The Hong Kong E&M Contractors' Association Limited
香 港 機 電 工 程 商 協 會 有 限 公 司

Room 1801 Tung Wai Commercial Building,
109-111 Gloucester Road, Wanchai,
Hong Kong.

Tel : (852) 2519 3226
Fax : (852) 2519 0298
E-mail: hkemca@gmail.com
Web site: https://hkemca.org/

Our ref: EMCA-2020-HS-004/GT

27 March 2020

Ir Dr the Hon LO Wai Kwok, BBS, JP &
Hon Abraham SHEK Lai-him, GBS, JP

(By email: abrahams@netvigator.com &
drwklo@gmail.com)

Dear Hon WK, Hon Abraham,

Re: Disruption of Construction Works due to a Combination of Various Preventative Measures to Stop the Spread of New Coronavirus Pneumonia (NCP/COVID-19)

As per the discussion on the captioned subject, we have reiterated the exceptional challenges confronting the construction industry since the outbreak of the Coronavirus pandemic and the Bureau's support to date. The latter primarily limited to administering the award of EOT's for delays caused by the Coronavirus outbreak.

Crucially, the Development Bureau's measures do not result in contractors recovering any costs for EOT's awarded or payment of associated disruption to works and supply chains placing the entire industry, from SME's to tier 1 contractors, in an extremely vulnerable financial position, the consequences of which could be catastrophic.

During our discussion, we proposed that the Government extend its support further by implementing additional measures to support our industry:

(i) Payment of costs for EOT times granted as a consequence of events arising from Coronavirus delays.

.../P.2

Our ref: EMCA-2020-HS-004/GT
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(ii) If there is no specific guideline on the EOT mechanism, contractors have an obligation to provide LD provision in their annual accounts for audit the prompt and timely administration of EOT's is vital; which will cause the negative impact on their financial position.

(iii) Payment of the related disruption and idling costs.

(iv) Costs being incurred by the supply chain.

(v) CIC waiving levies for six months to ease the financial and cash flow burden.

(vi) Support and assistance for specialized licensed trade professionals e.g. REW's in managing and administering the timely renewal and approval of their licenses.

(vii) Government to engage with quasi government departments (e.g. WKCDA, HKSTP etc.) and private organisations/developers to adopt the measures which should include the proposed 2% advance payment initiative; at a cap of HK$30,000,000-.

(viii) Housing Authority to adopt the same arrangement as in item (vii) including nominated subcontractors.

To conclude we would welcome your feedback, views and opinions before we engage further with Legco and Development Bureau.

Yours faithfully

Gilbert TSANG
President

cc Permanent Secretary for Development (Works) - Mr LAM Sai Hung, JP
HKCA – Mr Allan Chan
HKFEMC – Mr Rocky Poon