



# Surveying

news



Stephen Liu

## Message from the President

The economic downturn for the last three years has affected everyone in Hong Kong, including the surveyors. Members are faced with either a freeze or even a reduction in salary. Surveying practices are faced with a reduction in workload and fierce fee competition. The professional fees are often below survival level. In addition, surveyors are faced with competition from other professions taking away works from us. We need to explore new job prospects in addition to our traditional works. We also need to equip ourselves better to cope with new requirements and modern technology.

Early this year the government said that the worst was over and Hong Kong was achieving positive economic growth again. Unfortunately, most of the Hong Kong citizens including us do not feel any benefit from the economic recovery.

During this difficult time, some surveyors may adjust their services to suit the fee level. However, members are reminded that the professional standard and ethic should not be sacrificed due to the reduction in fee level.

### NEW OFFICE FOR HKIS

The Institute moved into its new office at Suite 801, Jardine House, on 7 May 2001. Members should have received a notice of the new address from the Institute. The telephone and fax numbers remain unchanged.

A house warming reception has been arranged on the 8 June 2001 (Friday) and all members are invited to visit the new office of the Institute.

### VISIT TO SHANGHAI BY THE TEN PROFESSIONAL INSTITUTES

The visit to Shanghai between 15-17 April 2001 by the ten professional institutes to promote the professional services and to strengthen the relationship with our counterparts in Shanghai was very successful. Some photos of the visit are appended here for members' reference.

A memorandum of agreement was signed between the Coalition of Professional Services and the Shanghai Association of Experts with Outstanding Contribution (the organizer for this trip). A copy of the agreement (in Chinese) is reproduced in the newsletter for members' reference. (see page 3).

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# Surveying

SURVEYING is the newsletter of the HKIS. It is distributed to members, students and friends of the surveying profession free of charge. Anyone wishing to receive a copy may contact the office of the Institute.

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## EDITORIAL CONTRIBUTIONS

Surveying encourages article queries and submissions. Article submissions should include both hard (printed) copy and a diskette in Word format. Contributions should reach the Hon. Editor at the office of the Institute before the 10th of each month.

## Information & Contents

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## Advertising

All advertisements and small ads are welcome. SURVEYING is reaching over 5,500 readers. For detailed information and advertising rates, please contact Ms Margaret Yung of the Secretariat office at 2526 3679.



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Monday to Thursday 9:00am - 5:30pm  
Friday 9:00am - 5:00pm  
Saturday 9:30am - 12:30pm



GPD Chairman, Mr Tony Tse, Junior Vice-President, Mr Kenneth Chan and President, Mr Stephen Liu making a toast to the President of the Shanghai Association of Experts, Mr Sun Lu Yi (2nd right)



HKIS delegates with Hon. C Y Leung, promoter of the visit. (From left to right) Junior Vice-President, Mr Kenneth Chan, Senior Vice-President, Mr Chan Hak, Hon. C Y Leung, Hon. P C Lau, President, Mr Stephen Liu and GPD Chairman, Mr Tony Tse



Group photo of the delegates from the Ten Professional Institutes

Further to the successful visit, it was proposed by the promoters of the Coalition to formally establish the Coalition into a legal association and continue the objective of promoting professional services in Hong Kong to the Mainland and overseas. The Hong Kong Institute of Surveyors, being a leading profession in the Coalition, supports the idea and will participate in the formation of the association.

## TOWN PLANNING AND DEVELOPMENT DIVISION

In the previous years, the Planning and Development Division was grouped under the General Practice Division, as the number of members was fairly small. However, in recent years, the number has been increasing and some members are considering shifting their membership to the Planning and Development Division. A working group has been set up to look into the transition arrangement and more details will be published to inform members of the latest development.

## MEMBERS' VIEWS ON THE INSTITUTE

The Institute welcomes views from members on all matters relating to the Institute's affairs.

All letters properly addressed to the Institute will be formally responded to. All enquiries, complaints and suggestions will be seriously considered and discussed in the management or council meetings.

Some members however do not identify themselves in their letters and therefore have made it difficult for us to reply. Recently, it has also been discovered that some members have expressed their views and complaints through e-mail, using other member's names and quoting untrue statements. This is very unprofessional and affects the reputation of other members.

I hope that members will put a stop to this. The Institute is very open and transparent. There is no need for any anonymity from giving any comments or complaints.

# 香港專業聯盟與上海市 突出貢獻專家協會 關於進一步加強兩地專業 交流與合作 備忘錄

2001年4月15日至17日，由香港專業聯盟與上海市突出貢獻專家協會共同發起的“發展與交流——滬港專業人士圓桌會議”在上海舉行。期間，來自香港專業聯盟的會計師公會、建築師學會、大律師公會、牙醫學會、工程師學會、園境師學會、律師會、醫學會、規劃師學會、測量師學會等十個專業團體的近30位專業人士與來自上海市突出貢獻專家協會，以及上海市建設、財會、司法、醫衛等系統和團體的40餘位專家就共同關心的問題進行了廣泛而深入的探討與交流。兩地專家一致認為：港滬兩地在人才交流、專業市場發展和應對WTO挑戰等諸多方面有著共同的需求和發展目標，港滬專業人士應進一步加強交流與合作、積極推動兩地間形成互補、互動、互利、互惠、雙贏的專業人才交流和專業市場發展機制。為此，香港專業聯盟和上海市突出貢獻專家協會達成以下共識：

1. 香港專業聯盟和上海市突出貢獻專家協會將為推動兩地專業團體發展和專業人才的交流建立長期合作關係。
2. 建立“發展與交流——滬港專業人士圓桌會議”制度。“圓桌會議”每年至少舉行一次，由香港專業聯盟和上海市突出貢獻專家協會在港、滬兩地輪流舉辦。會議議題及時間由香港專業聯盟和上海市突出貢獻專家協會於會議舉行當年初共同確定，議題範圍為港滬兩地專業發展所共同關心的問題。
3. 香港專業聯盟和上海市突出貢獻專家協會每年選派高級專業人才赴對方相關行業開展專業研修或工作交流。

香港專業聯盟和上海市突出貢獻專家協會每年分別組織兩地建設、財會、法律、醫學等行業的高級專業人才，赴對方相關行業作專業研修或工作交流。

以上共識經香港專業聯盟和上海市突出貢獻專家協會共同確認。雙方將以此為基礎，為進一步促進港滬兩地專業界的交流與合作，拓展兩地專業人才交流渠道，推動專業市場的共同繁榮和經濟、社會發展作出努力。

特此記錄，備忘。

香港專業聯盟  
上海市突出貢獻專家協會

## RELATIONSHIP WITH OVERSEAS PROFESSIONAL INSTITUTES

One of my missions for this year is to strengthen the relationship with our Mainland counterparts and overseas professional institutes.

In May, the professional institutes from Australia, New Zealand, Singapore, Malaysia, and Japan will be joining HKIS to participate in the Pacific Association of Quantity Surveyors (PAQS) meeting in Hong Kong and the international conference in Beijing. We shall discuss with these overseas professional institutes matters relating to further cooperation and recognition.

In addition, we are planning to visit the Royal Institution of Chartered Surveyors in UK this summer to continue our long term relationship with them. Further details will be announced later when a date is fixed.

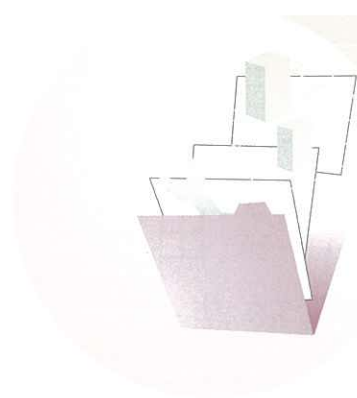
I look forward to having your continued support to the Institute. S

## HKIS OFFICE

The new HKIS office in Suite 801, Jardine House, has been in use for a couple of weeks and is praised by members coming for meetings and guests visiting HKIS. The spacious reception and meeting space, generous use of glass panels, light color panels, stainless steel ceiling inlay etc. give people a welcoming and open feeling once they step into the office. Compliments should go to Mr. Kenneth Chan, Junior Vice-President, who headed the office relocation working group that began work in January this year. Members of the working group included Mr. T T Cheung, Hon. Treasurer, Mr. Nelson Cheng, QSD Chairman, Mr. Alnwick Chan, GPD member and Mr. Tsoi Cheong Wai, LSD member. Mr. Nelson Cheng advised on the costs, contract documentation and administration.

Last but not the least, credit should also go to the design team of DTZ Debenham Tie Leung Project Services Limited, especially to Mr. Mark Li, Director, Ms. Lessamin Yau, Interior Designer and Mr. John Kwong, Assistant Building Surveyor, for their splendid detailed work on the design, layout and project supervision. You are most welcome to come and visit our new office and enjoy a cup of coffee and browse the internet or the various professional journals.






## Building Surveying Division

In May and June, we had or will be having quite a number of CPD events. We had a very informative talk by Dr Mingchun Luo on "Fire Engineering Approach" on 21 May. The event was well attended by 300 members. On 31 May, we had a CPD on "The role of Professional Surveyors to act as Authorised Person under the Building Ordinance". The seminar had the kind support of our senior members, Mr Richard Cheung, our divisional Chairman, Mr Kenneth Chan, our Immediate past Divisional Chairman and Junior Vice President, Mr Augustine Chow, from the Housing Society and Mr Raymond Chan, who shared their experiences as guest speakers.

In June, we will have two CPDs on town planning issues: "Reflections of Planning Control Decisions" on 5 June, with Mr Bo-Sin Tang as the guest speaker and "Thomas More's Utopia and Modern Town Planning" on 9 June, with Dr Lawrence Lai as the guest speaker. Although it is a month for town planning, we should not forget the most popular site visits. There will be a site visit to the ICI paint Factory in China scheduled on 9 June. Do check if you have enrolled on these interesting events.

On technical issues, our Technical Advisory Panel was busy in commenting on various amendments and issues on the building control system and building regulations, as well as the PNAP's. On 14 May, a group of four members from BSD together with members from GPD and QSD represented the HKIS to visit the new "Mock Up Centre" of the standardized designs of the Housing Authority and to give our opinions on the design, management and maintenance as well as the practical usage issues.

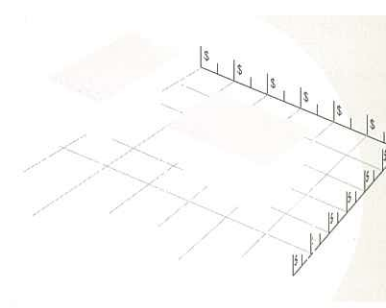
As a final reminder, please mark in your diary the BS Conference 2001. The annual event of the building surveyors will take place at the JW Marriott Hotel, Admiralty, Hong Kong, on 20 October 2001. 

## UPGRADING OF MEMBERSHIP

*Albert So, Honorary Secretary*

With effect from 1 April 2001, any member/student who applies for an upgrade of membership will only have to pay the difference in the subscription fee for the current year upon approval together with an application fee. For 2001/2002, the subscription and application fees are as follows:

Upgrading of membership	Application fee + Difference in Annual Subscription Fee	=	Total
Student A to Student B	\$615	\$365	\$980
Student B to Associate	\$1,230	\$615	\$1,845
Associate to Fellow	\$1,700	\$470	\$2,170



## GENERAL PRACTICE DIVISION

*Tony Tse, Chairman*

### POST-EXPERIENCE PROGRAMME IN REAL ESTATE DEVELOPMENT AND VALUATION

Last month I reported that the Vocational Training Council had agreed to organize courses relating to the surveying and real estate development field. Subsequently, a course "Post-experience Programme in Real Estate Development and Valuation" has been confirmed and organized by the School of Professional and Continuing Education of the University of Hong Kong. The course with a total of 40 hours will commence on 27 June 2001. It will last for 7 weeks and cover the 7 areas as reported last month. The Hong Kong Institute of Surveyors has approved the Programme as a CPD event and the closing date for application is 28 May 2001.

The General Practice Division Council would like to thank the following members who have kindly agreed to be the tutors for the Programme:

Mr. Augustine Wong	Mr. Jonathan Li
Mr. Bernard Chan	Mr. K F Man
Mr. Daniel Kwok	Mr. K K Chiu
Mr. Denny Tam	Ms. Mona Woo
Mr. Eric Poon	Mr. Patrick Lo
Mr. Francis Lam	Mr. Peter Tsang
Mr. Gary Cheung	Mr. Rock Tsang
Mr. Jacky Yeung	Mr. Simon Cheng
Mr. Jimmy Woo	Mr. Tony Chan

It is believed that the Programme will be useful to our members, in particular for those who are going to sit for the Assessment of Professional Competence in coming October. Any comments on the Programme or other matters relating to members' training courses are most welcome.

### MEETING WITH GOVERNMENT DEPARTMENTS

To enhance the communication between our Council and the various Government departments employing services of our members, we have decided to arrange more regular meetings with the heads and senior staff of such departments. Following our meeting with the Lands Department, an arrangement has been made to meet with the Commissioner of Rating and Valuation Department and their senior staff in May. It is expected that through more contact with these departments, we can exchange views on matters affecting our profession and also discuss ways to enhance the standard of our services. Members who have any suggestions are welcome to contact me or Mr. K L Leung, Chairman of Government Practice of the Local Affairs Panel of the GP Division. 



## LAND SURVEYING DIVISION

From the drizzly weather of April, we came to a warm and humid May, slowly easing into summer. Quite a few events took place or will be taking place in May. On the international side, Mr. T N WONG, past President of HKIS, and Mr. NG Tak-cheong, Chairman of LSD Education Committee, attended the **FIG Working Week 2001** in Seoul, Korea from 6-12 May on behalf of the HKIS. At about the same time but in a venue further to the south, Mr. WONG Chung-hang, Chairman of LSD, and Mr. SIU Wai-ching, LSD Council member, attended a meeting of the **China National Society of Survey and Mapping** held at Hainan, China from 7-12 May.

On the home turf, a FREE (not too many of them these days) CPD event took place in the evening of 14 May. There was a good turnout listening to Mr. J R SMITH, editor of Survey Review, who revisited some of the age-old survey techniques and technologies (for those of us brought up in the pre-GPS days) and provided some fascinating insights into the life of a surveyor and his remarkable career, and about the earth's highest peak bearing his name. The title of the talk was **Everest - the Man and the Mountain**.

Another CPD event in May will be the two-day **Technical Visit to Guangzhou** on 17 and 18 May. An event of this nature always has a good participation, and we could expect some good pictures in the next newsletter.

On 24 May, HKIS will send representatives to present the views of HKIS on the proposed SMC in the **LegCo Panel on Planning, Lands and Works**.

Looking ahead ...Could you picture yourself in the setting below?



Yes, the **LSD Golf Tournament 2001** is scheduled to be held on Thursday, 12 July 2001 at the Palm Island Golf Club & Resort in China. All LSD members and guests are welcomed to join the event. Further details will be posted to you shortly. 📧

## LAND SURVEYING DIVISION SPATIAL DATA INFRASTRUCTURE OF HONG KONG - CPD EVENT ON 24 APRIL 2001

LAM Lik-shan, Lesly

Technology is surging ahead, the sun is up on the information age. One of the naked seed examples is the advancement of Geographical Information System (GIS). More and more governments and private organisations are in possession of the Digital Spatial Data (DSD) nowadays. The DSD should then be maintained by GIS to form a robust Spatial Data Infrastructure (SDI) for user-friendly purposes. In Hong Kong, the Land Information Centre (LIC) of the Lands Department has already performed the pioneer work in establishing SDI for more than ten years. Our guest speaker, Mr Wong Chung-hang, who is the Chief Land Surveyor of the LIC, gave an account of the SDI initiatives and the various types of DSD available in the LIC. Although this CPD event was held in the evening, about 100 members from various divisions enjoyed a virtual sunbathing by the geographical spatial data in this information age.

Mr. Wong first pointed out that topography, cadastre, land use, population, transportation and utility were the common types of spatial data in Hong Kong. The economy is booming and relies on these types of information for land administration, town planning, infrastructure development, environmental protection, property management and many other business activities in the private sector. The users of spatial information become increasingly sophisticated and demand access to quality data. The SDI comprises the policy framework, procedures, technology and standards for facilitating the use and sharing of the spatial data.

With a long-term development plan of the SDI,

the LIC offers various DSD covering the whole territory of Hong Kong for sale to the public. The Digital Topographic Map Data and Digital Land Boundary Data are two of the main DSD examples. These DSD, in various scales (1:1000, 1:5000, etc.) and exchangeable formats (Arc/Info, DGN, DXF, etc.) are stored in a continuous and seamless map base and referenced in tiles. Such data are extremely useful for users working under different



The speaker, Mr Wong Chung-Hang, being presented with a souvenir.

platforms such as UNIX, MSDOS, etc. Mr. Wong supplemented that a renewable licence would be issued to customers who have purchased these digital data. Thematic Maps on various topics such as geology, population, climate, reclamation and development, communications and trade, airport height restrictions, etc. could also be obtained from the LIC.

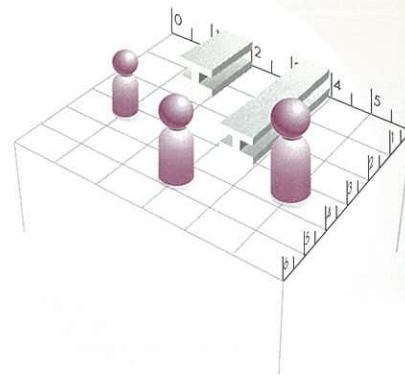
Another interesting topic addressed by Mr. Wong was Internet Mapping. He shared with us the main features in two launched digital mapping web sites which were developed by the LIC and two business partners. These two web sites

allow users to open one of several types of views, pan, zoom, and print the views in different scales. Users may also search features based on the names or attributes, display extended information about the features, and display the documents that are hyperlinked to the features on the map. Thus, whether it is for searching for a new business, finding the locations of public and private services or choosing the best route through traffic, web-based mapping can accelerate the decision making process.

Finally, Mr. Wong introduced us to the concept of Metadata Clearinghouse (MDCH). Metadata in fact is the information about the DSD which helps prospective users to find the most suitable data, to know how good the data is and where to obtain the data. That is to say, MDCH is a solution for facilitating spatial data mining. It can also help to accelerate the decision making process. The LIC has already set up MDCH amongst various government departments and other interested parties for the sharing of the DSD. MDCH would continuously be enriched by the metadata from more parties for potential SDI development in the future.

The Land Surveying Division would like to express its deepest thanks to Mr. Wong for his wonderful talk. 📧





## QUANTITY SURVEYING DIVISION

Nelson Cheng, Chairman

### WELCOMING DINNER FOR THE NEWLY QUALIFIED

A welcoming dinner for the newly qualified was held on 27 April 2001.

There were 80 participants including 48 newly qualified Associate members who were presented with the Associate Diploma by the President, Mr Stephen Liu. Mr Law Chi Kwong, who works with a Civil Works Contractor, took the prize of the best candidate of the year. Congratulations to Mr Law.



Mr Law Chi Kwong, the best candidate of the year

### 2001 INTERNATIONAL CONFERENCE ON PROJECT COST MANAGEMENT

The Conference was held on 24-27 May 2001. There were around 100 delegates who came from Hong Kong and overseas countries including United Kingdom, USA, Australia, New Zealand, Singapore, Malaysia, Finland, Canada and Sri Lanka. More than 200 delegates from China attended the conference. A detailed report will be given in the next issue of Surveying. □



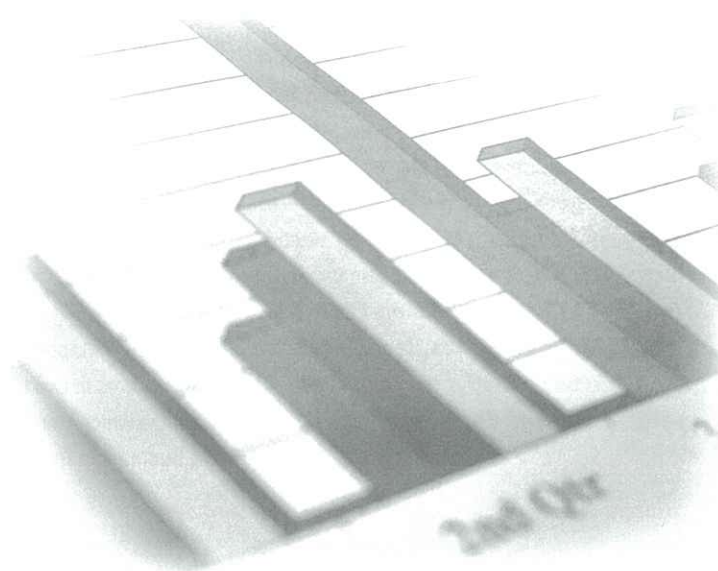
### CPD

The QSD have organised the coming CPD events:

- 24 May 2001 PAQS technical seminar on Project Procurement and Cost Management
- 29 May 2001 Time in Construction Contract / Liquidated Damages

### 5TH PAQS MEETING

The 5th PAQS Meeting was held on 22 May 2001. The technical seminar on Project Procurement and Cost Management was held on 24 May 2001. A detailed report will be given in the next issue of Surveying.



## SURVEYING AT NEW HORIZONS

Jim Yip, AHKIS, MRICS, JO Editorial Board representative



*You are a qualified chartered surveyor, you have substantial industry experience and you want to flex your muscles on a bigger scale. What are your options?*

Which image of a surveyor strikes a chord with the general public? A moustached man bearing a gavel and inviting bids at the City Hall? Or the one on the construction site bracing himself against the scorching sun, while shooting points with a telescope mounted on a tripod?

Don't you think the one making a powerful prognosis of house prices - without looking into a crystal ball - is also one of our members? And how about the one delivering a verdict hailed by a tenant, who is teetering on the brink of repossession, as a reincarnation of Judge Pao (包公)?

Surveyors nowadays take on a wide spectrum of roles. Some, after many years of private practice, decide to pursue academic careers, teaching surveyors of the future. And one, since October last year, has vowed to bring our voice to the Legislature.

In this interview, we talk to a property analyst, a Lands Tribunal member, a professor and a legislator. Highfliers in their respective positions, each one owes their success to a surveyor's upbringing.

### PROPERTY PROPHET

The office rental market - pushed by the WTO news, tight supply and strong demand - came roaring back, as the local economy powered to a two-digit growth rate in 2000. Adding to the

impetus, office investor stocks soared 50% a year on, in the first quarter of 2001. And, as usual, a slew of over-bullish market analysts joined in the chorus and further fuelled the rally.

But at this point, **John Saunders**, head of regional property research at CLSA - the broker that produces the famous Feng Shui Index every Lunar New Year - felt something nasty could occur on the back of a deteriorating US economy.

"I have become increasingly concerned that we are getting the beginning of a crack in rentals." In early April, he wrote this in a morning memo that was dispatched to his clients, and added, "I am also starting to get a severe feeling of déjà vu from my time with Hongkong Land in 1998."

The former Hongkong Land surveyor believed the current situation was "eerily similar" to 1998 when there was an oversupply and subsequent collapse in the Central office market. "In the short term, we are about to launch almost all of the next five years supply in Central into a zero-demand environment," John warned. Office investor stocks, once the darling of the investment community, have since declined sharply.

Unlike most property analysts, John is a chartered surveyor and backed by strong industry experience, spanning more than 15 years' in property investment and development in the UK, Hong Kong and the Asia Pacific Region.

In Hong Kong, he started as a commercial agent with Richard Ellis, then spent six years

with Hongkong Land, where he became head of regional property sales and leasing before switching to the role of property analyst with CLSA in 1999.

"As you come from the industry, you sit through the cycles, you understand the nuts and bolts of the property business, which cannot be acquired from company reports," he says. "And you have also built up a strong connection, not only with the agents, landlords and developers, but also the occupants. These all help your market calls to strike home."

John is strikingly tall and smiles a lot. These days, he has abandoned the pinstripe suit and dresses in business casual - a spread-collar dress shirt with the top button undone. You could easily get carried away by his easy manner.

Through the College of Estate Management, Reading University, he qualified as a general practice surveyor in 1997 and makes wide use of his property valuation knowledge in his analysis.

Once, in his research report, he even used a quotation from *The Income Approach to Property Valuation* (Baum and Mackmin) to sustain his argument on how market yield should be determined and how it would affect the stocks' net asset values. This was the quotation: "Valuation is the estimation of future benefits to be enjoyed from the ownership of a freehold or leasehold interest in land or property, exposing those future benefits in terms of present worth."



John wakes up at 6.00 am every day and, after half an hour's jogging, usually arrives in the office at 7.30 am. A telephone meeting with the US office, which is just about to close, starts at 8.00 am, and half an hour later there is another meeting with the local brokers. Two or three times a week, John writes his morning stories on his coverage stocks. Work is not finished until 9.00 pm and sometimes not until 3.00 or 4.00 am the following day, especially during the results season or special announcement sessions.

"This is an interesting job and there are always new challenges," says John. "The equity market and physical property market don't always go hand in hand, sometimes they couple together and sometimes they de-link from each other. Every time I spot the difference I just get excited about it."

His view on the residential market is more sanguine. The falling interest rate environment, mortgages now lower than rents, and home prices still at very low levels will spur strong buying interest in the market later this year, he believes. He cites the "Positive Carry" observation (i.e. rental yield greater than funding cost) in the UK during its property recession in 1993, which signalled the home market turnaround, and since then prices have continued their upward trend. This is good news for homeowners.

### PROPERTY PROTECTOR

For all of his past 60 years' of farming life, Mr. Cheung never believed he would ever be on the wrong side of the law. Like his other villagers in Yuen Long, he was reluctant to go to Court.

But his first experience with the law was to protect his land from falling into the preys of a powerful developer. Staring at the empty high-back chair in front and the red SAR bauhinia emblem that solemnly hung overhead, he was nervous. He was the last one to stand up as the judge walked into the courtroom.

As the hearing went on, his troubles went deeper. He first lost his temper after the excruciating cross-examination by the high-octane lawyers for the developer. He was then ridiculed for being too greedy on compensation demand in the expert witness's testimony.

He thought he was going to lose the battle and his home. Member **Patrick Lo** (Member is a term for a judicial officer in the Lands Tribunal who is a surveyor) came to his rescue. He explained to Mr. Cheung in great detail the court's hearing procedure and his rights. Patrick also directed him to begin his own evidence. Mr. Cheung was soon calmed down and spoke up with confidence.

"In the Lands Tribunal hearing, legal representation is not necessary and in most of the cases people do not have lawyers" says Patrick, sitting in his spacious office where the backdrop are stacks of law books. "Very often they have never been to court and they do not understand the rules and their rights."

Patrick believes it is important for both parties to have an equal opportunity in the hearing and no one should be impaired in the proceeding simply because he does not have the privilege of legal representation. So he gives guidance abundantly. He listens intently and writes down his notes during the whole hearing.

Patrick had more than twenty years in valuation before he became a Member in the Lands Tribunal in August 1997. He had worked in the Lands Department and Rating and Valuation Department. He had run his own private practice and he had also worked for a real estate and planning consultancy in Canada for several years.

"How should I address your title properly in court?" my first question in this interview is asked timidly. "Some people call me Sir, Your Honour or Member Lo, but Mr. Lo is just fine"

says Patrick. He then explains to me the naming of judges in different courts. "If you are in the Magistrate's Court, you call the judge Your Worship; in the District Court, Your Honour; and in the High Court, Your Lordship."

Patrick mainly deals with cases in new tenancies, rating appeals, land resumption compensation and the Land (Compulsory Sale for Redevelopment) Ordinance. Most of the time he has to make decisions on valuation disputes. Normally the cases with the longest hearing time are those for land resumption compensation. Patrick recalls that it took a long time for the then Privy Council to finalise the decision in 1995 on the famous resumption case of Shun Fung Ironworks Ltd. v Director of Buildings and Lands (1995) 2 AC111. The original resumption order for Shun Fung's mini-mill in Junk Bay was made in 1985.

Patrick expects later this year that the Tribunal will be handling more compensation cases on the West Rail project. He is looking forward to them. Last year he heard a dispute on the business loss compensation of one private clinic in Mong Kok, which was resumed by the LDC. Arguments were heavily concentrated on the evidence in the then just published Harvard Medical Report which provided financial information on medical practice's income trend and forecast. "Every time I deal with resumption cases, there are always new challenges to my valuation knowledge," he says.

"What advice would you give to surveyors representing his clients in the Lands Tribunal?" I cannot think of a better question than that. "Firstly, I like surveyors who have made good preparation for the case on the hearing," says Patrick. "Secondly, an experienced expert witness knows the skills of compromising. You cannot be 100% right on your valuation evidence and you should know when to resign on your weak position and concentrate your effort on the

strong arguments during the hearing. This not only saves hearing time, but also leaves a good impression to the Judges that the valuer's opinion is impartial."

Patrick also points out that the appointment of a professional valuer in Lands Tribunal cases can definitely help the parties. "A surveyor knows how best to present his market data and valuation and you would be in a disadvantaged position if you do not have one," Patrick says.

Had Mr. Cheung received this advice earlier, his predicament might have been solved.

### PROPERTY PROFESSOR

I looked at the TV screen. Several market commentators were engaging in a hot debate on housing policy. "I think one good example of the ill-conceived housing policy is the Tenants Purchase Scheme." A professor from Hong Kong Polytechnic University (HKPU) said. "The government brags about the long waiting queue for public housing, and on the other hand it actively sells these units to existing tenants who could afford ownership in the private market."

He was a new face to me. His speech was eloquent and persuasive. He wore a tie and a white short-sleeved shirt, a very conservative dress code. But suddenly, as the TV camera panned away, I spotted him wearing training shoes. This gave away the professional image that I had on him just few seconds ago. My intuition told he must be a funny fellow and hugely popular amongst his students.

Once I stepped into his office for the interview, I immediately recognized him - the "funny" professor. He is **Eddie Hui**, associate professor in the Department of Building and Real Estate, HKPU. I looked around his office in hope for clues about his character. I was not disappointed. His office was crammed with books and journals plus some interesting items: Mcmug cartoon puzzle, Garfield jar, and photos of him with students on an overseas trip in a Hello Kitty photo-frame and lots of sweets.

"These are souvenirs from my students. They do not have enough space to store them at home so they bring them here," Eddie explains. Eddie's tiny office is also the playhouse for many of his students. He is indeed voted unofficially as one of the favorite lecturers in the university.

"You can find his office very easily. His door is always open. He likes to be around with the students." One of his former students says about Eddie.

Eddie is a Chartered Quantity Surveyor. He practiced in Davis Langdon & Seah after graduating from the University of Hong Kong with a first class honours in 1988. His switch in career path from private practice to academic is owed to his mentor Professor Anthony Walker, former head of the Department of Building and Real Estate, HKU, and a leading academic on China property market.

"Professor Walker had a great influence on me. He always told us not to lose sight of the mission. The moral is no matter how difficult or challenging or scary your situation may be at time, stay focused on two or three things and work like beavers," says Eddie.

With the encouragement and support from Professor Walker, Eddie won a Commonwealth Scholarship to study a Ph.D. in Cambridge University. And in Cambridge, this top HKU achiever who had been number one in class for 4 years consecutively met his first failure and only managed a second place in class. "There are a lot of people who are more cleverer and smarter than me in Cambridge," Eddie says. "It was such an eye-opening experience for me." Nevertheless, Eddie got a distinction for his MPhil degree and passed his Ph.D. exam with flying colours. According to Eddie, the professors without any amendments approved his final paper, which was rare in a Ph.D. exam.

In Cambridge, Eddie was deeply impressed by his professors' enthusiasm and passion in research. "They would wrap their books in a supermarket shopping bag and cycle back to the school and then work until midnight. On lifestyle, they were plain simple, but on research, they were dead serious and professional," Eddie says.

Eddie was also inspired by Steven Hawking, another Cambridge lecturer and the well-known cosmologist. Steven Hawking suffers from a terrible disease in the nervous system called ALS (Amyotrophic Lateral Sclerosis). He cannot speak, nor can he move apart from a few hand or face muscles. "Using a wheelchair equipped with a computer voice simulator, he overcomes his impediment and continues his research work in black-hole theory," Eddie goes on with his admiring words. "He is the Lucasian Professor of Mathematics at Cambridge University, a post once held by Sir Isaac Newton."

Today, apart from teaching, Eddie does a lot of research works. His main research interest is in housing economics and finance, urban economics, the economics of real estate. He has just written a paper on optimum pricing theory, an alternative valuation technique for evaluating a development project. He has used the Disneyland project at Penny's Bay on Lantau Island in his study.

Eddie advises surveyors who wish to pursue a career in the academic field to obtain a research degree first. They can study for it either part-time or full-time in Hong Kong. But whatever the route is, it is going to be a long and tough one. Another option is to win a well-heeled scholarship like what Eddie did.



## PROPERTY POLITICIAN

When the clock ticked at 12.00 am on 11 September 2000, **Hon. P C Lau** entered a new chapter in his life - he became a Legislator. He scooped up 938 votes and snatched a seat in the Architectural, Surveying and Planning Functional Constituency, a seat his honorable opponent had kept since 1987.

Lau, a Chartered Surveyor in the Quantity Surveying Division, and former HKIS president, has a long history of beating adversities. At aged 9, he was smuggled to Hong Kong from Chaozhou in a hull of boat. He beat the shark-infested waters. Throughout his teenage years he lived in the Shaueiwan squatter area, a jumble of tin shacks and stone huts. He faced the risks of fire everyday. His parent and six other children together shared one single bed in a tiny room less than 60 sq.ft. In school he spoke no Cantonese and he was always the tallest student in class because he only started his primary one at the age of 10. Despite the austerity, he made it to the Hong Kong Polytechnic.

Hon. P C Lau insists that this is not a big story to boast about. "There are many people in Hong Kong just like me. It is really nothing special," he says. His character as always is quiet and unassuming. His manner sometimes borders on the timid.

But don't discount his fighting spirit, especially for the well-being of Hong Kong's property and construction professionals. He was one of the founding members for the establishment of the Joint Professional Centre in August 2000. He actively seeks to promote Hong Kong's professional services in the local arena as well as in overseas markets, especially for export to the mainland market. He champions that local professionals should be given priorities in awarding the public contracts.

Hon. P C Lau was once an active member in the HKIS Junior Organisation during the seventies. At that time the JO committee was very small and mostly comprised of expatriate surveyors. "We had to do everything, from using stencil for printing to sticking stamps onto envelopes," he says. "I learned a lot from this participation. I improved my English-speaking skills, learned how to work along with other professionals and very importantly, developed my skills and nurtured my commitment to work for the society." In 1996, Hon. P C Lau was elected as HKIS president.



Hon. P C Lau (pictured to the left)

On his views over China, Hon. P C Lau shares an unshakable optimism. He is a China old hand. His first working experience in China dated back to the early 80s. Seeing the vast economic and social developments in Mainland China over the last two decades, he firmly believes Hong Kong will have a brighter future after the 1997 handover. He chose to stay in Hong Kong when his close friends and relatives immigrated to overseas countries. In 2000 he took on another challenge of his life and became a politician.

In his first few months of being a legislator, he was incredibly busy. Every month he had to attend the general meetings of the 4 professional bodies he represents. There are about 3,832 electorates in the Architectural,

Surveying and Planning Functional Constituency. From the results of last election, the competition within this constituency was fierce and Hon. P C Lau won by a thin margin. Hon. P C Lau knows he needs to balance everyone's interests skillfully. "To do a good job, I shall endeavor and work hard to further understand the 4 professions, especially the voters' concerns and their wishes," he says.

Hon. P C Lau sees a need for professionals to pay a closer heed to the society's concerns. The recent controversial dispute in the medical profession has proved his belief. "We cannot completely cut ourselves off from the political scene. The society looks towards professionals to keep a high moral standard," he says.

At the time when Hong Kong's property and construction market is undergoing big changes, a strong voice for our interests in the Legislature is more important than ever. ■

## Feature

## Feature

# ACCEPTING A TENDER IN KNOWLEDGE OF ERRORS

John B Molloy, LLB(Hons), BSc(Hons), FHKIS, FRICS FInstCES, MCI Arb, RPS(QS)  
Managing Director, James R Knowles (Hong Kong) Limited

Some years ago I wrote an article in this journal entitled "The Dangers of Withdrawing a Tender". That article examined the case of **City University (formerly Polytechnic) of Hong Kong v Blue Cross (Asia-Pacific) Insurance HCA No. A10750 of 1993** and in particular an application to strike out the City University's claim for damages resultant from Blue Cross withdrawing its tender to provide medical insurance to the Polytechnic.

The facts of the case are simple and remarkably commonplace. The City University invited tenders from several insurance companies, including the Blue Cross, to provide health insurance for its staff. The tender form included the following express term:

*"I/We agree to abide by this tender for a period of three (3) months from the date fixed for receiving the same and it shall remain binding upon me/us and may be accepted at any time before the expiration of the period."*

Blue Cross submitted its tender but following a telephone conversation with City University's consultants soon realised that it had made a serious error in the tender, which was not even sufficient to cover claims from the previous year, let alone the administrative costs. The second and third lowest tenderers were 70% and 80% higher than Blue Cross's tender.

Notwithstanding a meeting during which Blue Cross made it clear that it was intending to withdraw its tender, City University nevertheless wrote accepting Blue Cross's tender. However, Blue Cross refused to issue any insurance policy. The University then

accepted another insurer at a higher premium, so as to mitigate its loss, but sued Blue Cross for damages for breach of the requirement to abide by the tender for three months.

Blue Cross sought an order to strike out the claim on the basis that there was no reasonable cause of action, and it based its application on what was perceived to be the common law position at that time and which can be seen from the leading textbooks on contract law, such as Chitty on Contracts. In the twenty seventh edition of this famous work, published in 1994, it is stated:

*"The general rule is that an offer may be revoked at any time before it is accepted. The rule applies even though the offeror has promised to keep the offer open for a specified time for such a promise is unsupported by consideration."*

However, Rhind J dismissed the application. He held that the modern law of contract did contemplate the possibility that, in tendering situations, an implied contract could come into existence binding the tenderer to keep his tender open for the specified period. The consideration for such a contract was that there is either an express or implied agreement on the invitor of tenders part that he would consider all timely and conforming tenders before awarding the contract.

Accordingly, an implied contract existed, whereby Blue Cross agreed to keep its tender open for three months, and by withdrawing its tender prior to the expiry of the three month validity period, Blue Cross was in breach of the

implied contract and City University was entitled to seek damages for that breach. The measure of damages was the difference between the Blue Cross tender which was the lowest, and the next lowest tender which City University were forced to accept.

This much I have previously reported. However the matter has now been heard in full before Deputy High Court Judge Woolley who handed down his judgment on 8 March 2001.

Whilst the judge refused to depart from the decision of Rhind J in the striking out application, i.e. that an implied contract existed that Blue Cross would abide by its tender for a period of three months, he ultimately held against City University, and his reasons for doing so will be of great interest to all involved in the construction industry tendering process.

In addition to the clause detailed above, the conditions of tender also contained Clause 8, which relates to errors in tenders. The clause, which is not uncommon in construction, contracts reads as follows:

*"Should examination of a Tender reveal errors of such magnitude as in the opinion of the Polytechnic would involve the Tendered (sic) in serious loss, then the nature and amount of such errors will be communicated to the Tenderer and it will be asked to confirm in writing that it is prepared to abide by its Tender."*





The wording of this clause is clear in that it imposes an obligation on the employer to draw the attention of the tenderer to what it perceives to be an error, which would cause the latter serious loss.

The judge considered that in this case all three factors were present. There was undoubtedly an error, City University was clearly aware of that error (it was its representative who verbally drew it to Blue Cross's attention), and expert evidence indicated that such an error would have caused Blue Cross serious loss.

On this basis, City University then had an obligation under Clause 8 to ask Blue Cross to confirm in writing that it was prepared to abide by its tender. This the University failed to do, and it was thus in breach of that obligation and the judge held that it could not now seek to take advantage of Blue Cross's error.

The judge then went on to look at the position at common law. He noted that it has long been held that a mistake as to the terms of a contract, if known to the other party, may avoid the contract. He considered that price is

a term of a contract, and where, as here, City University must have known that the price had been quoted in error, it could not make a binding contract by accepting it.

In making this decision, the judge considered the meaning of Clause 8 - a clause which he stated had at first troubled him because it appears to be a clause requiring a tenderer to confirm that it will abide by its tender when by reason of the other clauses in the conditions of tender it must in any event do for three months.

However, the judge found consistency and good sense in Clause 8 when it is looked at in light of the common law position, namely that the contract can be avoided by errors known to the employer, but providing that they can protect their position by asking the tenderer to confirm their tender, then they can validly enter into a binding contract.

Accordingly, on the basis that City University had accepted Blue Cross's tender in the knowledge that it contained errors and because it had not requested Blue Cross to

confirm in writing pursuant to Clause 8 that it would stand by its tender in light of those errors, the judge held that Blue Cross was entitled to refuse to enter into the contract and dismissed City University's claim. Of course, had City University requested Blue Cross to confirm and they had refused to do so, then City University would have validly been able to bring the action for breach of the requirement to abide by the tender for three months.

The earlier decision upheld again here, that an employer could sue for breach if a contractor withdraws its tender within the period during which the tender must remain open is a point that contractors must be wary of. The final decision that an employer is under a duty to report errors to the contractor and seek its written confirmation that it will abide by its tender is similarly a matter that employers must be careful to follow as failure to do so will allow a contractor to withdraw its tender without recourse. ■

## NOMINATED OR NAMED?

Brian E. Rawling, Brian E. Rawling & Associates (BERA)

Nominated subcontractors are often closely aligned with the consultants assisting in design and overcoming co-ordination and technical problems arriving at an end product which is aesthetically and functionally what a consultant requires. Nominated subcontractors are often involved in a project before the main contractor is appointed and the project is often designed around a nominated subcontractors' features, e.g. lift shaft sizes, curtain walling features and the like.

Clause 27 of the HKIA Standard Form of Building Contract deals with nominated subcontractors. This form of contract was based upon the UK JCT 63, which itself was based upon earlier RIBA standard forms of contract. Nominated subcontracting, therefore, has a long history.

### REASONABLE OBJECTION

In traditional main contract tenders, nominated subcontract works will form the subject of a description of a prime cost sum and some preliminary drawings may be provided. Main contract tenderers, therefore, have little information concerning the nominated subcontract works and yet, increasingly, main contract tenderers are being required to take on liabilities such as design, fitness for purpose and even the risks of performance by the unknown, yet to be nominated, subcontractor. Once a main contractor has accepted the architect's nomination proposal he becomes responsible for that subcontractor, just as he would his own domestic subcontractors (excepting an obligation to re-nominate in certain

circumstances). Therefore, a fair contract should provide protection for the main contractor and allow him to insist upon certain conditions and requirements when the architect issues his nomination proposal. Clause 27(a) of the HKIA Standard Form of Building Contract provides:-

*"Provided that the Architect shall not nominate any person as a subcontractor against whom the Main Contractor shall make reasonable objection".*

Therefore, a main contractor's objection to an architect's nomination proposal only has to be "reasonable" for him to succeed with an objection.

### VETTING A NOMINATION PROPOSAL

A prudent main contractor will carefully inspect an architect's nomination proposal and investigate the proposed nominated subcontractor. Programme and performance obligations are obvious aspects to check but also the proposed nominated subcontractor's financial standing is an important aspect to be investigated.

BERA have recently had to advise main contractor clients to also investigate the financial viability of the proposed subcontract price to determine if the proposed nominated subcontractor can actually carry out the tendered work profitably as an unprofitable subcontractor is far more difficult to deal with (and can go into bankruptcy) than a profitable subcontractor.

There are many justifiable reasons that a main contractor can put forward to reject an architect's nomination proposal. Take for example, a nomination proposal for a curtain walling subcontract which the main contractor has investigated and found the proposed nominated subcontractor to be financially insecure and, in addition, the proposed nominated subcontractor reduced his initial tender price by 20% with no reduction in work content or specification. A main contractor would be fully justified in objecting to a nomination proposal if such circumstances occurred (and they do occur frequently) or if he felt that the proposed tender sum was too low.

Then what happens if, for instance, an architect has used the curtain walling subcontractor's preliminary design for structural design, aesthetic appearance, interface arrangements or any number of other arrangements?

In such circumstances, the contractor has a strong bargaining position. A skillful main contractor can obtain indemnities and waivers from the employer on the basis that if he refuses the nomination proposal on valid grounds then the project could grind to a halt. Where a main contractor has valid grounds for objection, and insists upon his rights, then an employer will have to provide whatever indemnities and waivers are negotiable



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Talk to College tutors at the Hong Kong Convention & Exhibition Centre on Tuesday 12 June 2001 from 6.30 to 8.30 pm



# PARTNERING IN CONSTRUCTION - CAVEATS

Corruption Prevention Department, ICAC

With the vogue of partnering in construction, you may have heard the many benefits of it. However, to be vigilant with every novelty it might also be useful that you should have an insight of it from another perspective. Therefore, we would like to share with you some of the caveats in implementing partnering.

## CHOOSING YOUR PARTNERS

Select those who are committed to ethical practices. Their commitment could be demonstrated by their adoption of codes of ethics, corporate culture and past records.

## KNOW WHO ARE YOUR ULTIMATE "PARTNERS"

With multi-layer subletting it is imperative to reach out to the lower tiers and solicit commitment from them.

## PRINCIPLE OF FAIRNESS, OPENNESS AND JUSTICE BUT NOT FAVORITISM

Public accountability must be observed in exercising discretion in the partnering process.

## MUTUAL BENEFITS BUT NOT JEOPARDIZING PUBLIC INTEREST

Discretion should be exercised with due regard to public interest so as not to provide grounds for restrictive practice, harboring bad-performers and creating favoritism.

## HEALTHY RELATIONSHIP BUT NOT DUBIOUS ONES

Beware to weed out dubious relationships, which arise from moonlighting, lavish entertainment, gambling and personal financial interests.

## DELEGATE BUT NOT THE "NON-DELEGATABLES"

Surveillance functions such as compliance testing, supervision and checking should never be delegated to your partners.

## PARTNERING BUT NOT LOOSENING SUPERVISION

Supervision function should not be compromised and vigilance should be maintained in ensuring quality and detection of problems.

## TRUST BUT NOT SACRIFICING CHECKS AND BALANCES

System integrity is essential in fraud prevention and control of abuse of power.

## FLEXIBILITY BUT NOT UNFETTERED DISCRETION

Delegation and faster decision making but the essentials of management control and supervisory check should be maintained.


## COMMUNICATION BUT NOT TAKING SHORT CUTS

Proper documentation and justification for the actions taken are essential and facilitate audit trail.

## A TOOL BUT NOT A QUICK FIX TO EVERYTHING

A management tool is useful only if it is operated within a sound management infrastructure with proper control.

Prevention is better than cure and it is much cheaper. Be vigilant with the issues so that you are able to contain them. Practise partnering happily and, more importantly, safely.

The Corruption Prevention Department of the ICAC has set up an Advisory Services Group for the private sector consultation on matters of corruption prevention. Individuals may call the advisory services hotline at 2526 6363 to obtain free and confidential advice. 

otherwise he will incur even more expense if he elects for determination of the main contractor's employment under the contract.

## NO RIGHT TO OBJECT

Incidentally, if clause 27(a) of the HKIA Standard Form of Building Contract has been amended to delete the main contractor's right to raise reasonable objection, then the architect's nomination proposal will almost certainly be construed as a warranty at law that the proposed nominated subcontractor is capable of performing the subcontract works as provided in clause 27. If the nominated subcontractor then fails, the main contractor could claim against the employer for misrepresentation by his agent, the architect. Therefore, any loss incurred by the main contractor could be recoverable from the employer.

## FAILURE TO PERFORM

In another scenario of potential risk to an employer, after the nomination proposal has been accepted, the subcontract awarded and work commenced, the main contractor complains that the nominated subcontractor is failing to perform. He issues notices under clause 20 of the RICS standard form of nominated sub-contract, the subcontractor's performance does not improve, so the main contractor determines the subcontractor's employment. When this occurs, the employer has to procure that his architect re-nominates another subcontractor to complete the outstanding works by a date which will enable the main contractor to complete the main contract works by the original date for completion. Delays will occur in the re-nomination process and time could be rendered at large if there is an unavoidable delay to completion of the main contract works. Whatever else happens, the employer will incur additional expense.

## NAMED SUBCONTRACTING

It was due to such risks that in the late 1980's, Swire Properties Limited introduced into its contracts the concept of named subcontracting, to replace traditional nominated subcontracting with its potential risks to an employer.

The named subcontracting concept requires names of would-be subcontractors to be furnished at the main contract tender stage by the consultants, for the main contractor to issue tender enquiries and for him to select the proposed named subcontractor. Further, after the award of the subcontract, the named subcontractor is treated like any other domestic subcontractor and the employer/architect have no obligation to re-nominate.

## Main Features

The main features of named subcontracting are:

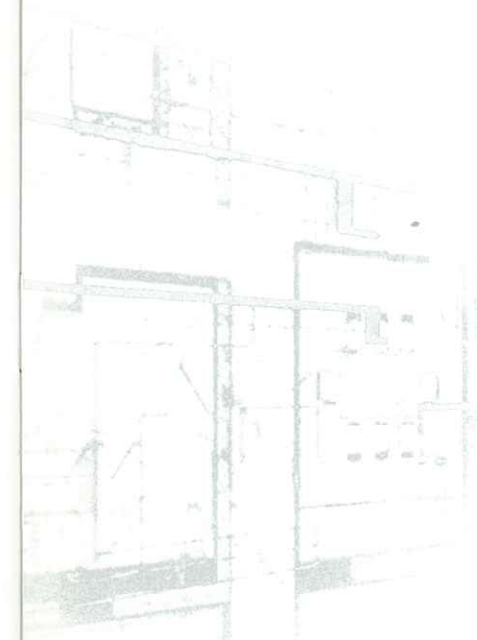
- The tender documents include lists of the names of potential named subcontract tenderers. Main contract tenderers have the opportunity to object to any named subcontractor on the list of proposed named subcontract tenderers, but that objection must be made at tender stage.
- Main contractors lead the named subcontract tender process, for each named subcontract package the main contractor assembles the tender documents (including programme requirements and their own conditions), issues tender documents, receives the tenders, reviews tenders, holds post tender meetings and makes a proposal to the architect if any tenderer, other than the tenderer who submitted the lowest price, is to be appointed.
- The Architect has a right to veto any proposed appointment and can issue an instruction to the main contractor to accept any of the tenderers.

- After the nominated subcontract is awarded, the named subcontractor is, for all intents and purposes, a domestic subcontractor.
- The main contractor is only paid the rates in the accepted subcontract or lowest tender even if he has to find a replacement subcontractor.
- There is no obligation on an employer or an architect to re-nominate.

Since its introduction in the late 1980's, Swire Properties Limited have successfully used the named subcontracting policy on all of its traditional contracts, although some fine-tuning of the provisions for named subcontracting were made to allow an architect to select a tenderer, rather than allow a main contractor to make proposals.

However, whichever concept is adopted, nominated or named, both an employer's and a main contractor's profitability are compromised by a subcontract tenderer who makes promises he cannot possibly achieve. The time for careful diagnosis is prior to acceptance.

For further information please contact [bera@netvigator.com](mailto:bera@netvigator.com) 





## 中國建設工程施工合同管理面臨的問題及其對策(二)

賴旭輝(利比建築工料測量師有限公司 香港)

### 2. 加強及完善施工合同管理的幾點建議

#### 2.1 改革現有的定額計價方式

- 今年以來，中國部分地區實行以市場定價取替現行定額計價方式的試點，取得了較好的成效。

降低了建造成本；

從根本上改變了人們長期以來不重視合同及合同管理的落後意識；

將施工企業徹底推向了市場；

促使發包方通過建立完善的施工合同以規避風險及更好地控制工程造價；

對建築市場開展公開、公平競爭、降低造價、提高質量、降低施工周期發揮了積極的作用；

為建築市場經濟秩序的建立及運行創造了良好的基礎。

- 在上述試點的基礎上，應早日在全國推廣市場定價的方式，真正建立起與市場經濟體制相適應的施工合同及施工合同管理辦法。

#### 2.2 建立完善的施工合同體系及相對應的施工合同示範文件

- 建立一套完整的施工合同體系及施工合同示範文件。

完善的施工合同體系應包括能適應不同項目規模的施工合同，能適應不同承包方式的合同，能適應總包分包方式的合同，設計加施工合同，交鑰匙工程合同等，以及與之相對應的施工合同示範文本。

#### 2.3 實行專業化的施工合同管理

- 建立起由專業諮詢機構承擔施工合同的制訂及管理工作的新體制。
- 實行政府項目強制性的全過程造價諮詢。推動施工合同的管理專業化，避免項目業主貪污腐敗情況的發生。

#### 2.4 設立專業的施工合同管理部門，提高施工合同管理水平

- 中國施工企業內部應成立專門從事施工合同管理的部門，這將使中國施工企業合同管理質量產生質的飛躍。

具體負責公司內部所有項目合同的談判簽訂、管理；為經營、決策層提供專業的合同意見；

向每個項目班子派出合同管理人員，加強項目班子的合同管理；

及時為項目班子提供專業的指導意見；

及時地總結每個項目的管理經驗並運用到其他項目上。

#### 2.5 加強宣傳與培訓，提高承發包雙方對施工合同管理的認識

- 建立一套行之有效的宣傳體系；
- 加強培訓；
- 嚴格考核制度。

## THROTTLE-OFF ON FUTURE SUPPLY?

Jim YIP, AHKIS, MRICS, Senior Research Analyst, Asia Financial (Securities) Ltd.

On his first few days in the new post of Chief Secretary, Donald Tsang has already delivered an upbeat message to the property market - "Housing market will be in short supply in 2003." At the time when the market still plagued by a plethora and sliding price trend, his remark does offer a glimpse of hope to the jittery homeowners and buyers.

The government believes supply will be outstripped by demand in three years because of their current efforts in both reining in land supply and stimulating more homebuyers into the private market:

- A much reduced in size of the land sales program in the new fiscal year.** Total number of private units that can be built from all the sites offered is 50% down from the previous year to 21,700 units. The actual supply figure would be a lot less if we take away the provision in the Application List. Last year, the government sold only one site from the Application List.
- Cutback in HOS production.** The government has already announced that two years later the annual supply of HOS units will be down from the present level of 30,000 units to 20,000 units. The figure can go even lower if the market situation requires so.
- Slowdown in lease modification.** It has been reported that the number for lease modification applications has dropped significantly in the last year. Developers are getting more hesitant than before in completing the lease modifications and the situation will unlikely be much improved this year. A slowdown in lease modifications would mean that the new supply in the coming years would be delayed. Developers are putting increasing pressure to the Government for lowering land premium because they have seen a high development risk in the local property market in recent years.

**Increase in housing loans for homebuyers.** Each year the government provides financial assistance to approximately 12,000 homebuyers through the Home Starter Loan Scheme (HSL) and the Home Purchase Loan Scheme (HPLS). The Housing Authority has already in last year increased the annual quota for HPLS from 4,500 to 7,000.

However, our views on future supply are less bullish than the government. While future supply might be falling, so does our home demand. Despite four interest rate cuts this year, the number of Sales and Purchase Agreements in the first four months of this year was still 2% lower than the same period last year. We think the future supply in the coming five years' is still in abundance:

- Developers sold less than what they have built.** Evidence has clearly shown that there was a glut in the last two years. Currently, developers still hold about 15,000 units as unsold inventories. In the next two years the completion of private units will hover around 30,000 units each year. Should there be no new impetus into the property sales market, we think the current level of unsold inventories will build up.
- Developers have a large land bank.** We have done a survey on the big six developers and currently found they have around 65 million sq.f.t. land bank for residential use which can be translated into some 90,000 new units. This would well ensure a long development time frame for them, at least for 5 years, without the dire need to replenish the land bank. On top of that, they have about 80 million sq.f.t agricultural land.

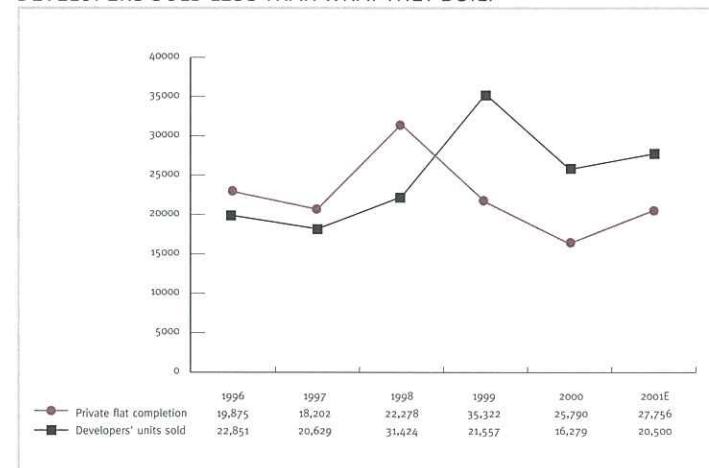
THINNING PROFIT MARGIN

Project	Developer	Land auction date	A.V. (\$ps.f.)	Development Cost (\$p.s.f.)	Avg sales price (\$p.s.f.)	Gross margin (%)
Nerine Cove, Tuen Mun	China Overseas	14/10/97	2,969	3,969	2,200	-45%
Island Resort, Chai Wan	Sino	25/03/97	4,565	5,665	3,800	-33%
Royal Peninsula, Hung Hom	SKH & Henderson	18/03/96	3,197	4,297	3,800	-12%
La Saisons, Aldrich Bay	Swire	22/05/98	2,349	3,449	3,800	10%
Monte Vista, Ma On Shan	CKH	12/01/96	1,956	3,056	3,300	8%
JC Square, Tuen Mun	Emperor	13/01/98	1,199	2,099	2,200	5%
The Greenary Place, Yuen Long	Vision Century	24/03/98	1,321	2,321	2,400	3%

Source: Asia Financial (Securities) Ltd.



DEVELOPERS SOLD LESS THAN WHAT THEY BUILT



Source: Asia Financial (Securities) Ltd.

**IMPLICATION OF THE DWINDLING LAND SALES**

It hurts the Government's coffers as it receives less incomes from the land sales. We estimate land sales income for this year at HK\$15bn, a 45% fall from last year. Last year's figure has already decreased by 21% compared with a year ago. Land sales revenue, which used to be the main staple for the Government coffers, had shrunk from over 30% share of the total Government incomes during the property heydays between 1996 - 1997 to less than 15% last year.

The Government has reported a deficit in last year's finance. We are concerned whether a tax increase would be used by the Government as an alternative to make up for the loss in land revenues. A rise in tax doesn't hold well for the local business and retail market.

DEVELOPERS' MUSCLE

	Residential land bank (mn sq.ft.)	Agriculture land bank (mn sq.ft.)
SHK	25	22
CKH	15	10
Henderson	5	23
New World	10	24
Sino	5	
Wharf	5	
Total	65	80

Source: Asia Financial (Securities) Ltd.

Perhaps one thing for sure, on 19 June the Government will resume land sales for the new fiscal year with the first site - a small residential plot in Tsuen Wan offered for auction.

DWINDLING LAND REVENUES

HK\$bn	95-96	96-97	97-98	98-99	99-00	00-01	01-02E
Total land revenue	45.40	57.50	53.50	19.20	34.80	27.35	15.00
YoY	43%	27%	-7%	-64%	81%	-21%	-45%

Source: Asia Financial (Securities) Ltd.

With such a lackluster land sales program in this year's land auction, the monthly practice of sitting in the Tsimshatsui's Cultural Hall and watching the big developers' show of confidence towards the property market might prove a waste of time. ☹

Surveyor's Surf



**SURVEYOR'S SURF**

Stephen Chung, Zeppelin Real Estate Analysis Ltd

One media report mentioned that there are now billions of webpages (actually I think there are many more as some webpages are 'assembled' based on the surfer's search requirements - remember those Combinations & Permutations Math?), and sometimes it does feel like traveling through space to uncharted galaxies. Here we come across a few heavenly bodies. (Comments and suggestions may be emailed to [stephenchung@real-estate-tech.com](mailto:stephenchung@real-estate-tech.com))

a) <http://www.cin.gov.cn/>

This is the website of the Ministry of Construction, People's Republic of China. Policies related to land, real estate and building can be found here. This site is probably already well known to many, yet to ensure members have the exact address, we have decided to include it here. It should especially be of interest to members involved in real estate and building projects in China.

b) <http://www.finet.com.hk/realestate/dictionary/index.htm>

This site contains a dictionary of real estate terms and phrases and should be a handy reference for members, students and practitioners. Searches are eāsy. Just click on the related alphabets and the terms under the category will be listed.

c) <http://207.114.2.97/a-glossary.html>

This site contains a glossary of terms and is similar in operation to the above site, yet it

also contains terms related to the 'bricks and mortar' portion of real estate and buildings as well. It is part of an education institute's (BOMI) website and can be useful for knowing the common real estate terms and descriptions used in North America.

d) <http://www.appraisaltoday.com/default.htm>

A North American real estate appraiser created this website and while it has a commercial flavor, it does contain some useful real estate information and knowledge and / or links to other potential helpful sites or services. For instance, you may get to know more about commercial mortgage backed securities, the latest appraisal applications, internet tips, data sources, education and so on.

e) <http://www.i-ceramic.com/servlet/index>

This is an online commercial ceramics trading site providing an interface between sellers and buyers of ceramic products including accessories. It also contains lists of various suppliers and manufacturers from all over the world and could be a useful source of information and contact. Sellers can also list their products for sale with a full description and photos.

f) <http://www.whowhere.lycos.com/Phone>

Do you have a long-lost friend or schoolmate who may be / is now working in the States? Well, try this site, a part of Lycos, to locate him / her! This is actually an USA 'White Pages', yet it comes with a difference. You not only get to see all

the potential people having your friend's name and their phone numbers (i.e. if your friend has a common name like John Smith, you may end up with thousands of possibilities, though you can reduce these by limiting your search to a particular city assuming you have any faint idea of where your friend could be), you can also use the geographical map to "zoom" into his neighborhood / street AND see which highway or road to take to get there! Thus, you may surprise your friend by appearing right at his / her doorstep. In case you are still uncertain if that person IS the one you are looking for, you may buy a report on him / her too, subject to availability (talk about privacy!)

Have fun, as we continue our episode in venturing through cyberspace to "go to where no man (sorry, I mean 'person') has gone before" (Hope our last phrase hasn't infringed on any TV series' copyrights. Was it Star Trek?). ☹



# PUTONGHUA - A BRIEF REVIEW (II)

Francis Ng, IPP

Continued from the last issue.

(vii) 實習為期最少兩年。期滿後，  
Shí xí wéi qī zuìshǎo liǎng nián。Qī mǎn hòu，  
考生可向學會報考專業評核  
kǎo shēng kě xiàng xué huì bào kǎo zhuān yè píng hé  
試，作為最後評核，這包括：  
shì，zuò wéi zuì hòu píng hé，zhè bāo kuò：

(a) 筆試-在指定的時間內，考生要對所  
Bǐ shì - zài zhī dìng de shí jiān nèi，kǎo shēng yào duì suǒ  
提出的專業問題作回答。  
tí chū de zhuān yè wèn tí zuò huí dá。

(b) 筆試合格，學會繼而要求考生出席面  
Bǐ shì hé gé，xué huì jì ér yāo qiú kǎo shēng chū xí miàn  
試。面試內容包括在實習期間考  
shì。Miàn shì nèi róng bāo kuò zài shí xí qī jiān kǎo  
生所提交的報告資料，以及其他市場  
shēng suǒ tí jiāo de bào gào zī liào，yǐ jí qí tā shì chǎng  
運作上，經常遇到的問題。  
yùn zuò shàng，jīng cháng yù dào de wèn tí。

(viii) 考試通過後，申請人可成為測量師學  
Kǎo shì tōng guò hòu，shēn qǐng rén kě chéng wéi cè liáng shī xué  
會的會員，級別分為資深會員(Fellow)及  
huì de huì yuán，jí bié fēn wéi zī shēn huì yuán(Fellow) jí  
專業會員(Associate)。在2000年底，  
zhuān yè huì yuán(Associate)。Zài èrlínglíngnián dǐ，  
學會的會員總數為二千九百四十  
xué huì de huì yuán zǒng shù wéi èr qiān jiǔ bǎi sì shí  
九名，而學生會員為二千三百四  
jiǔ míng，ér xué shēng huì yuán wéi èr qiān sān bǎi sì  
十二名。學會會員必須嚴格遵守  
shí èr míng。Xué huì huì yuán bì yuán gé zūn shǒu  
由學會制定的專業守則。  
yóu xué huì zhì dìng de zhuān yè shǒu zé。

(ix) 獲得接納為會員或資深會員後，  
Huò dé jiē nà wéi huì yuán huò zī shēn huì yuán hòu，

測量師仍須不斷學習及進修，  
cè liáng shī réng xū bù duàn xué xí jí jìn xiū，  
以期可向僱主或顧客提供最優  
yǐ qī kě xiàng gù zhǔ huò gù kè tí gōng zuì yōu  
質的服務。因此，學會要求所有  
zhì de fú wù。Yīn cǐ，xué huì yāo qiú suǒ yǒu  
會員均須「持續進修」，三年內  
huì yuán jūn xū「chí xù jìn xiū」，sān nián nèi  
最少限度六十小時，每年不少  
zuì shǎo xiàn dù liù shí xiǎo shí，měi nián bù shǎo  
於二十小時。  
yú èrshí xiǎo shí。

(x) 香港測量師學會目前和下列  
Xiānggǎng cè liáng shī xué huì mù qián hé xià liè  
海外學會訂有協議，互相承認  
hǎi wài xué huì dīng yǒu xié yì，hù xiāng chéng rèn  
對方的學員資格：  
duì fāng de xué yuán zī gé：  
英國皇家特許測量師學會  
Yīngguó huáng jiā tè xǔ cè liáng shī xué huì  
澳大利亞房地產學會  
Àodàlìyà fáng dì chǎn xué huì  
紐西蘭估價師學會  
Niǔxīlán gū jià shī xué huì  
新加坡測量師及估價師學會  
Xīnjiāpō cè liáng shī jí gū jià shī xué huì

I certainly agree with the saying that the more we learn, the more we know our deficiencies (學而後知不足). During this trip, I happened to learn, among other things, two common mistakes: "碩士" and "會計" which were often mistakenly pronounced as shí (石) shì and huì jì. The correct pronunciations should be "shuò shì" and "kuài jì". One should be careful not to pronounce them as shūo shì (說是) or shǎo shì (傻子) and kuài zi (筷子)。

Practice makes perfect. I definitely hope members can share the joy in picking up the language. Needless to say, the best approach is to have a suitable language environment.

CORRIGENDUM- Please note that the 'pin yīn' for '三間大學' in para (ii) of the last issue should be 'sān jiān dà xué'.

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