the webpage-based application as "PreLogging."

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Members expressed their appreciation for the free availability of "PreLogging" for the construction industry and inquired about a feedback mechanism for the application. Prof. WONG confirmed that a well-designed feedback system was integrated into "PreLogging". The project team would address inquiries and comments everyday.

Members had no further adverse comments. The CIC Secretariat would liaise with the project team for the closing of project.

3.9 **CIC Outstanding Contractor Award 2024 (Post Promotion)**

TLG reported that following the Award Presentation Ceremony on 6 November 2024, a series of post-promotion publications were released in November and December 2024. These included posts within the CIC network, a press release on the CIC's website, sharing the event highlight video on social media platforms like YouTube, Facebook, LinkedIn and Instagram and advertorials in local newspapers such as Ming Pao, SCMP, and the Hong Kong Economic Times.

The CIC Secretariat would continue to leverage the successful stories of the award-winning contractors to inspire the construction industry to continuously enhance its standards including:

- 1) Inviting award-winning contractors to participate in workshops/sharing sessions to share their experience on specific topics, engaging award-winning contractors to participate in the CIC events to showcase their successful experience;
- 2) Collaborating with the ICAC to organise interview series with the awardees of the Integrity Management Award on topics of "Belt and Road Integrity Construction" and "Digital Anti-Corruption in the Construction Industry". Moreover, co-organising integrity management workshops with the ICAC to cultivate a culture of integrity in various sectors of the construction industry including the contractor sector, specialist contractor sector and Repair, Maintenance, Alteration and Addition (RMAA) contractor sector and to assist them in paving the way for participation in the Integrity Charter; and
- 3) Leveraging the success stories of specialist contractors and RMAA contractors registered under the Registered Specialist

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Trade Contractors Scheme (RSTCS) to enhance industry recognition of the scheme and attract more RSTCS registrations from specialists and RMAA contractors.

3.10 Progress Update on Task Force on Review and Enhancement of Construction Contract Terms

TLG reported that following the submission of the draft final report from Arcadis, the lead consultant for this consultancy study, three stakeholder engagement sessions were held. The engagement session with The Real Estate Developers Association of Hong Kong (REDA) was held on 9 August 2024. Two other engagement sessions, one with the Hong Kong Construction Association (HKCA) and one with sub-contractor associations, were held on 27 November 2024. The main purpose of the stakeholder engagement sessions was to obtain feedback on consultancy report from different perspectives for further refinement of the report. Extensive feedback was received from different stakeholders.

Representing their respective associations, LN and EYCO attended the stakeholder engagement session for sub-contractor associations on 27 November 2024. Among the various opinions on the identified pain points raised in the stakeholder engagement session, LN and EYCO, with supplements from FAKM, recapped the following pain points which were considered more critical for record in this Com-CBDPRO meeting:

- Disproportionate sharing of risk:
 - Sub-contractors bore an unjustified portion of main contractors' liquidated damages to be paid under the main contract.

- Bond:
 - Necessity/justifications of bond: Sub-contractors had to make advance payments for ordering equipment and materials, payment of wages, etc. already, and the process took at least 70 (i.e. 28+28+14) days for sub-contractors to recover the costs. The need to obtain bonds exerted an extra burden on sub-contractors' cash flow when sub-contractors did not receive any down payment for bonds.

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- Duplicate bonds: Main contractors and sub-contractors had to obtain bonds for the same project. The costs and fees for obtaining bonds are part of the construction costs.
- The use of on-demand bonds instead of performance bonds: On-demand bonds could be called arbitrarily.
- Insecurity of payment:
 - Insecurity of retention money being held by main contractors instead of being put in trust in a segregated account. There was no recourse if the main contractor defaulted on the payment of retention money.
 - Developers and main contractors might be shell companies. There was no recourse if they wind up.
 - Right of direct payment to NSC by the employer when the main contractor defaulted on payment was never executed. It should be stipulated as a contractual obligation in the contract to protect NSC.

It was agreed that the consultancy report should summarise and consolidate all pain points related to contract terms, whether in public or private sector contracts. The report should reveal all factual pain points from the perspectives of the employer, main contractor, and sub-contractor. The consultant should analyse whether the pain points were relevant to the contract terms themselves or to the execution of the contract terms.

It was understood that actions to alleviate the identified pain points might not be immediately available, but the consultancy report should form the basis for the long-term endeavours of the CIC Secretariat, as well as professional institutes in Hong Kong, to lead constructive changes towards the goal of equity in construction contracts. Whenever the recommendations were feasible to be implemented by the CIC Secretariat in the short term, priority should be given to them for early implementation.

In view of the extensive feedback from various stakeholders, the Chairperson advised that the consultancy study should be extended for another three months. This extension would enable the consultant to comprehensively incorporate the feedback on the identified pain points

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from different stakeholders into the report.

3.11 Progress Update on Construction Expenditure Forecast

EJ reported the status of Construction Expenditure Forecast to Members. Results would be updated and verified by December 2024 and the tentative publication date would be February 2025. EJ also reported the appointment status of Task Force on Construction Expenditure Forecast.

Members took note of the above and had no adverse comments.

3.12 Any Other Business

a. Update on Security of Payment Legislation (SOPL)

TLG informed Members that the second reading and third reading of the SOPL were resumed on 18 December 2024 and the SOP Ordinance would be gazetted on 27 December 2024.

As the main provisions of the SOP Ordinance would be fully implemented 8 months after being gazetted, the CIC would assist the DEVB to promote to the construction industry details of the SOP Ordinance. The promotional materials, including reference materials, videos, infographics and a SOPL chatbot, would be rolled out and published in stages before the implementation. The CIC Industry Development Division - CBD's webpage would also be updated in stages to facilitate publication of these promotional materials. As regards the format of the reference materials/videos, TLG advised that in the promotional materials, details of the SOP Ordinance would be presented in chapters to facilitate ease of understanding of the key features of the SOP Ordinance.

Moreover, the CIC would co-organise four webinars with the DEVB in January and February 2025 to introduce the SOP Ordinance to industry stakeholders. The webinars will be recorded for later review by stakeholders who are unable to attend.

Members advised that the CIC and the DEVB should also consider organising physical seminars or seminars in hybrid mode. Members further advised that the promotional materials should be prepared based on different scenarios and different perspectives, such as from the perspective of main contractors and workers. It was also advisable to compare the different scenarios with and without SOP Ordinance under different scenarios to highlight the implications of the SOP Ordinance.

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For Members' information, TLG reported that as of the end of November 2024, a total of 397 works contracts with SOP Provisions were tendered, of which 308 were awarded and no reported adjudication cases were received.

b. Update on Self Certification and Streamlining Procedures

TLG reported that DEVB published JSC Paper No. 2/2024 on 26 November 2024 to roll out the government's workplan on streamlining development control. Since the inception of the self-certification initiative, there have been gradual achievements in streamlining statutory procedures across various government departments, including the Buildings Department, the Fire Services Department, the Electrical and Mechanical Services Department, the Water Supplies Department, etc. The CIC Secretariat would continue to work closely with the DEVB to follow up on items under review. Further meetings would be organised in collaboration with the DEVB as appropriate.

c. Promotion on Adoption of Construction Robotics

EJ reported the works done by Construction Innovation and Technology Application Centre of the CIC on promotion on the adoption of construction robotics. The Global Construction Robotic Day was held in May 2024 which attracted over 8,000 exhibition visits. Pilot courses on robotic operator training were held in September and October 2024 to train up operators in operating construction robotics. Pitching sessions with trades associations were held in October 2024 to present robotic solutions.

3.13 Next Meeting 001/25

All to Note

The next meeting would be held on 26 March 2025 tentatively. The Secretariat would inform Members upon confirmation of the meeting details.

The meeting was adjourned at 5:30 pm.