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9 July 2002

Mr Andy Lau  
Clerk to Subcommittee  
Legislative Council Secretariat  
3/F, Citibank Tower  
Central, Hong Kong

Dear Mr Lau,

**LegCo Panel on Transport**

**Subcommittee on Matters relating to the  
Implementation of Railway Development Projects**

At the meeting of the Subcommittee on 4 March 2002, the Administration was asked to –

- (a) provide supplementary information on the use of technical weightings in the award of telecommunications system contracts for the Ma On Shan to Tai Wai Rail Link (MOS Rail) of the Kowloon-Canton Railway Corporation (KCRC) and Tseung Kwan O Extension and the Airport Railway of the MTR Corporation Limited (MTRCL) (paragraph 9 of the minutes of meeting); and
- (b) confirm that there were no doubts expressed at the time when the recommendation of the KCRC Central Tender Board was approved by the KCRC Managing Board (paragraph 31 of the minutes of meeting).

## **The Use of Technical Weightings for Telecommunications Contracts**

According to KCRC, the following weighting was used in the technical evaluation of Contract DB1522 – Station and Depot Communication Systems for the MOS Rail –

<b>Criteria</b>	<b>Weighting (%)</b>
Technical Proposal	54
Execution Plan	20
Preliminary Works Programme	8
System Assurance	8
Construction Safety Plan	5
Quality Management	5

The lowest priced tender which achieved a satisfactory or above score in each and every criterion and met the tender requirements was recommended for acceptance. As the award of contract was based on the lowest priced conforming tender, no financial weighting was necessary. Financial assessment focused only on the ranking of tender price and financial capability of the tenderers. In the case of DB1522, Siemens had achieved satisfactory or above score in each and every criterion, offered the lowest tender price and complied with all tender requirements. KCRC, therefore, awarded Contract DB1552 to Siemens in April 2001.

According to MTRCL, the approach adopted for the selection of contractors for the telecommunications system of the Airport Railway and the Tseung Kwan O Extension comprised the following two stages –

- (a) Pre-qualification – Contractors seeking pre-qualifications were subject to a technical assessment and checked for financial eligibility. The lists of pre-qualified contractors were established on the basis of the highest technical scores having achieved acceptable financial eligibility.

- (b) Award of Contracts – The awards were made to bidders which offered the lowest compliant tender price.

**The Managing Board's Discussion on the Recommendation of the KCRC Central Tender Board**

The minutes of the meeting of the KCRC Managing Board on 22 November 1999 showed that at the meeting, no doubts were expressed when the recommendation of the KCRC Central Tender Board to award Contract DB1500 to Siemens was approved by the Managing Board.

Yours sincerely,

(Ms Carolina Yip)

for Secretary for the Environment, Transport and Works