

Construction Industry Council

Committee on Construction Business Development and Productivity

Meeting No. 002/24 of the Committee on Construction Business Development and Productivity (Com-CBD&PRO) was held on 14 October 2024 (Monday) 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)
	Rayson WONG*	(RaW)	for Permanent Secretary for Housing (Housing)
	Victor CHEUNG	(VC)	
	Danny HUNG	(CSH)	
	Leo LAI	(LLKW)	
	Yip-wing LEUNG*	(LYWg)	
	Simon LIU	(SiL)	
	Edward LO	(CPL)	
	Lawrence NG	(LN)	
	Wei PAN*	(PnW)	
	Edwin TONG	(ETg)	
	Eddy TSANG	(TPC)	
	Thomas YIP	(TYWK)	
	Emil YU*	(EYCO)	
In Attendance:	Francis AU	(FAKM)	Adviser
	Albert CHENG	(CTN)	Executive Director
	Alex HO	(AHKK)	Director – Industry Development
	Yan ZHOU	(YZ)	Assistant Director – Industry Development
	Timothy LEUNG	(TLG)	General Manager – Industry Development
	Kenneth WU	(KKCW)	Senior 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
	William WONG	(WWYW)	Manager – Industry Development
	Nigel CHAN*	(CCLN)	Assistant Manager – Industry Development

Apologies: Gerald LAU (GLTF)
Dominic LAW (DLTK)
David LEE (DLBF)

* Members attended the meeting online via MS Teams.

MINUTES

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2.1 Safety Moment

KKCW reported that Building Services Safety Handbook Version 3 has been published. Walk the Talk Webinar on Fatal Zone Management and ICAC Webinar on Professional Ethics and Integrity of Safety Officers would be held on 16 and 22 October 2024 respectively.

KKCW also 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.

Members took note of the above.

2.2 Confirmation of the Minutes of the Previous Meeting

Regarding the minutes of the previous meeting (Paper Ref. CIC/CBDPRO/M/001/24), the CIC Secretariat received a comment about a minor refinement to delete “Building Materials” in paragraph 1 in Agenda Item 1.13 to clarify the proposed areas for self-certification. The revised Meeting Minutes would be circulated to Members for confirmation.

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2.3 Matters Arising from the Previous Meeting

a. Self Certification

TLG reported that SiL was nominated to represent Com-CBD&PRO to attend the meetings on self-certification. The previous meeting was held on 18 June 2024. In the meeting, various government departments, including the Water Supplies Department, the Drainage Services Department, the Fire Services Department and the Food and Environmental Hygiene Department had positive engagement with industry stakeholders. The next meeting was

under arrangement.

2.4 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 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 2.10.
- For KPI Item 3 on promotion of NEC Contracts, two events were organised on 9 July 2024 and 18 July 2024 which covered topics on NEC HK Edition and NEC for Building Works respectively. One more event would be held on 29 November 2024 to introduce NEC Term Service Contract (TSC) HK Edition. Moreover, CIC assisted the Development Bureau (DEVB) to launch a series of training workshops for government project officers and resident site staff. The first training workshop was held on 11 and 12 September 2024.
- For KPI Item 4 on Security of Payment Legislation (SOPL), details would be reported under Agenda Item 2.12(a).
- KPI Item 5 on CIC Outstanding Contractor Award 2024 was on track. Further details would be reported under Agenda Item 2.9.

b. KPI progress update of Construction Productivity

KKCW updated the progress on KPI Items 1 to 4 of Construction Productivity as follows:

- KPI Item 1 on managing the Digital Resource Centre was on track. Up to 2 October 2024, the accumulated click rate on Digital Resource Centre is 41,485.
- KPI Item 2 about the promotion of innovative solutions was on track. A seminar would be held on 12 December 2024 about High Strength Steel – S690/S960 and the Artificial Intelligence

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Rock in Ground Investigation Logging, which was an invention from the CIC Research & Development Fund. Key persons would be invited to share the implementation of those innovative solutions on construction sites.

- For KPI Item 3, five additional innovative technologies had been identified to meet the current industrial needs on site, which were: 1) Landlink, a network technology to provide stable 4G/5G network in confined space to support data transmission and safety monitoring purposes; 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); 3) Scaffolding Sensor, which could mitigate human error that caused failure of scaffolding system; 4) Unmanned Tower Crane, which enhanced both safety and productivity of tower crane operation; and 5) Smart Site Safety System (4S), which should be further promoted to the sites that had not implemented 4S yet to enhance construction safety.
- KPI Item 4 on CIC Innovation Award (CIA) 2025 and Construction Innovation Expo (CIExpo) 2025 would be reported under Agenda Item 2.8.

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

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

- KPI Item 1 on updates of Reference Materials was on track. Reference Materials on Logistics and Transport for MiC Projects were circulated to Members for comment, with further details to be reported under Agenda Item 2.7.
- KPI Item 2 on MiC Resources Centre was on track. As of 2 October 2024, the total number of visitors to the MiC Resources Centre was 8,418. Three exhibits were proposed for placement in the MiC Resources Centre: 1) the China State Hailong Factory model, highlighting the automation of MiC factories; 2) the Tonkin Street Model, representing the first MiC project developed by the private sector; and 3) the High West Residential Development model, showcasing the design of a three-bedroom unit to demonstrate the flexibility of MiC technology. Members

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expressed concerns regarding the recognising MiC buildings and suggested that MiC modules should be installed and showcased like traditional show houses, without explicitly labelling as MiC buildings. The CIC Secretariat noted and would follow up. Members had no further comments on the proposed exhibition. The exhibits would be updated accordingly.

- 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 on track. Four events had been completed. Feedback from the seminar on the Tonkin Street MiC project, which was held on 15 August 2024 and attracted over 1,800 attendees both in-person and online, was positive.
- KPI Item 5 on providing support to the establishment of MiC and MiMEP training courses was on track. The new CIC Master Class on MiC Logistics and Transportation Management would be held on 21 October 2024. The revamp of teaching materials for the MiC foreman course was in progress.

2.5 Update on Future Construction Excellence Programme

ZeL reported the status of Future Construction Excellence (FCE) programme. Positive feedback was received from participants who attended the Global Insights Module, which was held from 23 September 2024 to 27 September 2024. ZeL then outlined the content of Regional Know-How Module and the Local Expertise Module within the programme. The Graduation Ceremony would be held on 3 December 2024 and all Members were invited to join. CIC Secretariat planned to improve the course based on the collected feedback in the coming cohort. Members took note of the above.

2.6 Update on MiC / MiMEP Promotion Activities & Plan

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ZeL presented the proposed MiC MiMEP promotion plan, which would include consultation with different industry stakeholders to identify the pain points and to address them with relative tactics.

ZeL further elaborated the proposed tactics and initiatives to facilitate the adoption of MiC MiMEP in the construction industry, including 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 CIExpo 2025. Details regarding the judging panels and award categories would be updated for Members' information later.

For the general public part, ZeL presented the idea of organising a MiC project visit day and an interactive showcase at the MiC Resources Centre. For the overseas part, ZeL recommended participating in international construction conferences and association visits to foster connections with overseas organisations and enhance knowledge sharing on MiC MiMEP development.

Members emphasized the importance of knowledge sharing among sub-contractors as well through factory visits, site visits and other knowledge sharing initiatives.

Members also expressed concerns regarding the high cost associated with MiC adoption when compared to traditional on-site construction methods. On this, CIC Secretariat intended to conduct a consultation to pinpoint stakeholders' challenges and identify major cost components in MiC adoption, as well as to explore potential support measures.

Members had no further comments.

2.7 **Reference Material on Logistics and Transport for MiC Projects**

ZeL and Thomas LAM, CIC Consultant – Industry Development, reported the details on the major updates in the third edition of the Reference Material on Logistics and Transport for MiC Projects. Members had no comments on the Reference Materials. The Reference Material would be issued to the public on the CIC website.

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

KKCW reported the update on the preparation work of CIExpo 2025 and CIA 2025. After consolidating the comments from the Organising Committee (OC) Members, the programme of CIExpo 2025 was updated to a 3-day programme which would be held from 11 to 13 December 2025. The Key Visuals of CIExpo 2025 and CIA 2025 were also updated and incorporated the OC Members' comments. The Launching Ceremony of CIA 2025 and Introduction to CIExpo 2025 would be held on 30 October 2024.

2.9 CIC Outstanding Contractor Award 2024

TLG reported that following the final assessment by the Judging Panel on 19 September 2024. The Award Presentation Ceremony would be held on 6 November 2024 at Island Shangri-La.

Secretary for Development, Ms Bernadette LINN, was invited to be the Guest of Honour and her attendance was confirmed with DEVB. Members were invited to join the Award Presentation Ceremony as guests and the invitations were sent through CIC Secretariat.

TLG further briefed Members on the rundown of the Award Presentation Ceremony. Two plans of rundown were proposed.

In the original plan, Sub-Awards would be presented first, followed by the Grand Awards. In consideration of Secretary for Development's schedule, a contingency plan was also proposed to reshuffle the award presentation sequence. The major difference was that, when necessary, the Grand Award for the Major Contractor category would be presented first, following which the Sub-awards and the Grand Awards for different contractor categories would be presented in an alternate manner. The final rundown would be confirmed subject to further confirmation with the DEVB.

TLG presented the layout and the Oscars-like elements of the Award Presentation Ceremony, which included the overall tone, decoration, dress code, choice of emcee and the manner in which the Award winners would be announced.

Members noted that the Award Presentation would follow an Oscars-like style with short speeches delivered by the Award Presenter and opined

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that the content of the short speeches would be crucial to the mood and excitement of the Award Presentation Ceremony. Members enquired whether the Guests of Honour who would be the Award Presenters were aware of this arrangement and whether any scripts would be prepared for the Award Presenters. TLG clarified that the Award Presenters were informed about this arrangement and the CIC Secretariat would prepare scripts for those Award Presenters representing CIC. RyL advised that CIC Secretariat might consider appointing professional script writers to draft interesting speeches to draw the guests' attention. CTN explained that the intent of the short speeches was to highlight the characteristics of the Awards as well as the Award winners, and to express the industry's expectations on their performance. The speeches were intended to be kept short, say 1-2 minutes.

For pre-event promotion, TLG reported that the Award Presentation Ceremony would be promoted through outdoor advertisement including tramcar body advertisement and MTR station panel advertisement, online media and CIC network. For post-event promotion, TLG reported that the Award winners would be promoted through promotional videos on social media, advertorials in one Chinese and one English newspaper and press release at CIC website.

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

TLG reported that the draft final report was submitted in September 2024 with certain pain points identified and recommendations provided. An engagement session with The Real Estate Developers Association of Hong Kong (REDA) was held on 9 August 2024 to collect feedback on the report. Engagement sessions would be arranged with other industry stakeholders to collect their feedback on the draft final report.

To address the pain points, two Variation Orders (VO) were issued to the consultant. VO1 was to explore standard contract clauses on safety and innovation and technology for the private sector with reference to public works contracts, while VO2 was to identify industry best practice and standardised project templates for contract management. Both VOs were on track.

The intent of VO2 concurred with the views received from industry stakeholders, especially regarding change management and final account settlement, which significantly impact construction project cashflow. The first draft report of VO2 was targeted to be submitted by the consultant by October 2024. The CIC Secretariat would then arrange engagement sessions with industry stakeholders to collect their feedback to refine the report of VO2. The report of VO2 was targeted

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to be completed by November 2024.

SiL showed in-principle support for promulgation of standard clauses on safety and establishment of industry best practice for the industry to follow, and believed that the concerted effort of the industry to uphold construction safety and industry best practice would enhance the productivity of the industry in the long-term. Members recognised that CIC Secretariat played a key role in 1) reconciling the different views and interests of various stakeholders; 2) ensuring the standard terms and industry best practice were drafted in a fair and balanced manner; and 3) considering the perspectives of various parties, to make the standard clauses and industry best practice operative. Members advised CIC Secretariat to promote the standard terms on safety and industry best practice in stages, first to non-governmental organisations, then to private organisations.

2.11 Construction Expenditure Forecast

a. Construction Expenditure Forecast Timeline

KKCW presented the Construction Expenditure Forecast Timeline in 2024. The result of Construction Expenditure Forecast would be circulated to Task Force Members for approval in November 2024 and would be published in December 2024.

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b. Appointment of Chairperson and Members to the Task Force on Construction Expenditure Forecast

KKCW presented the membership period (i.e. from 1 November 2024 to 31 October 2026) and the composition of Task Force to Members. Members suggested to include representative from sub-contractor field as one of the Task Force Members as they could reflect the industry situation, as well as institutes and/or organisations which could contribute to the data collection on construction expenditure. The CIC Secretariat took note of the above and would discuss with DEVB on the Task Force composition and would circulate the membership list to Members for approval.

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2.12 Any Other Business

a. Update on Security of Payment Legislation (SOPL)

TLG reported on the update on SOPL. Meetings related to SOPL were held in the past three months, including Bills Committee on

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Construction Industry Security of Payment Bill Meeting and SOPL Task Force Meeting.

During the SOPL Task Force Meeting, the update on details of the scrutiny of the Bill by Bills Committee, the development of the Adjudication Modules and the Adjudication Nominating Bodies (ANB) Registration and Training Modules for Potential Adjudicators was provided.

As at the end of September 2024, a total of 387 works contracts with Security of Payment Provisions have been tendered, and 289 out of the 387 works contracts have been awarded. No reported adjudication case has been received.

In addition, RyL mentioned that the legislation procedures for SOPL would be expected to be completed in late 2024 to early 2025. SOPL would be effective for contracts signed after 8 months of passage of SOPL.

b. Initiatives Proposed by the Hong Kong Construction Association (HKCA)

TLG introduced two initiatives proposed by the HKCA as follows:

- (i) Requesting construction workers to sign a declaration to acknowledge receipt of wages; and
- (ii) Establishing standard working hours for construction workers.

As far as sub-item (i) on wage payment to construction workers was concerned, SiL supplemented that due to the payroll disparity in the construction industry, the amount stated in the wage declaration signed by the labours were their partial payment only. Therefore, the ultimate goal of the wage receipt declaration system was to eliminate potential disputes and labour strikes arising from understatement of wages in employment contracts, which required the concerted effort of contractors and sub-contractors, support from clients/employers and consultants as well as the integrity of workers.

As far as sub-item (ii) on standard working hours was concerned, SiL supplemented that most of the employment contracts had specified the working hours while the workers did not strictly

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follow the specified working hours in reality, which adversely affected the construction productivity. Therefore, HKCA solicited support from contractors, sub-contractors and labour unions to jointly take actions to enhance the discipline of workers to follow the standard working hours. Members understood that the working hours for different trades might differ and the term “standard working hours” should mean the minimum number of working hours.

Members showed in-principle support to the above two initiatives and acknowledged the potential difficulty for implementing sub-item (i), but the direction was correct and the progress should be expedited.

2.13 Next Meeting 003/24

All to Note

The next meeting would be held on 18 December 2024 tentatively. The Secretariat would inform Members upon confirmation of the meeting details.

The meeting was adjourned at 5:30 pm.