

## Swire Properties Management Limited

### Section 2: Standard Terms and Conditions of Contract

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#### 1.0 Definitions

1.1 In this Contract (as hereinafter defined) the following words and expressions shall have the meanings hereby respectively assigned to them except where the context otherwise requires:

|        |                             |   |                                                                                                                                                                                                                                                                                                                                                                                                                       |
|--------|-----------------------------|---|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1.1.1  | Certificate of Completion   | : | means the certificate issued by the Employer's Representative pursuant to clause 4.4 hereof.                                                                                                                                                                                                                                                                                                                          |
| 1.1.2  | Conditions                  | : | means these Standard Terms and Conditions of Contract.                                                                                                                                                                                                                                                                                                                                                                |
| 1.1.3  | Consultant                  | : | means any person and/or company appointed by the Employer for the provision of professional or technical services in connection with but not forming part of the Works.                                                                                                                                                                                                                                               |
| 1.1.4  | Contract                    | : | means these Conditions and such other documents as are specified in the Tender Documents including the completed Form of Tender and Schedules, together with the Employer's Representative's written acceptance thereof on behalf of the Employer, but excluding any standard printed conditions that might be included in such other documents where such standard printed conditions originate from the Contractor. |
| 1.1.5  | Contractor                  | : | means the company or persons engaged by the Employer to carry out the Works.                                                                                                                                                                                                                                                                                                                                          |
| 1.1.6  | Contract Sum                | : | means the amount identified as such in the letter of intent of Tender or executed formal agreement.                                                                                                                                                                                                                                                                                                                   |
| 1.1.7  | Contractor's Representative | : | means the person appointed by the Contractor to supervise the Works on behalf of the Contractor and to receive instructions as provided in clause 2.6 hereof.                                                                                                                                                                                                                                                         |
| 1.1.8  | Date for Commencement       | : | means the date for commencement of the Works as shall be inserted in the Form of Tender (if not stated, then such other date as shall be notified to the Contractor in writing by the Employer's Representative).                                                                                                                                                                                                     |
| 1.1.9  | Defects Liability Period    | : | means the period as stated in the Form of Tender.                                                                                                                                                                                                                                                                                                                                                                     |
| 1.1.10 | Direct Contractor           | : | means a contractor or supplier appointed by the Employer, his operators, licensees and/or tenants, to supply, execute or furnish works or materials which do not form part of the Works but which are adjacent or ancillary to or connected with the Works, but shall exclude Utility Undertakers..                                                                                                                   |
| 1.1.11 | Dispute                     | : | means any dispute or difference between the Employer                                                                                                                                                                                                                                                                                                                                                                  |

|        |                                                                    |   |                                                                                                                                                                                                                   |
|--------|--------------------------------------------------------------------|---|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|        |                                                                    |   | and the Contractor in regard to the construction of the Contract or any matter or thing of whatsoever nature arising out of the Contract or in connection therewith.                                              |
| 1.1.12 | Employer                                                           | : | means Swire Properties Management Limited.                                                                                                                                                                        |
| 1.1.13 | Employer's Representative                                          | : | means the person authorised by the Employer to supervise the Works and to issue instructions and certificates all as referred to in the Conditions.                                                               |
| 1.1.14 | Employers Controlled Contractors Employees' Compensation Insurance | : | means the employees' compensation insurance policy provided by the Employer pursuant to clause 7.1.5 of the Conditions. Contents of the insurance policy can be viewed at the Employer's Office.                  |
| 1.1.15 | Form of Tender                                                     | : | means the form of tender as included in Section 1 of the Tender Documents.                                                                                                                                        |
| 1.1.16 | General Specification                                              | : | means the respective specifications as more particularly identified in Section 3 of the Tender Documents.                                                                                                         |
| 1.1.17 | Management Company                                                 | : | means the company appointed by the Employer to manage the premises in which the Works have been or are being carried out.                                                                                         |
| 1.1.18 | Parties                                                            | : | means the Contractor and the Employer.                                                                                                                                                                            |
| 1.1.19 | Policy of Insurance                                                | : | means the policy of insurance as provided by the Employer pursuant to clause 7.2 and 7.3 of the Conditions. Contents of the Policy of Insurance can be viewed at the Employer's Office.                           |
| 1.1.20 | Provisional Sums                                                   | : | means any such sum as shall be identified specifically as such in the Tender Documents.                                                                                                                           |
| 1.1.21 | Schedules                                                          | : | means the Schedules as identified in Section 5 of the Tender Documents.                                                                                                                                           |
| 1.1.22 | Site                                                               | : | means the location referred to in the Tender Documents.                                                                                                                                                           |
| 1.1.23 | Tenants                                                            | : | means the occupants of premises within or adjacent to the Site.                                                                                                                                                   |
| 1.1.24 | Time for Completion                                                | : | means the period as shall be inserted in the Form of Tender (or any extended time fixed in accordance with the provisions of clause 4.2 hereof).                                                                  |
| 1.1.25 | Works                                                              | : | means all works required to be carried out by the Contractor in the design (to the extent required by the Contract), management, construction, completion and maintenance of the works described in the Contract. |

1.2 In the Contract, unless the context otherwise requires:-

- i) the singular includes the plural and vice versa;
- ii) a gender includes any other gender;
- iii) a reference to a 'person' includes any individual, firm, partnership and company or any other body corporate; and
- iv) a reference to a statute, statutory instrument or other subordinate legislation is to such legislation as amended, and in force from time to time, including any legislation which re-enacts or consolidates it, with or without modification, including corresponding legislation in any other relevant part of the Hong Kong Special Administrative Region.

## **2.0 Intentions of the Parties**

### **2.1 Contractor's Obligations**

The Contractor shall, with due diligence and in a proper and workmanlike manner, carry out and complete the Works in compliance with the Contract using materials and workmanship of the quality and standards therein specified and to the reasonable satisfaction of the Employer's Representative and in conformity with all reasonable directions and requirements of the Employer's Representative and as required by the Schedules as included in Section 5.0 hereto.

### **2.2 Assignment**

The Contractor shall not, without the prior written consent of the Employer, provided such consent shall not be unreasonably withheld, assign this Contract.

### **2.3 Sub-contracting**

- 2.3.1 The Contractor shall submit to the Employer's Representative in writing the names of all proposed sub-contractors, if any, and details of the scope of such sub-contracted work for consent to such sub-contracting. The Employer's Representative has the right to accept or reject any or all of such sub-contractors proposed by the Contractor.
- 2.3.2 The Contractor shall be responsible for the acts, obligations and omissions of all sub-contractors of any tier, their agents, servants and workmen as fully as if they were the acts, obligations and omissions of the Contractor, his agents, servants and workmen.
- 2.3.3 All sub-contractors engaged on the Works must be registered under the Sub-contractor Registration Scheme (SRS) administered by the Construction Industry Council.

### **2.4 Contractor's Representative**

The Contractor shall ensure that the Contractor's Representative is on Site at all reasonable times, being a competent person in charge to supervise the Works and receive instructions on behalf of the Contractor. Any instructions given to the Contractor's Representative by the Employer's Representative shall be deemed to have been issued to the Contractor.

### **2.5 Removal of Person(s) from the Site**

The Employer's Representative may (but not unreasonably or vexatiously) issue instructions requiring the removal from the Site of any person employed thereon provided always that such removal shall not prejudice any other rights which the Employer possesses. Any person so removed shall not be allowed to re-enter the Site.

**2.6 *Employer's Representative's Instructions***

2.6.1 The Employer's Representative may issue instructions in writing; with which the Contractor shall comply forthwith. If instructions are given orally they shall, within two (2) days, be confirmed in writing by the Contractor and (if not disputed by the Employer's Representative in writing within two (2) days) such oral instruction shall be deemed to be a written instruction from the Employer's Representative.

2.6.2 If within seven (7) days after receipt of a written notice from the Employer's Representative requiring compliance with an instruction the Contractor does not comply therewith, then the Employer may employ and pay other persons to carry out the work and all resulting additional costs thereby incurred by the Employer may be deducted by the Employer from any monies due or to become due to the Contractor under this Contract or shall be recoverable from the Contractor by the Employer as a debt.

**2.7 *Order and Control of the Works***

The Employer's Representative may issue instructions as he may deem necessary as to the order of proceeding and carrying out the Works, including ordering work to be carried out during night-time and during holiday periods.

**3.0 *Variations***

**3.1 *Instruction and Valuation of Variations***

The Employer's Representative may, without invalidating the Contract, issue instructions requiring an addition to or omission from or other changes to the Works or the order or period in which they are to be carried out and any such instruction shall be valued by the Employer's Representative on a fair and reasonable basis using, where relevant, prices in the Schedules. Such value shall be added to or deducted from the Contract Sum.

**3.2 *Measurement of Variations***

Where the valuation of a variation requires measurement, such measurements shall be taken jointly by the Employer's Representative and the Contractor. If the Contractor declines to participate in such measurement, such measurement by the Employer's Representative shall be deemed agreed by the Contractor.

**3.3 *Provisional Sums***

The Employer's Representative shall issue instructions in regard to the expenditure of any Provisional Sums included in the Contract. Such instructions shall be valued or the price agreed in accordance with clause 3.1 and 3.2 hereof as appropriate and the Contract Sum adjusted.

**3.4 *Invoices and Vouchers***

The Employer reserves the right to inspect all invoices and vouchers in respect of any materials purchased by the Contractor for the Works.

**3.5 *Correction of Inconsistencies***

Any inconsistency in or between the Tender Drawings, the General Specification and the Schedules shall be corrected by the Employer's Representative and any such correction which results in an addition, omission or other change to the Works shall be treated as a variation. Nothing contained in the Tender Drawings, the General Specification or the Schedules shall override, modify or affect in any way whatsoever the application or interpretation of that which is contained in these Conditions.

**4.0 Commencement and Completion**

**4.1 *Commencement and Completion***

The Works shall be commenced on the Date for Commencement and shall be completed within the Time for Completion.

**4.2 *Extension of Time for Completion***

4.2.1 If and whenever it becomes reasonably apparent that the progress of the Works is being or is likely to be delayed and that the whole of the Works may not be completed within the Time for Completion stated in the Form of Tender for reasons beyond the control of the Contractor, including compliance with any instruction of the Employer's Representative (for which such issue is not due to a default of the Contractor), then the Contractor shall forthwith give to the Employer's Representative written notice of the cause or causes of delay.

4.2.2 If in the opinion of the Employer's Representative he agrees that such cause or causes are outside the control of the Contractor the Employer's Representative shall make, in writing, such extension of time for completion as may be reasonable.

4.2.3 Causes within the control of the Contractor include but are not limited to any default of the Contractor or of sub-contractors or suppliers of any tier engaged by him in connection with the Works including any supply of goods or materials for the Works.

**4.3 *Damages for Non-completion***

4.3.1 If the Contractor fails to complete the Works within the Time for Completion and the Employer's Representative certifies in writing that in his opinion the same ought reasonably so to have been completed, then the Contractor shall pay or allow to the Employer as Liquidated Damages such sum or sums calculated using the rate or rates stated in the Form of Tender applied to each day or part of a day during which the Works shall so remain or have remained incomplete.

4.3.2 The Employer may deduct such Liquidated Damages as calculated in accordance with clause 4.3.1 hereof from any monies due to the Contractor or he may recover them from the Contractor as a debt.

#### *4.4 Completion*

As soon as in the opinion of the Employer's Representative the Works shall have been completed and shall have satisfactorily passed any tests that may be prescribed in the Contract, the Employer's Representative shall on receiving a written undertaking by the Contractor to finish any outstanding works within the period agreed and stated in the undertaking issue a Certificate of Completion to the Contractor in respect of the whole of the Works and completion of the Works shall be deemed for all purposes of the Contract to have taken place on the date named in such certificate.

#### *4.5 Defects Liability*

- 4.5.1 If any defects, excessive shrinkages or other faults ("**Defects**") to the Works appear within the Defects Liability Period commencing from the date of completion named in the Certificate of Completion issued pursuant to clause 4.4 hereof, and are due to materials, goods, workmanship or design (to the extent that the Contractor is to design any of the Works) not being in accordance with the Contract, the Employer's Representative shall forthwith but in any case not later than fourteen (14) days after the appearance of such Defects or expiry of the Defects Liability Period (whichever is earlier) give notice of such Defects to the Contractor who shall make good such Defects entirely at his own cost and with all possible speed.
- 4.5.2 The Employer's Representative shall issue a Certificate of Making Good Defects to certify the date when in his opinion the Contractor's obligations under clause 4.5.1 hereof have been discharged.
- 4.5.3 If the Contractor shall fail to proceed to remedy such Defects within seven (7) days of the Employer's Representative giving written notice of such Defects appearing, the Employer may within seven (7) days of the expiry of the written notice give further written notice to the Contractor that the Employer will proceed to carry out the rectification of such Defects at the risk and expense of the Contractor and without prejudice to such other rights as the Employer may have under the Contract. All costs incurred thereby by the Employer may be deducted by the Employer from any monies due or to become due to the Contractor or shall be recoverable from the Contractor by the Employer as a debt.

### **5.0 Payment**

#### *5.1 Progress Payment and Retention*

- 5.1.1 The Employer's Representative shall, if requested by the Contractor, at intervals of not less than one (1) month or at other intervals separately agreed, certify and issue payment certificates to the Contractor in respect of the value of the Works properly executed, including any amounts either ascertained or agreed under clause 3.0 hereof, and the value of any materials and goods which have been reasonably and properly brought upon the Site for the purpose of the Works and which are adequately stored and protected against the weather and other casualties, less the percentage of

retention as stated in the Form of Tender and less any previous payments made by the Employer. The Employer shall pay to the Contractor the amount so certified within thirty (30) days of receipt of the certificate from the Contractor.

**5.2 *Payment upon Reaching Completion***

5.2.1 The Employer's Representative shall, if requested by the Contractor, after the date of completion named in the Certificate of Completion pursuant to clause 4.4 hereof, certify for payment to the Contractor the total value of the Works less the percentage of retention as stated in the Form of Tender to be paid to the Contractor under this Contract so far as that value of the Works is ascertainable at the date of completion and provided the Works have been properly executed.

5.2.2 Such certified payment shall include such work as has been either ascertained or agreed under clause 3.0 hereof, less the amount of any progress payments previously made by the Employer. The Employer shall pay to the Contractor the amount so certified within thirty (30) days of the date of receipt of such payment certificate from the Contractor.

**5.3 *Release of Retention***

5.3.1 The release of retention money shall not become due until the expiration of the Defects Liability Period or until after the satisfactory completion of making good defects which shall have been so certified by the Employer's Representative pursuant to clause 4.5.2 hereof, whichever is the later. Provided always that the release of any retention money shall be subject to the condition precedent that the Contractor has provided the manuals and record drawings described in clause 12.5 hereof.

**6.0 *Statutory Obligations***

**6.1 *Statutory Obligation, Notices, Fees and Charges***

6.1.1 The Contractor shall comply with, and give all notices required by, any statute, any statutory instrument, any laws, ordinances, orders, regulations or bylaws applicable to the Works (hereinafter called 'the statutory requirements') and shall pay all fees and charges in respect of the Works legally recoverable from him. If the Contractor finds any divergence between the statutory requirements and the Contract or between the statutory requirements and any instruction of the Employer's Representative, he shall immediately give to the Employer's Representative a written notice specifying the divergence.

6.1.2 Provided that the Contractor shall have complied with clause 6.1.1 hereof, the Contractor shall not be liable to the Employer under this Contract if the Works do not comply with the statutory requirements where and to the extent that such non-compliance of the Works results from the Contractor having carried out work in accordance with the Contract or any instruction of the Employer's Representative.

**6.2 *Construction Sites (Safety) Regulations***

- 6.2.1 The Contractor shall comply with the Construction Sites (Safety) Regulations issued under the Factories and Industrial Undertakings Ordinance.
- 6.2.2 Furthermore the Contractor shall comply with all government regulations concerning safety on the Site. The Contractor shall obtain and display prominently upon all structures or temporary huts on the Site throughout the construction period and remove on completion, posters, in both English and Chinese, drawing attention to safety on site. These posters are obtainable normally free of charge from the Labour Department, Government of the Hong Kong Special Administrative Region.
- 6.2.3 The Contractor shall provide sufficient safety helmets, safety shoes, protective and waterproof clothing and devices such as ear muffers and protective glasses where appropriate for the use of all personnel working on site and other authorised persons visiting the Site.
- 6.2.4 The Contractor shall provide on the Site for the use of all site personnel and for the duration of the Contract one set of the latest Construction Sites (Safety) Regulations, the Factories and Industrial Undertakings Ordinance concerning safety officers, safety supervisors and any other safety matters. The Contractor shall also provide any revisions or new safety regulations that may be introduced by the Government of the Hong Kong Special Administrative Region during the duration of the Contract.

### **6.3 *Buildings Energy Efficiency Ordinance***

For major retrofitting works in the common area or of the central building services installation which require a Form of Compliance as defined in the Buildings Energy Efficiency Ordinance (Cap. 610) ("BEEO"), the Contractor shall engage at its own cost a registered energy assessor to issue the Form of Compliance to the owner through the Employer (name of the owner to be provided by the Employer) and send a copy of the Form of Compliance to the Director of Electrical and Mechanical Services within two (2) months after the completion of those works that are subject to BEEO for his acceptance.

### **6.4 *Construction Industry Council Ordinance and Construction Workers Registration Ordinance***

The Contractor shall submit notices to the Construction Industry Council (CIC) for any construction operations having a total value exceeding HK\$1 million as required by the Construction Industry Council Ordinance (Cap. 587) and Construction Workers Registration Ordinance (Cap. 583).

### **6.5 *Pneumoconiosis and Mesothelioma (Compensation) Ordinance***

The Contractor shall submit notices to the Pneumoconiosis Compensation Fund Board (PCFB) for any construction operations having a total value exceeding HK\$1 million as required by the Pneumoconiosis and Mesothelioma (Compensation) Ordinance (Cap. 360).

### **6.6 *Contracts (Rights of Third Parties) Ordinance***

The parties to this Contract do not intend that any term of this Contract should be enforceable, by virtue of the Contracts (Rights of Third Parties) Ordinance (Cap. 623 of the Laws of Hong Kong), by any person who is not a party to this Contract.

## **7.0 Insurance**

### **7.1 *Employees' Compensation Insurance***

- 7.1.1 Without prejudice to his liability to indemnify the Employer under this clause 7.1 and clause 7.2, the Contractor shall take out and maintain in the joint names of the Employer, the Contractor and sub-contractors of any tier insurance coverage to follow the standard Accident Insurance Association of Hong Kong Employees' Compensation Policy wording to indemnify all of the liabilities of the Contractor or, as the case may be, of each sub-contractor of any tier and their respective employees and other persons who may be employed on the Works in respect of any damages or compensation payable under any Ordinance, Statute or at common law in respect, or in consequence of, any death, accident, illness or injury to any work people or other person in the employment of the Contractor or any sub-contractor arising out of, or in the course of, or caused by the carrying out of the Works. The insurance required to be taken out and maintained by this clause 7.1.1 must include a clause whereby the insurer waives their subrogation rights against all insured parties.
- 7.1.2 The Employees' Compensation Insurance to be taken out and maintained by the Contractor pursuant to clause 7.1.1 shall be taken out with an Insurer to be approved in writing by the Employer and the evidence of insurance and payment shall be submitted to the Employer's Representative prior to the commencement of the Works.
- 7.1.3 The limit of liability under the policies to be taken out and maintained by the Contractor pursuant to clause 7.1.1 shall meet the statutory insurance requirements laid down in the Employees' Compensation Ordinance. Such policies shall cover the period from the commencement of the Works until the date certified by the Employer's Representative pursuant to clause 4.5.2, that all obligations under clause 4.5.1 with respect to defects, excessive shrinkages or other faults to the Works shall be or have been fully discharged.
- 7.1.4 The Contractor shall effect his own liability insurance policy and/or Personal Accident insurance policy as deemed necessary to cover any claims alleged by sole proprietors or self-employed persons in respect of any personal injuries, death or illness arising out of, or in the course of, or caused by the carrying out of the Works.
- 7.1.5 Save for Contractor's obligation to effect and maintain an Employees' Compensation Insurance under clause 7.1.1 and without prejudice to the Contractor's liability to indemnify the Employers in pursuant to clause 7.2, the Employer shall effect and maintain at his own expense an Employer's Controlled Contractors Employees' Compensation Insurance Policy provided that this insurance policy shall not be

applicable to the Contract unless a written confirmation from the Employer is given at any time before the commencement of Works.

*7.2 Injury to Persons and Property and Employer's Indemnity*

- 7.2.1 Without prejudice to his liability to provide Employees' Compensation Insurance pursuant to clause 7.1, the Contractor shall be liable for, and shall indemnify and keep indemnified the Employer against any cost, expense, liability, loss, damage, claim, or proceedings whatsoever suffered or incurred as a result of the personal injury to or the death of any person whomsoever, arising out of or in the course of or caused by the carrying out of the Works, whether pursuant to the Employees' Compensation Ordinance or otherwise howsoever, save that such indemnity shall be reduced proportionately to the extent that any negligence, act, omission or default of the Employer, or his servants or agents (but excluding Direct Contractors) caused or contributed to the cost, expense, liability, loss, damage, claim or proceedings.
- 7.2.2 Without prejudice to and notwithstanding the Policy of Insurance provided by the Employer under clause 7.3, the Contractor shall be liable for, and shall indemnify and keep indemnified the Employer against any cost, expense, liability, loss, damage, claim or proceedings whatsoever, suffered or incurred as a result of any injury or damage whatsoever to any property real or personal arising out of or in the course of or caused by the carrying out of the Works, save that such indemnity shall be reduced proportionately to the extent that any negligence, act, omission or default of the Employer, or his respective servants or agents (but excluding Direct Contractors) caused or contributed to the cost, expense, liability, loss, damage, claim or proceedings.
- 7.2.3 Without prejudice to the generality of the indemnities referred to in clauses 7.2.1 and 7.2.2 the Contractor shall indemnify and keep indemnified the Employer in respect of any cost, expense, liability, loss, damage, claim or proceedings whatsoever which arise from:
- (i) any operations by the Contractor which unnecessarily or improperly interfere with the convenience of the public or access to, use, occupation or enjoyment of public or private roads, footpaths or properties, or the conduct of any business thereon;
  - (ii) any failure by the Contractor to ascertain the exact position of cables, pipes and other utilities and equipment located on, under or above the Site or in the vicinity of the Works at any time during the execution thereof and the Contractor shall ensure that no damage is caused to such installations; and
  - (iii) the Contractor causing any environmental pollution of whatsoever nature.

save that such indemnity shall be reduced proportionately to the extent that any negligence, act, omission or default by the Employer or his servants or agents (but excluding Direct Contractors) caused or contributed to the cost, expense, liability, loss, damage, claim, or proceedings.

7.2.4 The Contractor shall give immediate notice to the Employer's Representative of any claim received by the Contractor from any third party which arises from the carrying out of the Works and shall co-operate as reasonably required by the Employer's Representative in any attempt by the Employer's Representative or the Employer or the Employer's or Contractor's insurer to negotiate any settlement of any such claim.

7.2.5 Insurance against Injury to Persons and Property

(i) Without limiting the obligations and responsibilities of the Contractor under this clause 7.2 or otherwise, the Employer shall effect and maintain at his own expense for the benefit of and in the joint names of the Employer, the Contractor and sub-contractors of any tier, a policy of third party liability insurance in the terms set out in the Policy of Insurance. The Policy of Insurance shall cover a maximum construction period and Defects Liability Period of 24 months and 12 months respectively. The Contractor is obliged to arrange for its own insurance policy covering third party liability to persons and property against claims arising out of any remedial works carried out beyond the Defects Liability Period. The liabilities coverage shall be at least equivalent to those terms and conditions as in the Employer's Policy of Insurance.

(ii) The Employer shall not be liable for or in respect of any damages or compensation in respect of or in consequence of any accident or injury to any workman or other person in the employment of the Contractor or any sub-contractor of any tier. Without prejudice to clause 7.2.1, the Contractor shall indemnify and keep indemnified the Employer against all such damages and compensation and against all claims, demands, proceedings, costs, charges and expenses whatsoever in respect thereof or in relation thereto, save that such indemnity shall be reduced proportionately to the extent that any negligence, act, omission or default of the Employer, or his servants or agents (but excluding Direct Contractors) caused or contributed to the cost, expense, liability, loss, damage, claim or proceedings.

(iii) The Contractor shall be responsible for and accepts to bear the cost of all excess payment due under the term of the Policy of Insurance, which the Contractor shall be deemed to have allowed at the time of award of this Contract.

7.3 *Insurance of the Works (Existing Building and New Works)*

7.3.1 Without limiting the obligation and responsibilities of the Contractor under clause 7.1 or otherwise, the Employer shall insure at his own expense in the joint names of the Employer, the Contractor and any sub-contractor of any tier, the Works in terms set

out in this Policy of Insurance. The Policy of Insurance shall cover a maximum construction period and Defects Liability Period of 24 months and 12 months respectively. The Contractor is obliged to arrange for its own insurance policy covering its works against claims arising out of any remedial works carried out beyond the Defects Liability Period. The liabilities coverage shall be at least equivalent to those terms and conditions as in the Employer's Policy of Insurance.

- 7.3.2 Upon the occurrence of any event giving rise to a claim under any insurance maintained pursuant to clause 7.3.1, the Contractor shall without any delay on his part, restore and repair the Works, replace any goods and materials which have been damaged or destroyed, remove all debris from the Site, comply with any further or other requirements set out in the Policy of Insurance or as instructed by the Employer's Representative pursuant to clause 2.6 hereof, continue with the execution and completion of the Works and with the performance of his obligations under the Contract.
- 7.3.3 The Contractor shall not be entitled to any payment from the Employer in respect of the matters referred to in clause 7.3.2 other than a sum equivalent to the monies received by the Employer from insurers as aforesaid.
- 7.3.4 To the extent that any such loss or injury arises from any of the excepted risks, or from any act, neglect or omission of the Employer or his servants or agents (but excluding for the avoidance of doubt, Direct Contractors, if any) the Contractor shall if required by the Employer's Representative repair and make good the same as aforesaid and the said work of repair and making good shall be valued in accordance with clause 3.0 hereof.
- 7.3.5 The Contractor shall be responsible for and accepts to bear the cost of all excess payment due under the terms of the Policy of Insurance, which the Contractor shall be deemed to have allowed at the time of award of this Contract.
- 7.3.6 Without limiting his obligation and responsibilities under the contract the Contractor shall insure at this own expense and for the full replacement value the construction plant and equipment brought on to the Site for the purpose of the Works.

#### *7.4 Evidence of Insurance*

The Contractor shall produce, and shall cause any sub-contractors to produce, such evidence as the Employer or Employer's Representative may reasonably require not later than 7 days after the award of contract works that the insurances referred to in clause 7.0 hereof have been taken out and are in force at all material times. Where clause 7.3 hereof is applicable the Employer shall produce such evidence as the Contractor may reasonably require that the insurance referred to therein has been taken out and is in force at all material times.

**8.0 Determination**

**8.1 *Determination by the Employer***

8.1.1 If the Contractor makes default in any one or more of the following respects, that is to say:

- (i) if he without reasonable cause fails to proceed diligently with the Works, or
- (ii) if he wholly suspends the carrying out of the Works before completion thereof,
- (iii) if he refuses or persistently neglects to comply with a notice from the Employer's Representative requiring him to remove defective work, improper materials or goods or rectify dangerous or unsafe conditions,

then the Employer's Representative may by registered post or recorded delivery give the Contractor notice specifying the default and notifying the Contractor of the Employers intention to determine the employment of the Contractor forthwith if the Contractor shall continue such default for fourteen (14) days after receipt of such notice.

8.1.2 If the Contractor shall for fourteen (14) days after receipt of a notice served pursuant to clause 8.1.1 hereof continue such default the Employer may, but not unreasonably or vexatiously, within ten (10) days after such continuance by notice by registered post or recorded delivery to the Contractor determine forthwith the employment of the Contractor under this Contract.

8.1.3 If the Contractor or any of his employees, servants, or sub-contractors of any tier shall have

- (i) offered or given or agreed to give to any person having a relationship with the award or performance of this Contract any gift or consideration of any kind, or
- (ii) if the Contractor or any of his employees, servants, or sub-contractors of any tier shall have committed any offence under the Prevention of Corruption Ordinance.

then Employer may, but not unreasonably or vexatiously, by notice by registered post or recorded delivery to the Contractor determine forthwith the employment of the Contractor under this Contract.

8.1.4 Provided always that the right of determination pursuant to clause 8.1.2 or clause 8.1.3 hereof shall be without prejudice to any other rights or remedies which the Employer may possess.

8.1.5 In the event of the Employer determining the employment of the Contractor as aforesaid the Contractor shall immediately give up possession of the Site and the Employer shall not be bound to make any further payment to the Contractor until after completion of the Works.

## Swire Properties Management Limited

### Section 2: Standard Terms and Conditions of Contract

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#### 8.1.6 If the Contractor:

- (i) becomes bankrupt, or
- (ii) makes any composition or arrangement with his creditors, or
- (iii) has a winding up order made, or (except for the purposes of reconstruction) a resolution for voluntary winding up passed, or a receiver of his business appointed or the like;

then the employment of the Contractor under this Contract shall be forthwith automatically determined.

#### 8.2 *Determination by the Contractor*

##### 8.2.1 If the Employer shall make default in any one or more of the following respects that is to say:

- (i) the Employer persistently fails to make any progress payment due under the provisions of clause 5.0 hereof within thirty (30) days of such payment being due; or
- (ii) the Employer or any person for whom he is responsible interferes with or obstructs the carrying out of the Works or fails to make the premises available for the Contractor in accordance with clause 4.1 hereof; or
- (iii) the Employer suspends the carrying out of the Works for a continuous period of at least one (1) month;

the Contractor may give notice to the Employer by registered post or recorded delivery of the Contractor's intention to determine its employment under this Contract if the Employer shall continue such default for fourteen (14) days after receipt of such notice.

##### 8.2.2 If the Employer:

- (i) for fourteen (14) days after receipt of a notice served pursuant to clause 8.2.1 hereof continues such default, or
- (ii) becomes bankrupt, or
- (iii) makes any composition or arrangement with his creditors or has a winding up order made or (except for the purposes of reconstruction) a resolution for voluntary winding up passed or a receiver of his business appointed or the like

the Contractor may, but not unreasonably or vexatiously, within ten (10) days after such event by notice by registered post or recorded delivery to the Employer determine forthwith the Contractor's employment under this Contract.

##### 8.2.3 In the event of the Contractor determining its employment as aforesaid the Employer shall pay to the Contractor, after taking into account amounts previously paid, such sum as shall be fair and reasonable for the value of work begun and executed provided such work shall have been carried out in accordance with the standards specified in the

Contract, materials on site and the removal of all temporary buildings, plant, tools and equipment.

8.2.4 Provided always that the right of determination pursuant to clause 8.2.2 hereof shall be without prejudice to any other rights or remedies that the Contractor may possess.

## **9.0 Provision of Plant and Materials**

9.1 The Contractor shall provide and shall be deemed to have allowed for all plant and materials necessary to carry out the Works including any such other works whether specifically mentioned or not, if in the reasonable opinion of the Employer's Representative, they are necessary for the completion of the Contract.

9.2 In addition, the Contractor shall provide:-

9.2.1 Plant including special and mechanical plant, fuel and running expenses, all tools and all timber for temporary work, etc.

9.2.2 Scaffolding of all descriptions, tarpaulins, temporary screens, catch fans, fences, partitions, dust sheets, etc.

9.2.3 Haulage and handling of plant, materials and debris.

9.2.4 Hoardings necessary for safety.

9.2.5 Any other thing necessary for the completion of the Works.

## **10.0 Provision of Labour**

10.1 The Contractor shall provide labour, skilled technicians and a competent foreman whilst carrying out the Works.

10.2 Whilst working on the Site, such workforce shall comply with all reasonable directions given to them by the Employer's Representative

10.3 All work carried out by such workforce shall be performed in accordance with the General Specification and to the satisfaction of the Employer's Representative.

10.4 Notwithstanding clause 10.2 hereof such workforce shall at all times be deemed to remain under the direct supervision and control of the Contractor.

10.5 The Contractor shall ensure that a foreman fluent in English and Cantonese is on duty at all times.

10.6 The Contractor is to ensure that he employs on Site only persons who are lawfully employable as defined in the Immigration Ordinance and who hold a valid Construction Industry Safety Training Certificate (commonly known as "Green Card").

## **11.0 Quality of Materials and Workmanship**

11.1 Without prejudice to any other *warranty* expressly given or implied by operation of law the Contractor warrants that:-

- a. all materials, goods and things provided by him in accordance with the Contract correspond as to description, quality and condition with the terms stated in the Contract, and
  - b. all materials or goods provided by him in accordance with the Contract are of merchantable quality and of sound materials and good workmanship, and
  - c. where selection of materials or goods is made by the Contractor that the same shall be the best of their respective kinds and fit for their purpose, and
  - d. all materials or goods provided by the Contractor in accordance with the Contract shall conform with any sample, mock-up, pattern, drawing or design approved by the Employer's Representative or any Consultant, and
  - e. all persons engaged or employed by the Contractor in the performance of the Contract are suitably skilled, experienced and qualified to perform the work allotted to them, and
  - f. where matters of design, specification or selection of materials are carried out by the Contractor that specialist skill and care has been or shall be applied in carrying out the same and that the same shall be fit for their purpose, and
  - g. the Contract Works when completed shall comply with all requirements of the laws then in force in the Hong Kong Special Administrative Region and shall be fit for their intended purposes.
- 11.2 The Employer's Representative may at any time require the removal from the Site and replacement forthwith of any materials, goods, or persons the subject of the warranties contained in clause 11.1 hereof which do not in his opinion comply with such warranties or are otherwise not in accordance with the Contract.
- 11.3 The Employer's Representative may if he shall so require instruct the Contractor to open up for inspection and testing any work whether completed or not to ascertain whether the same complies with the terms of the Contract provided that if it shall be ascertained that such work does so comply then the cost and expense of such opening up, inspection and testing (together with the cost of making good in consequence thereof) shall be valued in the manner prescribed in clause 3.2 hereof and added to the Contract Sum. The Employer's Representative shall have the right to order the rectification, removal, repair, making good or replacement of any work that is not executed in accordance with the Contract, at the Contractor's own cost.
- 11.4 All materials and goods to be provided by the Contractor in accordance with the Contract shall be subjected from time to time to such tests as the Employer's Representative may direct at the place of manufacture or fabrication or at such other place or places whether on or off the Site as the Employer's Representative may direct or at all or any of such places. The Contractor shall provide such assistance, instruments, machines, labour and materials as are normally required for examining, measuring and testing the same and shall supply samples of materials, goods or things before incorporation in the Works for testing as may be required by the Employer's Representative. The cost of the same shall

be payable to the Contractor to the extent that the same is expressly stated in the Contract.

11.5 The Contractor shall give three (3) working days' notice to the Employer's Representative on Site prior to the covering up of any work and in default of so doing the Employer's Representative may require the same to be uncovered at the Contractor's expense.

11.6 The Contractor shall give and shall procure that his sub-contractors of any tier give to the Employer's Representative or any of the Consultants, as the case may be, and their respective representatives, full access to the Contract Works and to the workshops or other places where work is being prepared or goods or materials are being manufactured for the Works so that they may test, inspect or examine the same. The Contractor shall assist the Employer's Representative or any of the Consultants and their respective representatives during the course of any such visits as aforesaid.

## **12.0 Operation and Maintenance Manuals**

12.1 The Contractor is to co-ordinate the preparation and assembly of all operation and maintenance manuals for submission to the Employer's Representative for comment and/or endorsement.

12.2 The Contractor shall action any comment made by the Employer's Representative upon the consolidated document and shall make re-submissions as necessary until the Employer's Representative is satisfied therewith and gives his endorsement.

12.3 Draft operation and maintenance manuals complete with provisional record drawings, software listing (if any) and setting out the operation and maintenance procedures in accordance with the requirements set out in the Contract are to be made available at least one (1) month before the programmed date for site testing and commissioning to allow the Employer's representatives (and/or Management Company) to become familiar with the installation.

12.4 These draft manuals shall be of the same format as the final manuals but with temporary insertion for items which cannot be finalised until the Works are completed, tested and accepted.

12.5 Finalised and endorsed manuals including final record drawings shall be provided not later than seven (7) days after the issue of the Certificate of Completion.

12.6 The Contractor is to provide one (1) electronic copy and two (2) hard copies of the endorsed document, all such manuals and instruction shall be available in both English and Chinese.

12.7 The provision of these manuals and the final record drawings shall be a condition precedent to the release of the retention under clause 5.3 of the Conditions.

## **13.0 Workmen Living on Site**

13.1 None of the Contractor's personnel shall be permitted to live on Site.

**14.0 Security**

- 14.1 Prior to the commencement of the Works, the Contractor shall issue to the Employer's Representative a list of all personnel to be engaged on the Works. Such a list shall contain the names, addresses and Hong Kong identity numbers of all personnel engaged on the Works.
- 14.2 The Contractor's Representative and all such personnel engaged on the Works shall sign in and out daily at a location to be designated by the Employer's Representative for the duration of the Works.

**15.0 Interference with Services**

- 15.1 The Contractor must take all steps necessary to prevent damage of or interference with services, such as gas, water, electricity, lights and power, telephones, mobile phones, TV, buried cables or other installations.

**16.0 Occupation of Premises**

- 16.1 The Contractor's attention is drawn to the fact that the building in which the Site is located may be occupied and the Contractor must carry out the Works and arrange for deliveries of materials and the like in such a manner and at such times that shall cause the least possible inconvenience and disturbance to other contractors, Tenants and the users of the building. The Contractor shall be required to ensure that the Site is left in a safe, tidy and clean condition on completion of each day's work.

**17.0 Noisy Work**

- 17.1 Demolition, drilling and other excessively noisy operations, if required on Site, are to be carried out at times to be agreed with the Employer's Representative.

**18.0 Protection of the Public**

- 18.1 The Contractor shall safeguard the work whilst in progress with sufficient warning notices and with temporary fencing, catch fans, barriers, etc. as necessary to protect the public.

**19.0 Watching and Care of the Works**

- 19.1 The Contractor shall watch and take care of the whole of the Works from the date work commences to the date of completion named in the Certificate of Completion.
- 19.2 It is the Contractor's duty to provide all personal protective equipment and clothing for his workmen and to ensure that it is being properly used whilst engaged in any work which is carried out on the site.

**20.0 Fire Escapes**

- 20.1 The Contractor is to ensure that all corridors, fire escape routes and the like are kept clear at all times and not blocked by equipment or materials and that adequate lighting is available at all times.

**21.0 Lighting and Power**

- 21.1 The Employer shall make no charge to the Contractor for the electricity consumed for carrying out and completing the Works. However, the Employer reserves the right to require the Contractor to arrange for his own temporary electricity meter with the power company at his own cost if in the opinion of the Employer the demand is large or likely to cause an overload to the Employer's distribution system.
- 21.2 If connection to the Employer's supply is agreed, the Contractor shall at his own cost arrange for all connections to the Employer's electricity supply, all cabling, conduits, distribution boards and the like and for all tools and lighting.
- 21.3 All electrical connections and fittings used for this purpose shall be in good and safe condition and conform to the relevant guidelines and regulations including those of the Labour Department and Electrical and Mechanical Services Department.

**22.0 Water for the Works**

- 22.1 All water is to be clean, fresh and free from any deleterious matter. The Contractor shall be permitted to use the water services available within the building.
- 22.2 The Contractor shall at his own cost arrange for all connections to the Employer's water supply and for all pipes and tanks for distribution of water supply.

**23.0 Schedule of Condition**

- 23.1 Prior to the start of the Works the Contractor shall agree with the Employer's Representative a Schedule of Condition describing the condition of the existing buildings or services within the vicinity of the Works. Should there be any damage to the existing buildings or services arising during the Works and not previously scheduled, such damage shall be put right at the Contractor's expenses.

**24.0 Removing Construction Waste, Rubbish and Cleaning Down**

- 24.1 The Contractor shall dispose of all construction waste, debris and rubbish as it accumulates and carry out the Works in a clean and orderly manner. All related cost, charges and fees incurred shall be borne by the Contractor unless otherwise specified.
- 24.2 Immediately prior to completion of the Works the Contractor shall, as appropriate, remove all splashes, deposits, temporary markings, covering, protections, wrappings and tapes, ease and adjust doors, clean down paintwork and touch up any damage, and generally leave the building and equipment clean and tidy.
- 24.3 All keys shall be clearly labelled and handed over on completion.

**25.0 Site Access**

- 25.1 The Contractor shall make all necessary arrangements with the statutory authorities and the Hong Kong Police for the occupation of the public highway and footpaths, if any, that may be used or crossed to carry out the Works.

**26.0 Notices**

- 26.1 Any notice or instruction to be given to the Contractor under this Contract may be served by delivering to the Contractor's registered office.
- 26.2 Any notice or communication to be given to the Employer under this contract may be served by registered post, by recorded delivery or by leaving at the Employer's registered office.

**27.0 Governing Law**

- 27.1 The construction, validity and performance of this Contract and resolution of all disputes or differences arising hereunder shall in all respects be governed by the laws of the Hong Kong Special Administrative Region.

**28.0 Intellectual Property Rights**

- 28.1 All plans, documents and other materials and works prepared or created by the Contractor pursuant to this Contract shall become the property of the Employer upon the certified date of completion, or acceptance of the materials whichever is the later and all copyrights in and to all such items belong to and vest in the Employer absolutely. The Contractor acknowledges and agrees not to contest the exclusive ownership by the Employer of such items and Intellectual Property Rights.
- 28.2 The Employer retains all copyrights in all drawings, specifications, documents and reports supplied to the Contractor by the Employer in connection with this Contract.
- 28.3 The Contractor warrants and represents to the Employer that the Works and any materials prepared by the Contractor pursuant to this Contract do not infringe the copyright of any third party.
- 28.4 The Contractor agrees to indemnify on demand and hold harmless the Employer and its employees, directors, agents and officers from and against any and all costs, damages, expenses, losses, claims or liability incurred by it (including all costs and expenses which the Employer may reasonably incur in defending any proceedings) arising, directly or indirectly, out of any disputes, claims or proceedings brought by a third party alleging that the Works and any materials prepared by the Contractor pursuant to this Contract infringe any third party's copyright.

**29.0 Settlement of Disputes**

- 29.1 Any Dispute, whether arising during the progress or after the completion or abandonment of the Contract or after the determination of the Contract howsoever, shall first be referred to mediation in accordance with the then current Mediation Rules of the Hong Kong International Arbitration Centre ("HKIAC"). If the mediation is abandoned by the mediator or is otherwise concluded without the dispute or difference being resolved to the satisfaction of either party, then such dispute or difference shall be referred to and determined by arbitration as provided in clauses 29.2 to 29.6 hereof.

- 29.2 In the event that any Dispute is not resolved by reference to mediation as provided in clause 29.1 hereof, then either the Employer or the Contractor shall give written notice to the other to such effect and such Dispute shall be referred to the arbitration and final decision of a person to be agreed between the parties as the Arbitrator, or upon failure to so agree within fourteen (14) days after the date of the aforesaid written notice, of a person to be appointed as the Arbitrator on the request of either the Employer or the Contractor by the HKIAC.
- 29.3 For the purposes of this clause 29.0, 'Arbitration Ordinance' means the Arbitration Ordinance (Cap 609) or any statutory modification thereof for the time being in force. It is expressly agreed that all the provisions of Schedule 2 to the Arbitration Ordinance shall apply to any arbitration instituted in accordance with this clause 29.0. Such arbitration shall take place in Hong Kong and the Arbitrator shall have no power to decide otherwise.
- 29.4 The Arbitrator shall, without prejudice to the generality of his powers, have power to rectify the Contract so that it accurately reflects the true agreement made by the Employer and the Contractor, to direct such measurements and/or valuations as may in his opinion be desirable in order to determine the rights of the parties and to ascertain and award any sum which ought to have been the subject of or included in any certificate and to open up, review and revise any certificate, opinion, decision, requirement or notice and to determine all matters in dispute which shall be submitted to him in the same manner as if no such certificate, opinion, decision, requirement or notice had been given.
- 29.5 The award of such Arbitrator shall be final and binding on the parties provided that with the exception of the formalities of his appointment the Arbitrator may not pursue the reference until after completion of the whole of the Works as certified by the Employer's Representative pursuant to clause 4.4 hereof.
- 29.6 If before making his final award the Arbitrator dies or otherwise ceases to act as the Arbitrator, the Employer and the Contractor shall forthwith appoint a replacement Arbitrator, or, upon failure so to appoint within fourteen (14) days of any such death or cessation, then either the Employer or the Contractor may request the HKIAC to appoint such replacement Arbitrator. Provided that no such replacement Arbitrator shall be entitled to disregard any direction of the previous Arbitrator or to vary or revise any award of the previous Arbitrator except to the extent that the previous Arbitrator had power so to do under the Arbitration Rules and/or with the agreement of the parties and/or by the operation of law.

### **30.0 Supplier Code of Conduct**

- 30.1 The Contractor shall comply fully and properly with the Employer's Supplier Code of Conduct ("**Code of Conduct**") as provided in the link in clause 30.3 hereof.
- 30.2 At all times when executing the Works, the Contractor is to arrange for it and for each of its employees, agents and subcontractors to comply fully with the Code of Conduct.

- 30.3 The Code of Conduct is published on Swire Properties' website (currently at [www.swireproperties.com](http://www.swireproperties.com)) and may be amended from time to time. The Contractor agrees that he shall keep himself informed of any amendments to the Code of Conduct by regularly consulting the Employer or the Employer's website for the latest edition and shall comply with such latest edition accordingly.
- 30.4 By accepting this Contract, the Contractor represents to the Employer:
- (a) that the Contractor has read the Code of Conduct; and
  - (b) that the Contractor, its employees, agents and sub-contractors are complying, and will comply, with the Code of Conduct when performing the Works;
  - (c) that the Contractor shall allow the Employer upon reasonable request to inspect the Works as work progresses so that the Employer can monitor the Contractor's compliance with the Code of Conduct.
- 30.5 If the Contractor becomes aware that the execution of the Works may breach the Code of Conduct, then it is to notify the Employer and/or the Employer's Representative as soon as reasonably practicable. Then, the Contractor shall:
- (a) promptly provide the Employer with a corrective action plan to the satisfaction of the Employer; and
  - (b) implement the plan within a period on which the Employer and the Contractor agree.
- 30.6 If the Contractor does not implement the agreed corrective action plan to the satisfaction of the Employer within the agreed time-frame, then the Employer and/or the Employer's Representative may give written notice immediately ending the order, contract, and any other agreements between the Employer and the Contractor, and without compensation. The Contractor has liability to protect the Employer from any damages / liabilities resulting from the Contractor's breach of the Code of Conduct.