

**Construction Industry Council**

**Committee on Construction Business Development and Mainland Liaison**

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Meeting No. 002/23 of the Committee on Construction Business Development and Mainland Liaison (the “Com-CBD & ML”) for 2023 was held on Thursday, 1 June 2023 at 2:30pm at the Board Room, 29/F, Tower 2, Enterprise Square Five (MegaBox), 38 Wang Chiu Road, Kowloon Bay, Kowloon, Hong Kong.

Present	: Albert CHENG#	(CTN)	Chairperson
	Tony HO	(HYK)	Prin AS (Works) 4 of Development Bureau
	Boris YIU	(YTT)	Ch AS (Works) 4 of Development Bureau
	Henry CHANG	(CYS)	Ch Bldg Services Engr 2 of Housing Department
	CHAN Kim-kwong	(KKCN)	
	Calvin CHAN	(CaC)	
	Marvin CHEN	(MCh)	
	CHEUNG Man-tim*	(MTC)	
	Ivan FU*	(FI)	
	Conrad FUNG*	(KKF)	
	Thomas HO	(KnH)	
	Louis LEE	(LMHL)	
	Eddy TSANG	(TPC)	
	Simon WONG	(SWHW)	
	Andrew YOUNG	(AYMC)	
In Attendance	: Robert CHAN	(RCCM)	Director – Industry Development
	Yan ZHOU	(YZ)	Assistant Director – Industry Development
	Chris LAU*	(CLu)	General Manager – Finance & Procurement (only for item 2.4)
	Gordon GUO	(GoG)	Senior Manager – Mainland Liaison Services
	Kenneth WU*	(KW)	Senior Manager – Construction Productivity (only for item 2.3)
	Timothy LEUNG	(TLG)	Senior Manager – Construction Business Development

Eric JIANG	(EJ)	Manager – Mainland Liaison Services
Eros LAM	(ELLT)	Manager – Management Support
Angus NG*	(ANg)	Manager – Information Technology (only for item 2.3)
Hilda WONG	(HiW)	Manager – Construction Business Development
Lynn CHENG	(LyC)	Assistant Manager – Mainland Liaison Services
Nathaniel WOO*	(NJW)	Assistant Manager – Construction Business Development
Bosco LEUNG	(BLG)	Assistant Manager – Construction Business Development
Joyce LEUNG	(KYLg)	Senior Officer II – Construction Business Development
Liza LI*	(LaL)	Senior Officer – Mainland Liaison Services
Alison FUNG	(ALF)	Senior Officer – Industry Development
YU Hon-kong		Rider Levett Bucknall Limited (only for item 2.3)
Anderson CHAN		Rider Levett Bucknall Limited (only for item 2.3)
Philip YEUNG		Rider Levett Bucknall Limited (only for item 2.3)

Apologies : Rocky POON (LKP)  
Barry SUM (BSPT)  
J Scott MACKENZIE (JSM)  
WONG Ka-lung (KLWg)

# chaired the meeting on behalf of LKP

\* attended the meeting online via Microsoft Teams

MINUTES

Action

CTN welcomed Mr. Henry CHANG, who replaced Ir Rayson WONG as a representative of the Housing Department, joining the Com-CBD & ML meeting for the first time.

CTN advised Members that Committee on Construction Business Development (Com-CBD) had been renamed as Committee on Construction Business Development and Mainland Liaison (Com-CBD & ML).

Prior to the commencement of the Meeting, CTN reminded Members to declare any potential or actual conflict of interest with item(s) to be discussed at the meeting. No declaration was received during the meeting.

**2.1 Confirmation of the Minutes of Meeting No. 001/23**

Members took note of the paper CIC/CBD/M/001/23 and confirmed the minutes of Meeting No. 001/23.

**2.2 Matters Arising from the Last Meeting**

Following the item 1.3 from the previous meeting regarding the Work Plan of Follow-up Actions for Recommendations of the Report of Study on Strategic Review for Uplifting Construction Capacity, the 16 initiatives had been disseminated to the relevant departments for follow-up. Progress on the follow-up actions would be reported to Com-CBD & ML.

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**2.3 Construction Expenditure Forecast (2022/23 – 2031/32)**

Representatives from Rider Levett Bucknall (RLB) briefed Members on Paper CIC/CBDML/P/005/23 regarding the Construction Expenditure Forecast (the “Forecast”) from 2022/23 to 2031/32.

KnH enquired whether the Forecast had considered all future government projects such as Northern Metropolis Development and Kau Yi Chau Artificial Islands, etc.

RLB responded that the Forecast had incorporated actual and forecasted expenditures, which included government funded projects, and the projects from Airport Authority, Housing Authority, Hospital Authority, and Mass Transit Railway Corporation.

MINUTES

Action

MCh expressed his concern that the lower bound curve of overall forecast was relatively flat, which did not align with the growing construction volume expected in the next ten years. RLB explained that whilst the upper bound of the forecast was based on the best estimate of the as-planned scenario, the lower bound took into consideration various factors such as possible delays in the construction works, the status and progress of public works funding approval by the Legislative Council, processing time of land sales and town planning, etc.

CTN reminded Members that the expenditure forecast was based on the current data and was subject to annual updates.

Members approved the Construction Expenditure Forecast. The Forecast would be published on the CIC website, along with a press release.

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[KW, ANg and RLB representatives left the meeting at this juncture.]

**2.4 Business Plan 2024 of Committee on Construction Business Development and Mainland Liaison**

TLG and GoG briefed Members on Paper CIC/CBDML/P/006/23 regarding the Business Plan 2024 of CBD & ML.

Members were aware of the differences between the Business Plan presented and that provided in Paper CIC/CBDML/P/006/23. TLG explained that the variance was due to further coordination with other departments and confirmed that the one presented at the Meeting should take precedence.

Regarding item 1.1 of the Business Plan 2024 for CBD - study on procurement strategy and tender procedure, KnH enquired the scope and the deliverables of the study.

TLG responded that the study would review the tendering approach and procedures and provide recommendations on promoting and facilitating wider adoption of innovative technologies through tendering.

MINUTES

Action

MCh further asked the focus area of the study. MCh also urged earlier completion of the study considering the industry had pressing need of it.

TLG replied that the study would focus on infra-structure works. The timeline of the study would be reviewed accordingly.

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HYK expressed concern about item 3 of the Business Plan 2024 for MLS regarding the subject of “Increase Manpower Supply”. The issue of manpower supply should be reviewed holistically with other departments in CIC. MLS was not in the position to lead the exercise. GoG responded that the role of MLS in this manpower supply issue would be further reviewed and coordinated with other departments.

Members endorsed the 2024 Business Plan and associated Budget. The same would be further considered by the Executive Committee in September 2023 and ultimately approved by the Council in October 2023.

CTN remarked that the Business Plan would be subject to the final budget allocated to Com-CBD & ML. Part of the initiatives may be withdrawn should there be insufficient budget allocated.

[CLu left the meeting at this juncture]

**2.5 Study Tour to London**

TLG presented Paper CIC/CBDML/P/007/23 regarding the plan including the proposed itinerary, delegation list and estimated expenses for the Study Tour to London.

KnH suggested visiting live projects or sites using innovative technology for construction instead of NEC project at Thames as such would be nearly completed during the time of the visit. CIC Secretariat would review and update the itinerary accordingly.

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Members approved the plan for study tour to London. Invitation would be sent to Members for joining the Tour.

MINUTES

Action

**2.6 ★Release of “Alert on Cashflow Problems”**

Members took note of the starred discussed paper \*CIC/CBDML/P/008/23\* and approved its publication on the CIC website and dissemination to industry stakeholder groups and associations.

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CTN suggested including this as one of the discussion items in the next meeting with The Real Estate Developers Association of Hong Kong.

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[Post meeting notes: As suggested by Development Bureau (DEVB), the Alert would also be promulgated to government works departments]

**2.7 Not Used**

**2.8 Progress Update on Task Force on Greater Bay Area**

FI briefed Members on the progress of Task Force on Greater Bay Area. There were several visits to Mainland China arranged in the past few months. In addition, the CIC Guangdong Office was officially registered in May 2023.

EJ reported that there were six visits to Mainland China in the first five months of this year, which included visits to the MiC factory and organisations in Guangzhou and Shenzhen as well as attended to SmartHK event organised by Hong Kong Trade Development Council (HKTDC) in Guangzhou. Ten more visits/events to Mainland China, such as signature courses on national affairs in Beijing and visit to Huawei in Shenzhen, etc. had been planned until the end of 2023.

The registration of the CIC Guangdong Office was approved on 5 May 2023. This was the first statutory body in Hong Kong to set up an Overseas Representative Organisation of Non-Governmental Organisations in Guangdong Province, and the first Overseas Representative Organisation of Non-Governmental Organizations under supervision of the Department of Housing and Urban Rural Development of Guangdong Province. The grand opening for the Mainland Liaison Office was scheduled for 24 July 2023.

MINUTES

Action

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

KKF briefed Members on the progress of the Task Force. The tender of the consultancy study on review and enhancement of construction contract terms was approved by Com-CBD on 26 April 2023. It was anticipated that the tender would be issued by the first week of June 2023 and returned by end of June.

**2.10 Progress Update on 2023 Major KPIs**

TLG briefed Members on the progress of 2023 Major KPIs.

TLG reported that all the major KPIs, such as organising partnering workshops, establishing a task force for the study on the review and enhancement of construction contract terms, and building up a GBA hub for business connections between Hong Kong stakeholders and the GBA supply chain were on track.

**2.11 Any Other Business**

YTT briefed Members on the latest status of Security of Payment Legislation (SOPL). Based on the comments received on the draft SOP Bill, some areas of improvement on the draft Bill were identified and relevant amendments to the draft Bill were proposed. DEVB had consulted the relevant stakeholders on the proposed amendments and majority of them supported the Government to proceed with the legislative work based on the latest legislative proposal. The draft SOP Bill was being finalised and the Legislative Council Panel on Development would be consulted in 2023 Q4.

Under the latest legislative proposal, while non-time-related payment disputes could be referred to adjudication once the legislation was effected, the right to refer to adjudication for time-related payment disputes would be put forward in two phases. Phase 1 would cover all construction contracts of the Government and specified bodies, while Phase 2 would cover all construction contracts of the Government, specified bodies and private construction contracts.

Moreover, in private sector, the SOPL would cover construction contracts for new works and substantial modification works to existing structures (satisfying the definition of “new building” in the Building Ordinance) with original value exceeding the

MINUTES

Action

threshold. For construction contracts entered by the Government and specified bodies, the SOPL would be applicable to all construction activities regardless of the values.

YTT supplemented that there would also be some minor refinements in the legislative proposal. For instance, the consideration of typhoon or adverse weather and holidays in counting the days for the adjudication proceedings.

YTT invited Members to share their views and experience on payment problems.

As the representative of sub-contractors, KKC� strongly opposed to “pay when paid” clause commonly adopted in domestic sub-contracts in Hong Kong. Such clause was totally unfair to sub-contractors and caused cashflow problems to sub-contractors. The situation of withholding payments from the main contractors based on the “pay when paid” clause was becoming more serious in recent years and shall be dealt with without further delay.

TPC shared the pain point of material suppliers. It was not uncommon that they had to continue to supply materials to sub-contractors or main contractors even if they had not been paid timely and properly. This was necessary for not risking being removed from the approved list of suppliers for the Government projects.

MCh expressed his support for SOPL. However, he shared that lead consultants might face cashflow problems under SOPL. It was the usual situation that the lead consultants borne the financial burden. The time-related payment such as design fees might be difficult to quantify, and that lead consultants would have to pay sub-consultants even if they had not been paid by the client. As a solution, he suggested a contractual arrangement for direct payment to sub-consultants.

KnH enquired whether DEVB would issue a code of practice for adjudicators to follow and the timeline for it if so.

YTT responded that they would discuss the details of the code of practice with the adjudicator nominating bodies and the Task Force for the Construction Industry Security of Payment Ordinance and targeted to issue the code of practice before implementation of the SOPL.



MINUTES

Action

**2.12 Next Meeting**

The next meeting was scheduled for 14 September 2023 (Thursday) at 2:30pm at Board Room, 29/F, Tower 2, Enterprise Square Five (MegaBox), 38 Wang Chiu Road, Kowloon Bay. **All to Note**

There being no other business, the meeting was adjourned at 4:30pm.

**CIC Secretariat  
June 2023**