

WATER SUPPLY AND FIRE SERVICES  
TERM MAINTENANCE CONTRACTS (2019/2020–2022/2023) FOR  
HOUSING AUTHORITY ESTATES, AREAS AND BUILDINGS  
NOTICE OF PRE-QUALIFICATION OF TENDERERS

It is hereby notified that the Hong Kong Housing Authority (HA) will shortly invite tenderers for seven Water Supply and Fire Services Term Maintenance Contracts (WS&FS TMCs) with contract period from 2019/2020–2022/2023 for Housing Authority Estates, Areas and Buildings.

The seven contracts are expected to be issued in one batch with contract commencements in October 2019 and April 2020.

The scope of works of the contracts mainly consists of the routine maintenance, repair & replacement and improvement services for water supply and fire services installations including the associated building supportive works and emergency services for water piping system.

Contractors meeting the following requirements are now invited to apply for pre-qualification for tendering:—

- (a) The contractor must possess direct routine maintenance and repair experience on Water Supply and Fire Services installations and be capable of undertaking builder's work for underground water piping systems for the past three years counting from the due date of submission for pre-qualification as stipulated in the Gazette Notice. However, a company is allowed to team up with one other company as a partnership or joint venture to seek pre-qualification. In this case, both companies of the partnership or joint venture as the case may be, if awarded a contract, shall be held jointly and severally liable for all the contractual obligations, and both companies will be required to sign the contract. Moreover, the partnership or joint venture must possess any one or more of the following features in order to be qualified to seek pre-qualification:—
  - (I) The two companies in partnership or joint venture are subsidiaries of the same holding company, which holds over 50% of the shares/ownership of each of these two companies. The board of directors of these two companies must also have over 50% of the directors in common; or
  - (II) Over 50% of the shares/ownership of each of these two companies is held by a single person or the same group of persons. The board of directors of these two companies must also have over 50% of the directors in common; or
  - (III) The first company, which takes the leading role in seeking pre-qualification, shall hold over 50% of the shares/ownership of the second company.
- (b) The contractor (or the partnership or joint venture as a whole) must have direct experience, within the past three years counting from the due date of submission for pre-qualification as stipulated in the Gazette Notice, of maintaining not less than 200 numbers of potable/flush water pumps concurrently, and fire services installations of not less than 30 buildings (including high-rise domestic premises, shopping centres, carparks, commercial buildings or schools) concurrently, and undertaking builder's work for underground water piping systems. In case of partnership or joint venture, each company of the partnership or joint venture must have direct maintenance experience in at least one of the following aspects of work: potable/flush water pumps, fire services installations or builder's work for underground water piping systems.
- (c) The contractor (or each company forming the partnership or joint venture) must not be subject to any regulatory action by HA<sup>Note 1</sup> for works of similar nature when being considered for admission to the pre-qualified tenderers list, tender invitation, tender return and tender assessment.
- (d) The contractor (or each company forming the partnership or joint venture) must have a proven track record of satisfactory performance in their maintenance and improvement works for properties under their maintenance.
  - (I) For contractors who are currently undertaking HA's Water Supply and Fire Services Term Maintenance Contracts, they should not have 2 or more consecutive adverse reports in HA contracts nor any poor performance records, such as serious incidents<sup>Note 2</sup> in M&I works causing serious concern of HA in the 3-year period

counting from the due date of submission for pre-qualification as stipulated in the Gazette Notice.

- (II) For other contractors, they should not have poor performance in their maintenance and improvement works causing serious concern of HA.
- (e) The contractor must have their own workshop with a floor area of at least 100 square meters and the workshop must be equipped with sufficient spares, instruments, machinery and plants suitable for routine maintenance and emergency repair work. In case of partnership or joint venture, each company of the partnership or joint venture must have a workshop of at least 50% of the specified total floor area.
- (f) The contractor (or each company forming the partnership or joint venture) must have a 24-hour emergency standby services team with sufficient workforce, equipment, materials and vehicles capable of providing 24-hour standby services for emergency repair.
- (g) The contractor (or each company forming the partnership or joint venture) must possess valid ISO 9001 and ISO 14001 Certificates covering maintenance activities.
- (h) The contractor (or each company forming the partnership or joint venture) must have a good site safety management system including but not limited to company safety policies and practices, safety training, provision of personal protective equipment, etc.
- (i) The contractor (or each company forming the partnership or joint venture) must possess a sound financial background and satisfy the capital requirement as below:—

(I) Working Capital (WC) Required:—

(a) or (b), whichever is higher:—

(a) \$0.57M

OR

(b) (i) 15% of outstanding works <sup>Note 3</sup> (if contractor has either Employed Capital (EC) or WC under \$4.2M); or

(ii) 10% of outstanding works <sup>Note 3</sup> (if contractor has both EC & WC not less than \$4.2M respectively); or

(iii) 8% on first \$950M of outstanding works <sup>Note 3</sup> and 10% on remainder (if contractor is also a NW2 Building Contractor on HA List or Group C Contractor on Development Bureau List of Approved Contractors for Public Works)

(II) Employed Capital Required <sup>Note 4</sup>:—

(i) \$0.57M or

(ii) \$2.30M (if outstanding works <sup>Note 3</sup>  $\geq$  \$23M,  $<$  \$47M); or

(iii) \$4.70M (if outstanding works <sup>Note 3</sup>  $\geq$  \$47M).

or

10% of Total Assets,

whichever is higher.

(III) Profitability Trend Analysis <sup>Note 5</sup>

Loss Rate shall not be greater than 30%.

Contractors' application letters expressing their interest in being pre-qualified should be marked 'Pre-qualification of Tenderers for WS&FS TMCs (2019/2020–2022/2023)' and addressed to Building Services Engineer/TT of the Hong Kong Housing Authority in writing in English and reach the following address by registered post on or before 4 December 2018:—

Hong Kong Housing Authority  
Regional Management Office (Wong Tai Sin, Tsing Yi and Tsuen Wan)  
Wing B, Level 3, HKHA Customer Service Centre,  
3 Wang Tau Hom South Road,  
Kowloon  
(Attn: Building Services Engineer / TT)  
(Tel. No.: 2762 6709, Fax. No.: 2944 8739)

Companies failing to apply for pre-qualification in the manner prescribed above will not be considered for the pre-qualification assessment, and their names will not be put on the list of tenderers.

Companies who have shown their interest will be required to complete and submit a questionnaire in due course. The eligibility of contractors to tender for the above WS&FS TMCs shall be assessed based on the above requirements and their proven capability and performance. Selected contractors will then be separately invited to tender.

The tenders to be invited will be covered by the Agreement on Government Procurement of the World Trade Organization.

For related companies, only one of these companies is allowed to submit a tender for each of the seven contracts. Companies are deemed to be related if their relationship falls within the meaning of 'related parties' as defined in the Hong Kong Institute of Certified Public Accountants (HKICPA)—Hong Kong Accounting Standard (HKAS 24), on Related Party Disclosures.

The Hong Kong Housing Authority reserves the right to revise the number of contracts and their combinations to be tendered out.

The Hong Kong Housing Authority reserves the right to reject any application.

Note 1 It is also applicable to contractor whose key management staff (i.e. director) that has been involved in serious incident(s).

Note 2 Serious incidents refer to an incident involving either one or a combination of the following:

- (i) serious bodily injury resulting in a loss or amputation of a limb; or which has caused or is likely to cause permanent total disablement to the injured, or
- (ii) dangerous occurrence or incident at workplace leading to or resulting in an injury that is considered serious (but up to the extent as described in (i) above), or damage to works or property on or adjacent to the workplace that posed a potential threat to public safety.

Note 3 Outstanding works represents the annualized value of outstanding works (including HA, Government and private sector contracts on a worldwide basis) and any tenders under consideration.

Note 4 The issued and paid-up capital and shareholders' funds should both meet the level of minimum employed capital.

Note 5 The Profit/Loss Ratio is calculated to reflect the weighted average of the annual ratios of the operating profit/loss over the opening balance of the shareholders' funds or net worth (as per audited accounts) for each of the past three years, with weights of 3:2:1 (higher weight being given to the more recent year).

9 November 2018

Stanley YING *Director of Housing*