

**Chapter 29 covers our review on
further supplemental agreements**

Contents – Further Supplemental Agreements

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29. FURTHER SUPPLEMENTAL AGREEMENTS

29.1 Scope of work

29.1.1 We are requested to consider the following:

“In addition to the 27 Supplemental Agreements already signed with various sub-contractors which results in additional payments totalling HK\$1.6 billion, are there any further outstanding issues with sub-contractors relating to the West Rail Project which may give rise to further Supplemental Agreements involving additional payments and if so, what are the relevant details?”

29.1.2 In this Chapter, we set out details of the supplemental agreements that have been executed or are under consideration, in addition to the 27 supplemental agreements already signed.

29.1.3 We have also set out the details of outstanding claims under review for the West Rail project because there is a possibility that some of these claims may be subsequently settled using supplemental agreements.

29.2 Background

29.2.1 We have provided an overview of the claims management process followed by KCRC in Section 8.2.

29.2.2 Up to 28 February 2002, KCRC has entered into 27 supplemental agreements with an aggregate value of HK\$1,536.7 million in respect of civil construction and railway systems contracts.

29.2.3 On 20 March 2002, KCRC entered into a supplemental agreement with a settlement amount of HK\$34 million for CC-1810. This agreement covered the revision to access dates and key dates, and settlement of all claims up to 28 March 2001. The value of the original contract was HK\$756 million.

Kowloon-Canton Railway Corporation
Review of Payments to Contractors for the West Rail Project
April 2002

29.3 Supplemental Agreements under Consideration

29.3.1 Based on documents prepared by management, supplemental agreements in respect of civil construction and railway systems contracts under consideration as at 15 April 2002 are as follows:

Contract no.	Purpose	Status	Estimated cost HK\$'million
CC202/002	Change of name of contractor.	Draft prepared by CLC-C and given to CAM-N to discuss with the contractor.	0.0
CC202/003	Revision of key dates and settlement of claims up to 31 December 2001.	The need for a supplemental agreement is currently under review by CAM-N and waiting for more information from the contractor.	100.0
CC300/002	Acceleration, additional works, amendment of key dates, milestones and settlement of claims.	Cost Control Committee (CA#7846) approved cost of HK\$10.5 million. Final draft sent to CLC-C for approval. GM-CN has queried the settlement amount of HK\$10.5 million.	10.5
CC1820/002	Revision of access dates and programme, and settlement of claims.	Under review by senior management.	10.0
Total			120.5

29.4 Claims under Review

29.4.1 Outstanding claims under review, as extracted from the Claims Notice Register and the Claims Analysis Report as at 26 April 2002, are tabulated below:

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Notes:

1. This represents KCRC's estimate of its overall potential liability for prolongation and disruption costs based on the various claim notifications received from the contractor.
2. This represents KCRC's estimate of its overall potential liability in relation to contractor's entitlement for extension of time based on the various claim notifications received from the contractor.

*** The Table contained in paragraph 29.4.1 has been removed due to KCRC's contractual duty to its contractors of non disclosure.**

- 29.4.2 Whilst it is possible that certain of the outstanding claims may be settled by supplemental agreements, such claims are still under discussion and it is not possible to determine the likely outcome at this stage.