



HONG KONG: CONSTRUCTION INDUSTRY SECURITY OF PAYMENT BILL PASSED BY HONG KONG GOVERNMENT

On 18 December 2024, the Legislative Council passed the long-awaited *Construction Industry Security of Payment Bill*, which was introduced earlier this year.

This aims to address:

- unfair payment terms and payment delays
- provide better protection for all parties involved in construction contracts; and
- expeditiously adjudicate payment disputes.

The Hong Kong Government announced that the new **Construction Industry Security of Payment Ordinance (CISP Ordinance)** will be gazetted on 27 December 2024 and will apply to certain construction contracts for both public and private projects entered into on or after 28 August 2025. In particular, the CISP Ordinance is expected to apply (with limited exceptions) to:

- main contracts for construction work with a minimum contract value of HK\$5 million;
- main contracts for the supply of goods or services related to the construction work with a minimum contract value of HK\$500,000; and
- any sub-contracts in the same supply chain as main contracts to which the Ordinance applies.

Given the text of the Bill, we also anticipate that the CISP Ordinance will apply to

- construction work carried out in Hong Kong, even if the contract is not governed by Hong Kong law; and

- the Hong Kong Government, which is involved in many construction projects in Hong Kong.

While the substantive provisions of the CISP Ordinance will not take effect until next year, the Secretary for Development will have the power to register and administer Adjudicator Nominating Bodies (ANBs) immediately upon gazettal on 27 December 2024. It is understood that the Hong Kong Government aims to publish relevant documents and begin accepting ANB applications in January 2025 to ensure a smooth transition and effective implementation of the CISP Ordinance.

Our earlier articles discussing the introduction of a 'security of payment' regime in Hong Kong can be found at: <https://www.hfw.com/insights/Construction-Bulletin-March-2023> and <https://www.hfw.com/insights/get-ready-to-adjudicate-a-statutory-security-of-payment-regime-is-on-the-horizon-in-hong-kong-2>. We will monitor developments closely and provide further updates in due course.

HFW's Hong Kong Construction team will be hosting a series of training sessions on the implementation and the impact of the CISP Ordinance on the Hong Kong construction sector in 2025. If you would like to attend our training or discuss 'security of payment' in Hong Kong in greater detail, please contact the authors of this article, or your usual HFW contact(s).



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