

Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways
Progress Update of the Construction of the Shatin to Central Link
(As at 31 December 2017)

(Translation)

Introduction

This paper reports to Members on the progress of the main construction works of the Shatin to Central Link (“SCL”) as at 31 December 2017.

Background

2. SCL, with a total length of 17 kilometres, consists of the following two sections –

- (a) Tai Wai to Hung Hom Section: this is an extension of the Ma On Shan Line from Tai Wai via Southeast Kowloon to Hung Hom where it will join the West Rail Line; and
- (b) Hung Hom to Admiralty Section: this is an extension of the East Rail Line from Hung Hom across the Victoria Harbour to Wan Chai North and Admiralty.

3. There are ten stations in SCL. Apart from bringing improvements to the existing Tai Wai Station, the SCL project involves construction of new stations or extension of existing stations at Hin Keng, Diamond Hill, Kai Tak, Sung Wong Toi, To Kwa Wan, Ho Man Tin, Hung Hom, the Hong Kong Convention and Exhibition Centre, and Admiralty. It is a territory-wide strategic railway project (alignment layout at **Annex 1**). Admiralty Station and Ho Man Tin Station will become integrated stations providing interchange service to passengers of SCL and South Island Line (East)(“SIL(E)”), as well as passengers of SCL and Kwun Tong Line Extension (“KTE”) respectively.

4. The entire SCL project is funded by the Government under the “concession approach”. The MTR Corporation Limited (“MTRCL”) is entrusted by the Government to carry out the construction of the project. On 18 February 2011, the Finance Committee of the Legislative Council approved the funding applications for “**63TR** – Shatin to Central Link – construction of railway works – advance works” and “**64TR** – Shatin to Central Link – construction of non-railway works – advance works” with a total of about **\$7,700 million** (in money-of-the-day prices). Thereafter, the Government and MTRCL entered into an agreement for entrusting to the latter the advance works of SCL at the expanded Admiralty Station and Homantin Station while implementing SIL(E) and KTE respectively. The advance works commenced in May 2011.

5. Regarding the main works of SCL, the Finance Committee of the Legislative Council approved the funding applications on 11 May 2012 for “**61TR** – Shatin to Central Link – construction of railway works – remaining works” and “**62TR** – Shatin to Central Link – construction of non-railway works – remaining works” with a total of about **\$71,400 million** (in money-of-the-day prices). Thereafter, the Government and MTRCL entered into an agreement for entrusting construction, testing and commissioning of the main works of SCL to the latter. The entrustment cost concerned is about \$70.8 billion. MTRCL has been entrusted to provide management and monitoring service to the SCL project. The main works commenced in July 2012. According to the agreement for the main works of SCL, the original target commissioning date for the “Tai Wai to Hung Hom Section” is December 2018 and the original target commissioning date for the “Hung Hom to Admiralty Section” is December 2020.

6. The Finance Committee of the Legislative Council approved the funding application for increasing the Approved Project Estimate of **63TR** by \$847.7 million from \$6,254.9 million to \$7,102.6 million at its meeting on 17 June 2017 for the additional fund required by the Government for the SCL advance railway works. The Approved Project Estimate for the entire SCL project is adjusted upward from the original estimate of \$79,800 million to **\$80,700 million**¹ (in money-of-the-day prices).

¹ The Approved Project Estimate for the entire SCL project comprises (i) Protection Works (**58TR** Shatin to Central Link – construction of railway works – protection works and **59TR** Shatin to Central Link – construction of railway works – protection works in Wan Chai Development Phase II) of about \$700 million (in money-of-the-day prices); (ii) Advance Works (**63TR** and **64TR**) of about \$8,600 million (in money-of-the-day prices); and (iii) Main Works (**61TR** and **62TR**) of about \$71,400 million (in money-of-the-day prices). The total is about \$80,700 million.

7. The Government received the latest cost estimate of the main works of the SCL project from the MTRCL on 5 December 2017. MTRCL indicated a need of adjusting upward the entrustment cost of the main works of the SCL project, from \$70.8 billion to \$87.3 billion, i.e. an increase of about \$16.5 billion. The Government is conducting a detailed review of the MTRCL's latest cost estimate. The Highways Department (“HyD”), in collaboration with the monitoring and verification (“M&V”) consultant, held several meetings with MTRCL, and is reviewing rigorously the reasons given by the MTRCL.

8. MTRCL considered that the main reasons for the increase in construction cost included the archaeological and conservation works at Sung Wong Toi Station, the additional expenses due to delays in the handover of work sites at Wan Chai north, and the station works required for allowing flexibility for the topside development at Exhibition Centre Station. HyD and M&V consultant preliminarily conducted a review of the information provided by the MTRCL. As there are many works contracts involved, HyD requested MTRCL to provide more information for its detailed review. HyD will scrutinize the assumptions and background of the estimates according to the usual practice for government public works projects to ascertain whether there are sufficient reasons for the estimate of the MTRCL. Upon completion of the detailed review, the Government will apply for additional funds from the LegCo to continue with the SCL works.

9. According to the entrustment agreement, MTRCL is responsible for the overall management of the SCL project. The Government maintains a mechanism to closely monitor the work of the MTRCL, which includes a Project Supervision Committee (“PSC”) led by the Director of Highways (“DHy”). The PSC holds monthly meetings to review the progress of the project and monitor the procurement activities, post-tender cost control and resolution of contractual claims. MTRCL submits monthly progress reports to the Highways Department (“HyD”) to report the latest progress and financial position of the SCL project. Moreover, HyD holds monthly Project Coordination Meetings and Project Progress Meetings with MTRCL to monitor different aspects of the implementation of the project and the progress, the handling of issues in relation to design, construction and environmental fronts that may have potential impact to the progress and programme of the SCL project, as well as the handling of interfacing issues with other projects. The HyD has also employed a M&V consultant to assist in the monitoring work and undertake regular audits, advise the

HyD of any potential risk of delay and also offer comment to the HyD on the appropriateness of MTRCL's proposed delay recovery measures. The DHy meets with the Secretary for Transport and Housing ("STH") on a monthly basis and submits reports to report the progress of the project. Where necessary, he also reports to the STH any significant issue relating to the implementation of the project.

Latest Progress of the Main Works

10. The progress report of the SCL project as at 31 December 2017 submitted by MTRCL is at **Annex 2**. Our analysis and supplement on the progress report are provided below.

Tai Wai to Hung Hom Section

Shatin Section (Section of Railway between Tai Wai Station and Ma Chai Hang, Wong Tai Sin, including Hin Keng Station and Modification of Station Platforms of Ma On Shan Line)

11. Building services works and electrical and mechanical (E&M) works at Hin Keng Station and the connecting elevated and at grade tracks were substantially completed and the relevant system testing and statutory inspections are in progress. Construction of the Emergency Vehicular Access outside the station, diversion works for the underground utilities and road reinstatement works at Che Kung Miu Road are underway. The progress is generally on schedule. Overhead lines at the track sections between Hin Keng and Kai Tak stations were energised in end 2017 and are being tested. Trial runs are being conducted for the dynamic tests of various systems. In addition, all the installation works for the Automatic Platform Gates ("APG") at all stations along Ma On Shan Line were completed in December 2017 which was one year in advance of the original programme.

Wong Tai Sin Section (Section of Railway between Ma Chai Hang, Wong Tai Sin and Kai Tak, including Diamond Hill Station)

12. Building services works and E&M works inside the SCL Diamond Hill Station are on schedule. The two pedestrians adits underneath Lung Cheung Road connecting Diamond Hill Stations of SCL and Diamond Hill Station of the

Kwun Tong Line were broken through in November 2017. Road reinstatement works at Lung Cheung Road commenced in December 2017. Besides, the construction of the emergency access point and the Public Transport Terminus at the junction of Wong Tai Sin Road and Sha Tin Pass Road continues. The construction of the Ventilation Building at the former Ma Chai Hang Recreational Round continues. The progress of the above construction works are generally on schedule.

Kowloon City Section (Section of Railway between Kai Tak Station to Ho Man Tin Station, including Sung Wong Toi Station (formerly named as To Kwa Wan Station) and To Kwa Wan Station (formerly named as Ma Tau Wai Station))

Kai Tak Station

13. The fitting-out works and E&M works in the the Kai Tak Station and the tunnel between Kai Tak Station and Sung Wong Toi Station are in progress. The testing of the building services systems at Kai Tak Station continued. The progress is on schedule.

Sung Wong Toi Station

14. In accordance with the recommendation of the Environmental Impact Assessment Report of SCL, MTRCL carried out the archaeological work at the designated site area before the commencement of the construction of Sung Wong Toi Station. Under the close supervision of the Antiquities and Monuments Office (“AMO”), the independent archaeological team engaged by the contractor of the SCL carried out the archaeological work between November 2012 and December 2013. Over 500 coins mainly dated to the Song dynasty were discovered while piling works were carried out at the location of the launching shaft for tunnel boring machines. Upon the request and under the close supervision of AMO, the independent archaeological team carried out the expanded archaeological work at the launching shaft area in December 2013. A square-shaped stone well of the Song-Yuan period and stone building remnants (i.e. items 5 and 6 of the archaeological features at **Annex 3**) were discovered at the south-western corner of the TBM launching shaft. Upon the request of AMO, the archaeological work was further expanded to the entire works site of Sung Wong Toi Station, which was finally completed in September 2014.

15. To avoid affecting the archaeological works, MTRCL suspended the

construction works in the area where archaeological work was ongoing, except for those relating to the archaeological excavation. It had caused a delay to the progress of works. As a result, some labour, machinery and equipment of the contractor had to be left idle. In order not to affect the remnants within the archaeological work area, MTRCL had to alter the design and re-sequence the construction of the launching shaft. HyD worked with MTRCL to explore measures to adjust the construction sequence, modify the original construction method, and to devise a suitable revised scheme for the design of Sung Wong Toi Station with a view to preserving the discoveries while minimising the impact on the works.

16. The Antiquities Authority (i.e. the Secretary for Development), after considering the views of the Antiquities Advisory Board, the Legislative Council and the Kowloon City District Council, decided on the conservation options on 8 December 2014 with most of the archaeological discoveries preserved in-situ. The final report of the archaeological works for the SCL Sung Wong Toi Station works site was submitted to and accepted by AMO in late June 2017. MTRCL has handed over the archaeological findings to AMO progressively.

17. As we stated in the papers submitted to this Subcommittee and the Panel on Development in November 2014, due to the preservation in-situ of the remnants at and in the vicinity of Adit C connecting the station and Pak Tai Street (i.e. items 6 to 10 of the archaeological features at **Annex 3**), the entire alignment of the adit would be seriously affected. It would be necessary to find a suitable alternative alignment. MTRCL completed the demolition works of supporting facilities within the area around the adit, previously reserved as a temporary works site for the construction of the station and the railway tunnel, and is inviting tenders from qualified companies for the archaeological investigation works to facilitate the study for the alternative to Adit C and other feasible options for connection to the station. The archaeological investigation work is anticipated to commence in the second quarter of 2018 for the completion in the third quarter of 2019. In other words, Adit C connecting the station and Pak Tai Street would not be completed at the same time as Sung Wong Toi Station. A temporary access at grade would be required to connect the station entrance. In case no suitable and cost-effective alternative alignment could be constructed eventually as a result of further archaeological discoveries or other site constraints, residents in the vicinity of Pak Tai Street could still use the existing pedestrian crossing facilities at Sung Wong Toi Road to gain access to Sung Wong Toi Station (see **Annex 4**). MTRCL is discussing with relevant departments the feasibility of adding an

at-grade crossing at a suitable location of Song Wong Toi Road for reducing the walking distance between Pak Tai Street and the station entrance. Upon completion of the preliminary study on the alignment and alternative scheme for the Adit C, MTRCL will consult the Kowloon City district council and relevant local community so as to ensure the alternative scheme is convenient and could meet the public needs.

18. The construction works of Sung Wong Toi Station fully resumed in March 2015. The structural works of the station roof was completed and the backfilling works of the station was also substantially completed. At the same time, the fitting-out works and E&M works in the tunnel between Sung Wong Toi Station and Ho Man Tin Station and inside the station are in progress. The construction teams are expediting the progress of the works in order to complete the works of this critical section at the earliest possible.

19. MTRCL previously estimated that the archaeological works would result in a minimum delay of at least 11 months and a minimum additional cost of about \$4.1 billion to the “Tai Wai to Hung Hom Section” of SCL. In this connection, HyD and its M&V consultant worked closely with MTRCL and provided suggestions to enhance the delay recovery measures proposed by MTRCL, with a view to mitigating part of the delay to the “Tai Wai to Hung Hom Section”. With the efforts of the construction team, the delay recovery measures implemented at the “Tai Wai to Hung Hom Section” is picking up the pace progressively.

To Kwa Wan Station

20. To Kwa Wan Station is an underground station beneath Ma Tau Wai Road. The station is being constructed by a top-down method. To cater for the construction of the station, the traffic diversion scheme implemented at a section of Ma Tau Wai Road between Chi Kiang Street and Sheung Heung Road continues. Since end 2016, phase 3 of the temporary diversion scheme commenced and two southbound traffic lanes and two northbound lanes are being provided in phases to replace the existing two southbound lanes and a single northbound lane arrangement. With the new phase of temporary traffic diversion implemented for the section of Ma Tau Wai Road between Lok Shan Road and Chi Kiang Street in mid-September 2017, most of the section of Ma Tau Wai Road affected by the SCL construction works are now operating in two-lane and two-way mode. The construction of partition wall structures, building services

works and E&M works inside the station is in progress. Construction of the station entrances, ventilation shaft and the watermain laying works at Ma Tau Wai Road is generally on schedule.

Hung Hom Section (Section of Railway between Ho Man Tin Station and Hung Hom Station, including the modification works of Hung Hom Station and associated tunnelling works)

21. E&M installation works adjacent to the railway track in the tunnel of the section between Ho Man Tin Station and Hung Hom Station continues. Regarding the temporary traffic diversions along Chatham Road North implemented for the tunneling works, following the completion of the works, the eastbound and westbound carriageways, and other temporarily diverted slip roads have all been reinstated to its original alignment in the end of last year. For the tunnel section near Princess Margaret Road connecting the East Rail Line and the new platforms of Hung Hom Station, track laying works continues. The progress of the above works is generally on schedule.

22. To tie in with the SCL project, part of the foundation of existing podium of Hung Hom Station is required to be modified in order to provide space for the construction of new platforms and tunnels. The new platform and tunnel structure were substantially completed and the building services works and E&M works are generally progressing as scheduled.

Hung Hom to Admiralty Section

Cross Harbour Section (Section of the tunnel across Victoria Harbour)

23. The main works of the Cross Harbour Section continue. The construction of the ventilation building near the shore at Hung Hom was in progress. To facilitate the future placement of immersed tube tunnel (“IMT”) units, the trench dredging works at the seabed of Victoria Harbour and the Causeway Bay Typhoon Shelter (“CBTS”) continue. Of the eleven IMT pre-cast units fabricated at the ex-Shek O Quarry, seven units were towed to Victoria Harbour and CBTS for installation during the period from June to December 2017. It is anticipated that all the IMT units will be installed in mid-2018. The progress of the cross-harbour section is generally on schedule.

Hong Kong Island Section (Section of Railway between Wan Chai North and Admiralty Station, including Exhibition Centre Station(formerly named as Exhibition Station))

24. The excavation works of the TBM tunnels from CBTS to Exhibition Centre Station were completed by the end of 2016. The reinstatement works on the affected road sections and facilities, including the carriageway of Gloucester Road, were on-going. At the Tunnel Approach Rest Garden, the underpinning of flyover was completed and the underground box culvert reinstatement works were in progress. The excavation of the up-track and down-track TBM tunnel from Fenwick Pier Street to Admiralty Station was successfully completed in May 2017 and November 2017 respectively. For the cut and cover Western Approach Tunnels from the west of Exhibition Centre Station to Fenwick Pier Street, the construction of the diaphragm wall was completed in June 2017 and excavation works were in progress.

25. The main works of Exhibition Centre Station are not only highly complicated, but also involve a wide extent of sites. For instance, prior to the construction of Exhibition Centre Station at the ex-Wan Chai North public transport interchange, ex-Wan Chai swimming pool and the existing Harbour Road Sports Centre, the re-provisioning works of these facilities had to be completed before the demolition works take place. As there was a need to maintain the services of the above facilities at their original locations before they were re-provided at the new places, only limited site investigation works could be carried out and the detailed site investigation works could only be conducted after the new facilities are re-provided. As such, the geological conditions in these areas remain uncertain and may subsequently affect the progress and the cost of works. Furthermore, since parts of Exhibition Centre Station are located underneath the busy and narrow roads in Wan Chai North, large scale temporary traffic management schemes are required to be implemented in stages in order to make rooms for the construction of Exhibition Centre Station. The limited space has posed constraints on the planning of works, such as site arrangement, works sequence and the associated integrated temporary traffic management schemes etc. The diversion of Fleming Road box culvert and the congested underground utilities will also be required to facilitate the construction of Exhibition Centre Station that runs across Fleming road. Prior to the works commencement, it was not possible to close the said road to carry out trial trenches for verifying the information provided by utility companies and relevant departments about the

number and location of the underground utilities there. In addition, the current conditions of some of the utilities are unsatisfactory, hence repairing works are required prior to the excavation works. These have increased the construction difficulties and uncertainties, thereby posing certain risks to the works progress.

26. Subsequent to the completion and opening of new Harbour Road Sport Centre (“HRSC”) for the public use in May 2017, MTRCL was carrying out the pipe piling works at the original HRSC and will carry out bulk excavation works afterwards. Results of the further ground investigation works at the original HRSC showed that the actual rockhead level was deeper than anticipated. MTRCL was considering different excavation methods to minimize the impact arising from the construction works.

27. To facilitate the construction of the footbridge at Convention Avenue connecting to Wan Chai Ferry Pier, MTRCL completed the foundation works located at Convention Avenue. The construction of footbridge column and lift shaft was underway. In order to facilitate the next stage of Exhibition Centre Station construction and the remaining construction works of the footbridge at Convention Avenue, the implementation of temporary traffic management measures in stages at Wan Chai North will be continued.

28. The bulk excavation at ex-Wan Chai North public transport interchange and ex-Wan Chai swimming pool commenced in July and August 2017 respectively. Furthermore, diversion works of the underground box culvert at Fleming Road completed in December 2017. The construction of remaining diaphragm walls for the Exhibition Centre Station was in progress.

29. To allow flexibility for the construction of convention facilities above Exhibition Centre Station, additional foundation and facilities at the station have to be carried out. Hence, the construction of the station becomes more complicated. Based on the currently available information on the geological condition, it is initially estimated that this would result in a delay of at least 5 months for the construction of Exhibition Centre Station and an increase in construction cost accordingly.

30. Regarding the large metal object found on the seabed within the reclamation area under Wan Chai Development Phase II (“WDII”), the reclaimed land was originally planned to be handed over to the contractor of SCL at the end of December 2016. As the discovery of the metal object had affected the

progress of reclamation works there, CEDD has endeavor to complete their works there and handed over the relevant work sites to the SCL contractor in January, February and July 2017 respectively. As compared with the original schedule, the handover date of part of work sites was deferred by 7 months due to the impact of the large metal object.

31. In addition, as mentioned in previous progress reports, CEDD estimated that the handover date of the associated critical work sites adjoining the junction of Expo Drive East and Convention Avenue would be deferred by about 6 months. CEDD had implemented measures to catch up with part of the works progress and most of the work sites were handed over to MTRCL in accordance with the original schedule. The original delay of 6 months for the handover dates of other critical work sites was also shortened. HyD and MTRCL together with CEDD have been exploring further measures to minimize the risk of delay to SCL as far as possible. In July 2017, CEDD has handed over a majority of the remaining work site to the SCL contractor.

32. To deal with a left-in pipe pile located at Fenwick Pier Street, MTRCL's contractor had carried out grouting works in the vicinity of the abandoned pile to replace the construction of part of the diaphragm wall there. MTRCL completed the decking construction and is carrying out bulk excavation works there. MTRCL is also constructing a flood protection wall at the western approach tunnel under the atrium of the convention centre to cope with possible flooding risk due to the changes in the continuous diaphragm walls as mentioned above.

33. MTRCL previously indicated that the "Hung Hom to Admiralty Section" would incur a further delay of three months due to the modification works as mentioned in paragraph 32 above and there would be an increase in construction cost. HyD has requested MTRCL to submit further detailed information and is working in collaboration with its M&V consultant to critically examine the impact assessment by MTRCL. HyD has also requested MTRCL to proactively explore measures to recover the progress so as to minimize the risks of construction delay.

34. The target commissioning date of the "Hung Hom to Admiralty Section" will remain in 2021. Besides, apart from the additional construction cost arising from the need to allow flexibility for the convention facilities above Exhibition Centre Station, the construction delay as a result of the deferred handover of work sites and the measures mentioned in paragraph 32 may also lead to additional

construction cost.

Conclusion

35. In view of the above assessments as mentioned in paragraphs 10 to 34 above, taking into account the delay of about 11 months to the “Tai Wai to Hung Hom Section” of SCL arising from the archaeological works, archaeological discoveries and conservation options for archaeological features at Sung Wong Toi Station earlier on, the commissioning date of “Tai Wai to Hung Hom Section” is deferred to end 2019. HyD has been coordinating and overseeing the construction of SCL so that MTRCL could try its best to recover some of the delay to the “Tai Wai to Hung Hom Section”. With the efforts of the construction team, the delay recovery measures implemented at the “Tai Wai to Hung Hom Section” is picking up the pace progressively. Hence, the target commissioning date of this section could be advanced to about mid-2019.

36. Due to the impact of site handover arrangement of WDII and the complicated underground condition at Exhibition Centre Station, as well as to allow flexibility for the construction of new convention facilities above Exhibition Centre Station, the target commissioning date of the “Hung Hom to Admiralty Section” remains in 2021. HyD has also requested MTRCL to proactively explore measures to recover the progress so as to minimize the risks on construction delay. We will continue to coordinate and oversee the construction of SCL so as to achieve the aforementioned revised target commissioning dates.

37. SCL is a major underground infrastructure project of a considerable scale. There are various difficulties and challenges encountered in the course of construction. It is unavoidable that there are deviations from the original plan for individual works contracts. MTRCL has adjusted its works procedures having regard to the actual situation of work sites. Additional manpower and machinery have also been deployed in order to overcome the difficulties. The Government will closely monitor the progress of works and the construction. It will also assist MTRCL to resolve the problems encountered in the course of construction as early as possible and conduct timely reviews of the commissioning programme taking into account the latest situation of the works.

38. MTRCL completed the cost review of the main works of the SCL project, which indicated a need to increase the entrustment cost of the main works of SCL by about \$16.5 billion. HyD requested MTRCL to provide further information

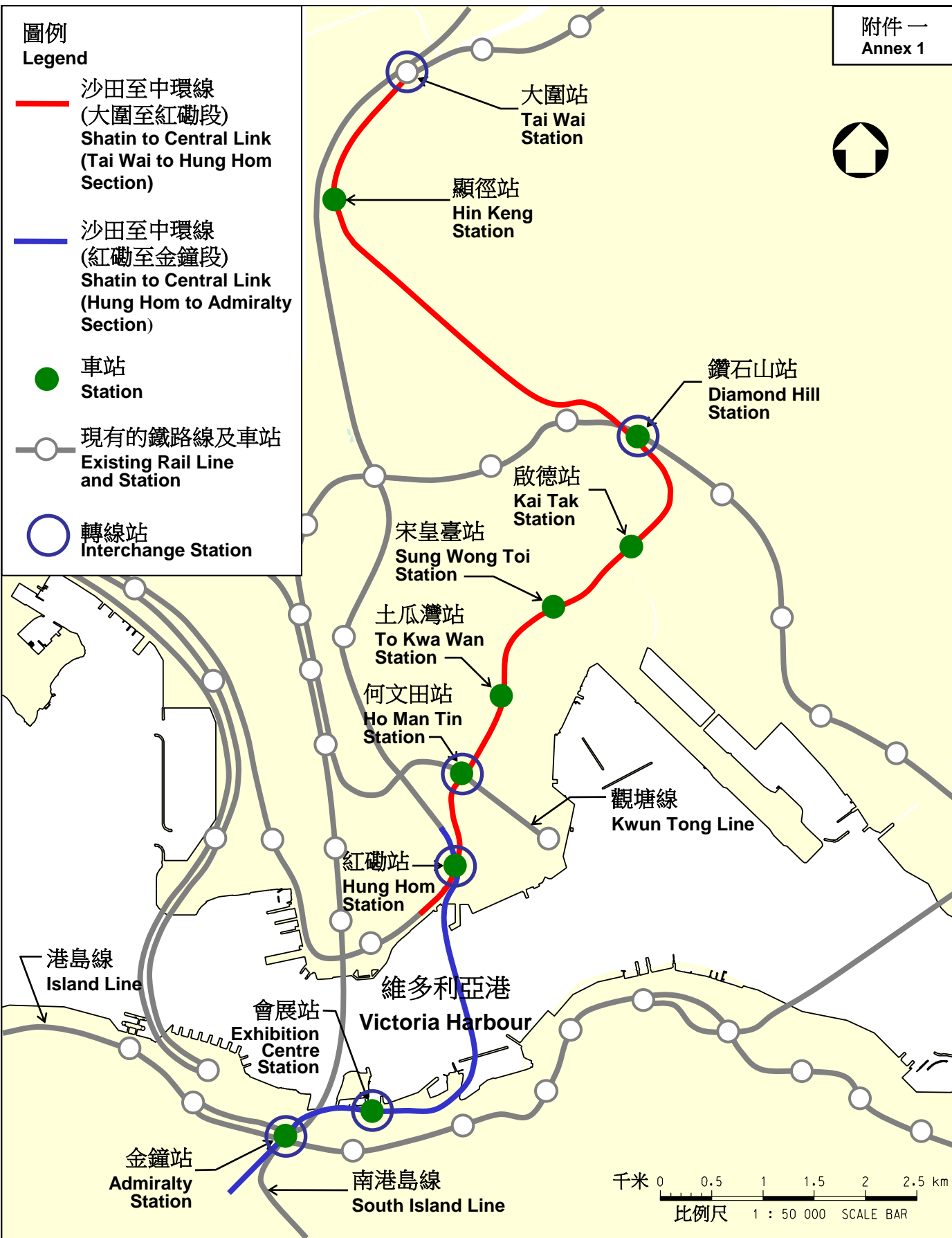
and, in collaboration with the M&V consultant, is critically scrutinizing the estimate provided by the MTRCL.

39. As it is anticipated that the contingencies for the main works of the SCL would not be sufficient to meet the additional costs of the main works, upon completing the scrutiny of the additional costs, we will seek additional funding from the LegCo for the continuation of the SCL works.

**Transport and Housing Bureau
Highways Department
January 2018**

圖例
Legend

- 沙田至中環線
(大圍至紅磡段)
Shatin to Central Link
(Tai Wai to Hung Hom Section)
- 沙田至中環線
(紅磡至金鐘段)
Shatin to Central Link
(Hung Hom to Admiralty Section)
- 車站
Station
- 現有的鐵路線及車站
Existing Rail Line and Station
- 轉線站
Interchange Station



圖則名稱 drawing title

沙田至中環線的走線

Alignment of the Shatin to Central Link

圖號 drawing no.

HRWSCLO03-SK0465

版權所有 copyright reserved

鐵路拓展處 Railways Development Centre



路政署

Highways Department

**Legislative Council Panel on Transport
Subcommittee on Matters Relating to Railways**

**Progress Update of the Shatin to Central Link
(As at 31 December 2017)**

INTRODUCTION

This report updates Subcommittee members on the progress of Shatin to Central Link (“SCL”) as at 31 December 2017.

OVERVIEW OF THE SCL PROJECT

Cost and expenditure

2. Since mid-2012, 27 major civil and 30 major electrical & mechanical (“E&M”) contracts¹, together with other minor contracts, have been awarded with a total sum of \$57.643 billion. The contract sums for civil works and E&M works are about \$43.741 billion and \$13.902 billion respectively (Please refer to Enclosure I).

3. Under the Entrustment Agreement for the SCL, the Government of the Hong Kong Special Administrative Region (“the Government”) is responsible for funding the construction of the SCL. As previously reported, currently the East West Corridor (“EWC”) is expected to be completed in mid-2019 and the North South Corridor (“NSC”), is expected to be completed in 2021.

Cost control mechanism

4. The Corporation attaches great importance to the monitoring and cost control of railway projects. The Corporation has a robust governance framework and a set of stringent procedures governing procurement, contract administration and cost control of its projects, be it an ownership project or a concession project.

¹ Major civil contract/E&M contract refers to any individual contract with value above \$50 million, and includes Contract 11227 with a value of \$49.8 million.

5. Under the Entrustment Agreements for concession projects, the Corporation is obliged to use the same management system and procedures that are applicable to all other MTR projects. For concession projects like the SCL project, there is also an independent rigorous monitoring and verification system in place conducted by the concerned Government authority and its consultants in addition to the Corporation's contract management and control procedure.

6. To enhance the control of expenditure, the Corporation has set up the Project Control Group ("PCG") as a gate keeper, to scrutinise the assessments of variations and claims arising from consultancies and works contracts under the SCL project. Representatives from the Railways Development Office of Highways Department are invited to attend the PCG meetings.

7. Where the progress of works has been delayed, the Corporation would consider implementing delay recovery measures as appropriate. The proposals of delay recovery measures including the cost and benefits implications are required to be reviewed and approved by PCG.

Latest estimate of Cost to Complete ("CTC")

8. On 5 December 2017, the Corporation announced that the detailed review of the estimated CTC for the main construction works of SCL has completed. Taking into account a number of factors, and based on the revised programme to complete the "Tai Wai to Hung Hom Section" and "Hung Hom to Admiralty Section" in mid-2019 and 2021 respectively, the Corporation has increased the latest estimate of the entrustment cost of the main works by \$16.5 billion from \$70.8 billion to \$87.3 billion. The latest estimate was submitted to the Government for review, while the Corporation will provide any further information required to assist the Government in its review.

9. In the latest estimate of CTC, around 70% of the increase is attributable to additional costs arising from external factors, including the handling of archaeological finds at the work sites of Sung Wong Toi Station, the late or incomplete handover of construction sites in Wan Chai North, as well as unbudgeted foundation works for a future top-side development at Exhibition Centre Station. Meanwhile, SCL project is faced with many challenges common to other infrastructure projects, such as unfavourable ground conditions and shortage of labour.

Works progress

Overall progress

10. As at 31 December 2017, the overall works for SCL were 81 % complete compared to the planned completion rate of 84 % against the original project completion target in 2018 for EWC and 2020 for NSC respectively (Please refer to Enclosure II for details). As reported before, the construction works were affected by various factors, including the archaeological works at Sung Wong Toi Station site, late land handover in Wan Chai North, and complicated underground conditions. With the mitigation measures being implemented, some of the delay caused by the above factors could be recovered.

11. With the continuous efforts of the construction team, around 94% of the works of the EWC have been completed as at 31 December 2017, compared to the originally planned completion rate of 98 %. As at 31 December 2017, key progress include:

- a. Structural works for all EWC stations have been substantially completed;**
- b. Upon the energisation of overhead lines between Hin Keng and Kai Tak stations in mid-October 2017, dynamic train test has commenced; and**
- c. Upgrade of 8-car trains and retrofitting of Automatic Platform Gates (“APGs”) on the Ma On Shan Line (“MOL”) have been fully completed.**

12. NSC was 64% complete in overall terms as at 31 December 2017, compared to the originally planned completion rate of 67%. Key progress include:

- a. Tunnel boring machine (“TBM”) “Athena” completed her final drive between Fenwick Pier Street works site and Admiralty Station four months ahead of schedule in November 2017. This marked the completion of all tunnel boring works for the SCL done by the four TBM tunnels on Hong Kong Island;**

- b. Seven out of eleven Immersed Tube Tunnel (“IMT”) units have been successfully installed in the vicinity of Causeway Bay Typhoon Shelter (“CBTS”) in Victoria Harbour; and**
- c. Testing of new signalling system has extended to the entire East Rail Line (“EAL”) during non-service hours.**

Progress in different sections

13. SCL comprises six sections according to geographical locations -

- (i) Sha Tin Section;
- (ii) Wong Tai Sin Section;
- (iii) Kowloon City Section;
- (iv) Hung Hom Section;
- (v) Cross Harbour Section; and
- (vi) Hong Kong Island Section.

(i) Sha Tin Section (Section of railway between Tai Wai Station and Ma Chai Hang in Wong Tai Sin)

14. Fitting out works are being carried out at Hin Keng Station. Building services and E&M equipment installation have been substantially completed while testing/ commissioning is on-going. The station green roof was completed in October 2017. Inspection by the Fire Services Department (“FSD”) for the fire services installations at Hin Keng Station was completed in December 2017. Meanwhile, the construction of Emergency Vehicular Access (“EVA”) connecting to the station and the re-provisioning works for Hin Tin Playground are in progress.



Hin Keng Station

15. For the viaduct and at-grade tunnel box connecting Hin Keng Station, construction and backfilling of the retaining wall near the at-grade tunnel box has been completed while erection of steel fences is in progress. Drainage works and street lighting installation near the viaduct have been substantially completed while carriageway and footpath reinstatement works are in progress. Greening works for viaduct and at-grade tunnel box section have been substantially completed.



Viaduct and at-grade tunnel box

16. For the tunnel section inside Lion Rock, overhead line fixing and E&M installation works have been completed. The reinstatement of the works site at Hin Keng portal area of Lion Rock was substantially completed. As previously reported, because of the complicated geological conditions under the Hin Keng portal area of Lion Rock, the progress of tunnelling works was behind the original schedule. In this regard, a number of mitigation measures had been taken and the tunnel was subsequently broken through in November 2015. The successful recovery

of delay can be attributed to the effectiveness of mitigation measures such as increase of blasting charge, re-sequencing of works procedures and adoption of alternative tunnel lining formwork design which allow parallel activities to be carried out.

(ii) Wong Tai Sin Section (Section of railway between Ma Chai Hang and Kai Tak Station)

17. During the first TBM drive from Diamond Hill to Ma Chai Hang, there has been substantial amount of mud encountered, which additional cleaning and maintenance of the cutter head of TBM and more frequent changes of disc cutters were required. Changes to the disc cutter design and modification of cutter head and ancillary facilities were adopted in the second drive which recovered some of the delay and the second TBM tunnel was broken through in April 2016. Following the completion of track-laying works in March 2017, overhead line fixing and E&M installation works have also been substantially completed in these tunnels. Overhead lines at the track sections between Hin Keng and Kai Tak stations have been energised since mid-October 2017 to enable dynamic tests of trains, signalling and various other railway systems to take place.

18. At Ma Chai Hang, structural works and architectural builder's works and finishes ("ABWF") for the ventilation building have been substantially completed. Building services installation works have also been substantially completed while testing and commissioning is targeted to be completed in January 2018.



Structural works for the ventilation building at Ma Chai Hang

19. While structural works for Fung Tak Emergency Access Point at

the junction of Wong Tai Sin Road and Sha Tin Pass Road were substantially completed, building services, fitting out and E&M installation works are on-going. Drainage and road works on Wong Tai Sin Temple Access Road is in progress, targeted to be completed in mid-2018. For the adjacent Wong Tai Sin Public Transport Terminus (“PTT”), structural works were substantially completed and construction works for the parking facilities are underway. Upon approval of the proposed revision to the design of road connection at the ground level entrance/exit on Sha Tin Pass Road, construction works will follow.



Emergency Access Point at Fung Tak

20. At Diamond Hill Station Extension, the team has achieved an overall completion of over 60% for the ABWF. E&M and building services works have been substantially completed at platform level and are progressing well at concourse level.

21. The pedestrian subways connecting the existing Diamond Hill Station and its extension underneath Lung Cheung Road were broken through in November 2017, with E&M and building services works in full swing. To facilitate the construction of the EVA connecting to the station upon reinstatement of utilities, the temporary traffic diversion on Lung Cheung Road had entered into the next stage in December 2017.



Expansion works for Diamond Hill Station

22. Modification works continue at the existing Diamond Hill Station in its transformation into an interchange station for the existing Kwun Tong Line and the SCL. Pedestrian diversion is being implemented at the existing Entrance A2 in order to extend its structure to the SCL Diamond Hill Station. Meanwhile, modification works to connect the current Entrance B with the station extension were completed in November 2017. In addition, the Corporation was entrusted to carry out enabling works for the future development at the Diamond Hill Comprehensive Development Area site.

23. As part of the SCL, the Government has entrusted the Corporation with improvement works to enhance the connectivity of pedestrian facilities in Tsz Wan Shan area to Diamond Hill Station. This includes the provision of footbridges, covered walkways, lifts and escalators. Tsz Wan Shan is a densely populated area and works sites are close to residential blocks. Some of the facilities and the related temporary traffic management schemes have been revised after consultation with local communities. Despite difficulties caused by unexpected and complicated geological condition, as well as complications caused by underground utilities which had affected the original programme, all facilities were completed and opened for the public use in October 2017 while remaining reinstatement works will be progressively completed by March 2018.

24. For the tunnels between Diamond Hill and Kai Tak stations, trackside auxiliary and E&M installation works have been substantially completed.

(iii) Kowloon City Section (Section of railway between Kai Tak Station and Ho Man Tin Station)

25. Fitting out and E&M works at Kai Tak Station have been substantially completed for FSD inspection in the first quarter of 2018. Footpaths connecting Kai Tak Station and the public roads in the vicinity entrusted to the Corporation will be completed by the commissioning of the EWC. As for the remaining sections of public roads to be constructed by relevant government departments and organisations, they are also targeted for completion by the commissioning of the EWC.

26. As mentioned in our previous reports, the archaeological works at Sung Wong Toi Station have caused a delay of 11 months to the original programme of the Tai Wai to Hung Hom Section. A number of delay recovery measures in Kowloon City area have been implemented to recover some of the delays. For example, by re-sequencing the works procedures and adjusted the site management, the construction of station structure and removal of TBM launching shaft are being carried out in the Sung Wong Toi Station site area simultaneously. The target commissioning date of the EWC is now advanced to mid-2019 with the recovery measures proved effective.

27. Structural works for Sung Wong Toi Station including the launching shaft area have been completed. Backfilling works of the station is in progress, which is anticipated to be substantially completed in the first quarter of 2018. Structural works for the adit connecting the entrance on Nam Kok Road with the station have also been completed, while construction of the entrances on Nam Kok Road is in progress. Building services installation works have commenced in both the station and the adit.

28. The alignment of the footpaths connecting Sung Wong Toi Station and the public roads in the vicinity has been confirmed after discussions with the relevant government departments, and construction works will commence in the first quarter of 2018.



Construction works of Sung Wong Toi Station

29. E&M and overhead line installation works continue inside the railway tunnels between Sung Wong Toi Station and Ho Man Tin Station.

30. Internal structural works at the emergency access shafts on Tam Kung Road and Chi Kiang Street are being carried out in full swing.

31. Inside To Kwa Wan Station, E&M works including installation of Platform Screen Doors, fitting out and building services works at all levels are in progress. Meanwhile, structural works and backfilling for the ventilation shaft in front of To Kwa Wan Market have been completed. Steel roof erection for the four station entrances of To Kwa Wan Station is on-going. As Ma Tau Wai Road has been substantially reinstated to two-southbound and two-northbound traffic lanes since mid-September 2017, reinstatement for the water mains, drainage and roads on Ma Tau Wai Road has commenced.



Construction works of To Kwa Wan Station

(iv) Hung Hom Section (Section of railway between Ho Man Tin Station and Hung Hom Station)

32. Under the SCL, two railway tunnels are being constructed north of Hung Hom Station to connect the existing EAL and WRL to form the NSC and EWC respectively. For the future connection from Ho Man Tin Station to Hung Hom Station, structural works and track-laying works of

the tunnel have been completed. For the tunnel connecting the existing EAL to the extension of Hung Hom Station to form the NSC, structural works were substantially completed and track works have commenced.

33. To facilitate the construction of the EWC tunnels, Chatham Road North and its slip road have been diverted since 2013. Following the completion of all tunnel structures, all temporary traffic management schemes along Chatham Road North, Winslow Street underpass slip road, and Hong Chong Road slip road were completed and re-opened for use in mid-December 2017.



Temporary Traffic Management Schemes completed along Chatham Road North, Winslow Street underpass slip road and Hong Chong Road slip road

34. Following the completion of the installation works for the noise enclosures near the EAL and Oi Sen Path in April 2017, reinstatement of Oi Sen Path walkway continued and was expected to be completed in the first quarter of 2018.

35. Hung Hom Station will become the interchange station of EWC and NSC of the SCL. To cater for the future railway services, two levels of new platforms designated for EWC and NSC have been built under the existing station podium. To prepare for the future arrangements, modification works are now being carried out in stages. The modified northern and southern concourses have been re-opened in 2016 and 2017 respectively upon the completion of the first two stages of modifications. Stage three modification works has commenced in March 2017 to install building services provisions, new escalators and lifts to connect the new SCL platforms and the concourse.

36. All structural works for EWC and NSC platforms, as well as the plant rooms adjacent to the new platforms of Hung Hom Station were substantially completed in the second quarter of 2017. Escalators installation and building services works are in progress. With additional manpower deployed and works re-sequencing implemented, all works fronts have been carried out in full swing to progressively recover the four-month delay from the original schedule which arose due to the complicated geological conditions under the station podium, as well as the limited space and headroom available for construction works.

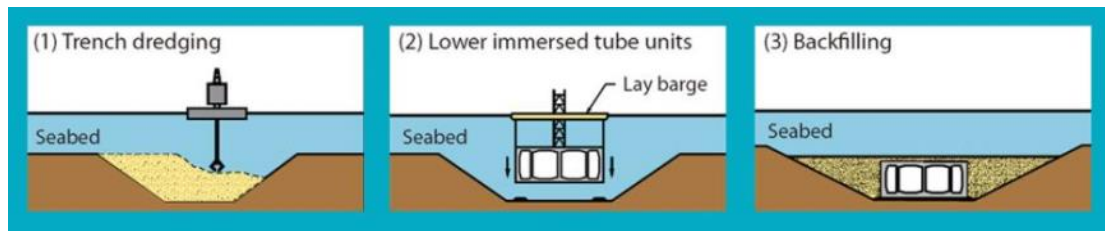
37. To facilitate future railway operations, the stabling sidings for the EWC trains are now under construction at the former Hung Hom Freight Yard. Structural works, building services works, E&M works, track-laying and overhead line installation works have been substantially completed.



Installation of overhead lines substantially completed at Hung Hom stabling sidings

(v) Cross Harbour Section (Section of railway across Victoria Harbour)

38. To extend the existing EAL across Victoria Harbour to Hong Kong Island, a new cross-harbour rail tunnel is being built under the SCL project. Structural works for the section of the cross-harbour rail tunnel near the seashore at Hung Hom have been completed in June 2017. The pipe piles at the north end of the temporary cofferdam for this tunnel have been removed to prepare for the connection with the other sections of the cross-harbour tunnel constructed by IMT method (See the diagram below).



Construction Method of IMT

39. The IMT units were fabricated in the ex-Shek O Quarry and the works have been completed in March 2017. Since the successful immersion and installation of the first IMT pre-cast unit in the vicinity of CBTS in June 2017, 7 out of 11 IMT pre-cast units have been towed out to Victoria Harbour for immersion and installation as at end of December 2017. The installation of all IMT pre-cast units is expected to be completed in the second quarter of 2018 and the final breakthrough will be in early 2019.



Seven IMT pre-cast units have been successfully installed in Victoria Harbour

40. With the anticipated completion of marine works in CBTS in the second half of 2018, moorings in CBTS will be reinstated. The Corporation will continue to liaise with Marine Department and the stakeholders to ensure that the mooring arrangement is well coordinated.

41. In the Victoria Harbour, the Contractor continues to place the gravel bed within the excavated trench for the installation of the IMT units. Another stage of fairway diversion within the Victoria Harbour was implemented in November 2017 to facilitate the IMT immersion and installation works. The seabed will be restored after the IMT installation.

- (vi) Hong Kong Island Section (Section of railway on Hong Kong Island ending at Admiralty Station)

42. Following the completion of TBM tunnelling works from CBTS to Exhibition Centre Station in November 2016, construction of the walkways and track bed along both up-track and down-track tunnels are completed. Excavation of a sump pit in the up-track tunnel is in progress and is expected to be completed by the third quarter of 2018.

43. Meanwhile, the temporary reclaimed land at the western side of CBTS, which was the supporting works site for the tunnelling works, will be demolished by the first quarter of 2018. To minimise the impact on road traffic, removed materials will be transported via sea route. After the removal of the temporary reclaimed land, the footpath along the waterfront adjacent to the former Police Officers' Club ("POC") will be opened.

44. At the works site of the former POC, excavation works for constructing the ventilation facilities have commenced and are expected to be completed by early 2018. Structural works for the facility will follow. Re-provisioning works for the POC are targeted to commence in the second quarter of 2018.

45. At the Tunnel Approach Rest Garden near CBTS, reinstatement of the underground box culvert is on-going and underpinning of the Canal Road flyover has been completed. Reinstatement of the rest area and recreational facilities is targeted to commence in the fourth quarter of 2018.



Excavation of the tunnel ventilation facilities at the former Police Officers' Club works site

46. For the tunnel on the western side of Exhibition Centre Station, TBM "Athena" has completed both the up-track and down-track tunnel boring drives between Fenwick Pier Street works site and Admiralty

Station in May and November 2017 respectively. During the course of works, “Athena” has successfully passed beneath the existing Tsuen Wan Line tunnels in early October and mid-November 2017 without any impact on the existing train service. Subsequent to the completion of TBM tunnelling works, the dismantling of the TBM has commenced and is targeted to be completed by the first quarter of 2018.

47. In Wan Chai North area, construction works for Exhibition Centre Station and the relevant railway facilities are underway. Bulk excavation is on-going at the former public transport interchange and Wan Chai swimming pool areas. At the original Sports Centre area, foundation works will be completed in early 2018 and excavation works will follow. Diaphragm wall construction is underway at the Fleming Road site and is expected to be completed in early 2018. Due to limited space in Wan Chai North, temporary traffic management schemes are being implemented in phases in Wan Chai North to create works areas for the abovementioned works.



Temporary traffic management schemes are being implemented in phases in Wan Chai North

48. Regarding the large metal object found on the seabed within the reclamation area under the Wan Chai Development Phase II (“WDII”) project, the reclaimed land was planned to be handed over to the contractor of SCL at the end of December 2016. As the discovery of the metal object has affected the progress of reclamation works there, CEDD handed over the relevant site by phases in January, February and July 2017, with the handover date of part of the works areas deferred by seven months.

49. As previously reported, the delayed handover of critical works areas and the need to allow flexibility for the convention facilities above Exhibition Centre Station has generated a delay of six months in the

completion of Exhibition Centre Station and will bring the completion of NSC to 2021.

50. Apart from these, the handover date of a parcel of land under the WDII project near Fenwick Pier Street has also been deferred for about four to six months. The sites concerned were handed over to the Corporation in phases up to March 2017 for the purpose of interfacing works at the West Approach Tunnel of Exhibition Centre Station, as well as the tunnelling works to Admiralty Station.

51. As previously reported, a 40 meters long pipe pile was left on site underground within the parcel of land, which is in close proximity to other existing permanent foundation structures. In addition, the construction of the last section of a diaphragm wall cofferdam at this location which had been entrusted to WDII which was not completed. As a result of these uncompleted works, the Corporation and its Contractor have to overcome these engineering challenges, which also entailed additional construction cost and a further delay of three months on top of the previously reported six months' delay.

52. After gaining access to the above-mentioned works site, the Corporation has carried out ground investigation works and detailed study on the construction method. As remedial measures, grouting works were carried out in the vicinity of the abandoned pile to replace the planned diaphragm wall, and further additional strengthening works will be required at a later stage. Excavation works for the area have commenced.

53. A 900-metre overrun tunnel will be extended southwards from the SCL platform at Admiralty Station for future train regulation. A 200-metre-long section of this overrun tunnel has been entrusted to the SIL (East) project and was completed in the second quarter of 2015. Construction of the remaining 700-metre-long section of the SCL overrun tunnel extending from Hong Kong Park by drill and blast was completed in late June 2017. Structural works are being carried out inside the tunnel and are expected to be completed in mid-2019. E&M and building services works will follow.



Structural works are being carried out inside the overrun tunnel

54. Internal structural works, architectural finishes and building services installation works for the extended Admiralty Station are in progress. The relocation of Environmental Control System plant room and associated E&M facilities were completed in December 2017.

NEW TRAINS

55. To facilitate the future operation of the NSC, 37 sets of new trains for NSC are being delivered to Hong Kong in batches. Stringent testing and commissioning for the delivered new trains are underway at Ho Tung Lau Depot, while some of them are temporarily stabled at Sha Tin Freight Terminal. Dynamic testing has been in progress at the existing EAL during non-service hours since December 2015. New trains are equipped with new features including dynamic route map and gangway end display system. The locations of the doors of the new trains are also improved by being evenly spaced along the trains, bringing more convenience to passengers when alighting and boarding.



56. On the other hand, 17 sets of new trains for EWC are being delivered to Hong Kong in batches. Stringent testing and commissioning for the delivered new trains are underway at Pat Heung Depot and Tai Wai Depot. Dynamic test is also underway at the existing WRL and MOL, as well as the section between Hin Keng and Kai Tak Stations during non-service hours.

SERVICE ENHANCEMENT BY TRAIN CONVERSION

57. Apart from the procurement of new trains, some of the existing train compartments on MOL, WRL and EAL are also undergoing modification and reconfiguration, together with the newly procured train cars to form the converted 8-car trains for the EWC. Since January 2016, WRL trains have been gradually converted into 8-car trains to facilitate the 8-car train operation in EWC. As at end of December 2017, a total of 24 8-car trains have been put into service on WRL. The conversion of all 28 WRL trains is expected to be completed in 2018.

58. Meanwhile, the full fleet of 15 4-car MOL trains have been replaced with 8-car trains in December 2017. The overall carrying capacity on the MOL has been doubled.



MOL is entirely served by 8-car trains

IMPROVEMENT WORKS FOR THE OPERATING RAILWAY FACILITIES

59. The retrofitting works of a total of 720 pairs of APGs at all 9 MOL stations were completed in December 2017, which is a year ahead of the original plan.



Retrofitting works of APGs at MOL stations completed

60. The retrofitting of APGs will also be carried out for EAL. Before the commencement of the retrofitting works, platforms have to be strengthened in advance and equipment rooms for the relevant signalling system and facilities have to be constructed. To avoid interrupting normal train services, most of the works can only be carried out overnight after normal train service hours. Platform strengthening works and construction of equipment rooms for the signalling and communication systems along the EAL have been substantially completed. Subsequent works including floor tiling are underway. On the other hand, the locations of the doors of the existing trains and the new trains are different. In order to make the APGs along the EAL match with the new locations of the train doors, the retrofitting works will commence after the EAL is entirely operated by new trains.

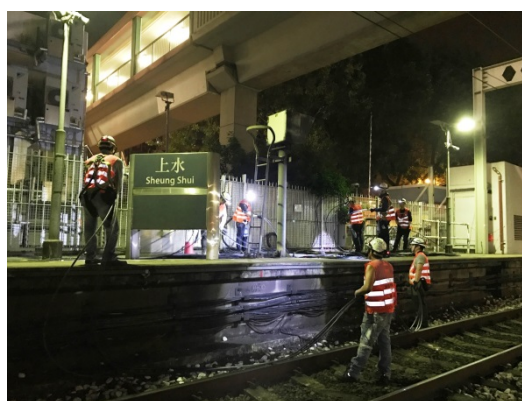
61. For the arrangement of the replacement of 12-car trains with 9-car trains on the EAL, in view of passengers' concern on the carrying capacity of new trains, the new trains will be progressively launched upon the commissioning of EWL and its diversion effect. Hence, the installation programme of APGs will be adjusted accordingly.

62. To facilitate the future operation of new trains and APGs, the existing signalling system of EAL has to be upgraded. The upgrading works are being implemented progressively in phases while installation of equipment compatible with the new signalling system in trains and at trackside is underway. Installation of equipment at the trackside along the

entire EAL has been substantially completed. Testing of new signalling system with EAL trains has been further extended to Mong Kok East and Hung Hom stations in December 2017, covering the full 37-kilometre-long EAL.

63. As the signalling system involves tens of thousands of electronic components, the replacement of signalling systems involves risks which cannot be totally eliminated. In general, during the works period, major signalling system upgrades may lead to unstable system performance and the railway service may be more vulnerable to service delay and interruption. Teething problems are experienced in signalling upgrade and replacement projects in railways elsewhere especially during the initial changeover periods. Overseas experience shows that most railways would suspend their services for signalling upgrade to minimise such risks. Since EAL services are essential for passengers, we endeavour to avoid any suspension of EAL service in Hong Kong. This poses significant challenges to the works team and the railway operations given the complexity of the works and the limited time available outside service hours to implement the replacement works.

64. Since railway safety is always our top priority, the Corporation has appointed independent experts to ensure that international safety standards are met. The Corporation is closely monitoring the situation to ensure that any disruptions during the replacement works will be tackled in a timely manner and safety will be upheld at all times.



Signalling upgrade along EAL

STAKEHOLDER COMMUNICATION AND ENGAGEMENT

65. Most of the SCL works sites are in urban areas and close to local communities. We attach great importance to close communication and engagement with the local communities and relevant stakeholders, in

order to keep them informed of the works progress and to listen to their views. Apart from the regular progress updates to the Subcommittee members and respective District Councils, Community Liaison Groups, which have been set up across districts is another major communication channel with the local communities where regular updates about SCL are provided. Newsletters, leaflets and notices about the works are distributed to the local communities, and dedicated MTR and Contractors' Hotlines are available for handling enquiries and complaints in relating to the project. The SCL Information Centre in To Kwa Wan has also handled over 1,200 enquiries since October 2012.

EMPLOYMENT OPPORTUNITIES

66. As at 31 December 2017, about 5,817 construction workers and technical / professional staff members are employed for the SCL project. Labour shortage continues to pose challenges to the project – the project is short of around 368 construction workers. To attract new blood to join the construction industry, the Corporation has initiated the “SCL Contractors Cooperative Training Scheme” in 2012. Under the Scheme, all SCL civil works contracts require contractors to recruit a specified amount of trainees. Training and internship programmes are provided to the trainees by the contractors of SCL and the Construction Industry Council. After passing relevant trade tests, the graduates would be offered a minimum 12-month employment contracts on the SCL. So far, the scheme has provided training to 759 trainees with 497 having completed the trade test and continuing their careers in the field.

CONCLUSION

67. Members are invited to note the above information.

MTR Corporation Limited
January 2018

Expenditure report as at 31 December 2017

Table 1 – Situation of expenditure

	Awarded contract sum for the contracts (\$ million)	Cumulative expenditure of awarded contracts (\$ million)	Estimated amount of unresolved claims* (\$ million)
Civil works	43,741.3	39,373.4	1,817.9
E&M works	13,901.8	4,477.1	1008.0
Total	57,643.1	43,850.5	2,825.9

* The estimated amount of unresolved claim: Amount claimed (\$4,065.9 million) – Interim award (\$1,240.0 million) = \$2,825.9 million (See Table 2)

Table 2 – Situation of substantiated claims

	Claims resolved			Claims unresolved		
	Number	Amount claimed (\$ million)	Amount awarded (\$ million)	Number	Amount claimed (\$ million)	Interim award (\$ million)
Civil works	197	1,920.6	1,214.7	486	3,032.9	1,215.0
E&M works	9*	0	0	118	1,033.0	25.0
Total	206	1,920.6	1,214.7	604	4,065.9	1,240.0

* The claims only involved extension of time without cost implication.

1. The Government and the Corporation conducted risk assessment at the planning and budgeting stages of the project to minimise claims arising from the works. Nevertheless, there were often unforeseeable situations in the course of works. For instance, the foundation or excavation works might come across a larger amount of or more complicated obstructions than expected. As this would add difficulties to the works, the contractors might have to use more machines or switch to other machines that were more suitable and employ more staff to cope with these situations. The contractors would submit claims in accordance with the contract terms to cover the additional expenditures. Upon receipt of claims from contractors, the corporation would examine such claims and assess the amount concerned based on the relevant contract terms, justifications, documents, records, etc.

2. As at 31 December 2017, the Corporation received 810 substantiated claims and the amount claimed in total was about \$5,986.5 million, representing 10.4% of the awarded contract sum for the contracts. The Corporation has been discussing the details of the claims with the contractors concerned, and would thoroughly assess the amount claimed. The Corporation would process each claim in a prudent manner, and the contractors would have to provide sufficient justifications and information. As at 31 December 2017, 206 cases were resolved and about \$1,214.7

million was awarded, representing about 2.11% of the awarded contract sum for the contracts. Having regard to the needs of individual works and progress of the relevant assessment and discussion, interim award amounting to about \$1,240 million was made for some cases.

Overall works progress of the SCL as at 31 December 2017

Overall works completed : 81%

Percentage completed as originally planned ⁽¹⁾: 84%

(A) Cumulative progress of 27⁽²⁾ major civil contracts awarded :

Contract No.	Contract Name	Percentage completed
1101	Modification of Ma On Shan Line	100%
1102	Hin Keng Station and Approach Structures	99%
1103	Hin Keng to Diamond Hill Tunnels and Fung Tak Public Transport Interchange	99%
1106	Diamond Hill Station Extension	95%
1107	Diamond Hill to Kai Tak Tunnels	100%
1108	Kai Tak Station and Associated Tunnels	100%
1108A	Kai Tak Barging Point Facilities	100%
1109	Stations and Tunnels of Sung Wong Toi and To Kwa Wan stations	96%
1111	Hung Hom North Approach Tunnels	99%
1112	Hung Hom Station and Stabling Sidings	98%
1113	Reprovisioning of New Territories South Animal Management Centre and Shatin Plant Quarantine Station	100%
1114	Pedestrian Links at Tsz Wan Shan	100%
1117	Pat Heung Depot Modification Works	100%
1119	Trackwork and Overhead Line Modification Works at Lo Wu and PHD	100%
1120	Trackwork and Overhead Line for SCL Phase 1	94%
1120B	Trackwork and Overhead Line for SCL Phase 2	25%
1121	North South Line (NSL) Cross Harbour Tunnels	84%
1122	Admiralty South Overrun Tunnel	68%
1123	Exhibition Centre Station and Western Approach	55%

	Tunnel	
1124	Admiralty SCL Related Works	24%
1125	Police Sports and Recreation Club Enhancement Works	100%
1126	Reprovisioning of Harbour Road Sports Centre and Wan Chai Swimming Pool	100%
1128	South Ventilation Building to Admiralty Tunnels	69%
1129	SCL - Advance Works for NSL	100%
11209	Platform Modification and Associated Works at East Rail Line	99%
11227	Advance Works for NSL Cross Harbour Tunnels	100%

Note:

- (1) The original programme is to commission the Tai Wai to Hung Hom Section and the Hung Hom to Admiralty Section in December 2018 and December 2020 respectively.
- (2) The 27 awarded major civil contracts as mentioned in Paragraph 2 of this report include Contract 11230, which is a tenancy agreement for the Joint Site Office for Contracts 1123 and 1128. This contract is part of the project cost for Contracts 1123 and 1128. As it involves no civil construction works, it is not included in the table above.

(B) Cumulative progress of 30 major E&M contracts awarded :

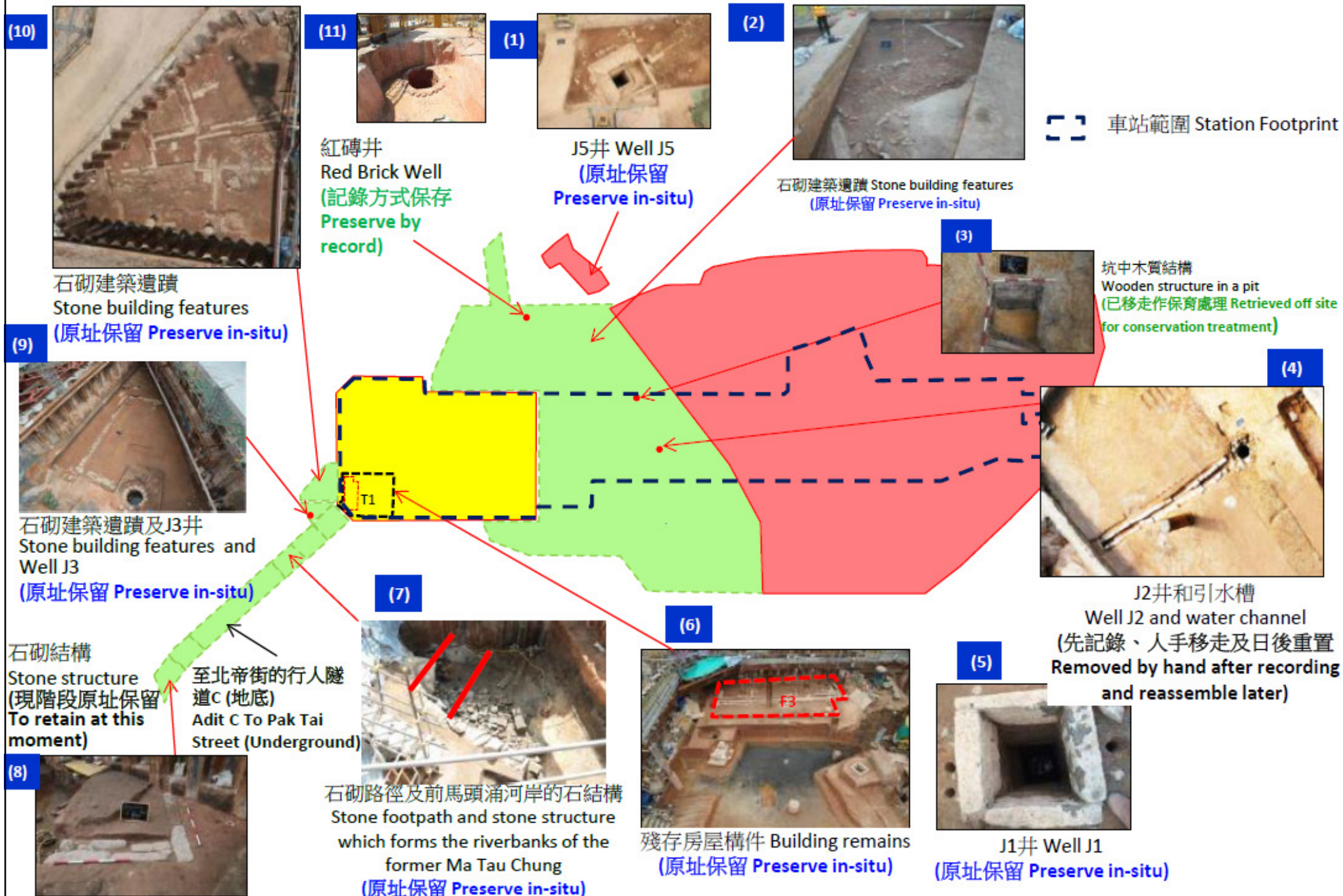
Contract No.	Contract Name	Percentage completed
1141A	New Rolling Stock for SCL Phase 1	64%
1141B	New Rolling Stock for SCL Phase 2	52%
1151	Rolling Stock Modification and New Train Cars for SCL Phase 1	85%
1152	Signalling System for SCL Phase 1 & Signalling System Modification for MOL and WRL	90%
1152B	Signalling System for SCL Phase 2	69%
1153	Tunnel ECS for SCL Phase 1	80%
1153B	Tunnel ECS for SCL Phase 2	31%
1154	Platform Screen Doors for SCL Phase 1 & APG Retrofit for MOL	92%
1154B	Platform Screen Doors for SCL Phase 2 & APG Retrofit for EAL	16%
1155	Power Supply System and Trackside Auxiliaries for SCL Phase 1	90%
1155B	Power Supply System and Trackside Auxiliaries for SCL Phase 2	29%
1159	Lifts for SCL Phase 1	76%
1162	TETRA System for SCL Phases 1 & 2	88%
1162B	Radio Distribution Network System for SCL Phases 1 & 2	48%
1163	AFC System and SAM System for SCL Phases 1 & 2	46%
1164	Building Services for Diamond Hill Station	79%
1164B	Building Services for SCL Hong Kong Island Section	9% ⁽³⁾
1165	Building Services for Hin Keng Station, Ma Chai Hang Ventilation Building and Fung Tak Emergency Access	90%
1166	Main Control System for SCL Phase 1	89%
1166B	Main Control System for SCL Phase 2	53%
1169	Communications System for SCL Phase 1	87%
1169B	Communications System for SCL Phase 2	18%

1172	Escalators for SCL Phase 1	76%
1172B	Lift and Escalators for SCL Phase 2	12%
1173	Building Services for Hung Hom Station and Hung Hom Stabling Sidings	73%
1175	Building Services for Kai Tak Station	98%
1176	Building Services for Sung Wong Toi Station and Ancillary Building	66%
1177	Building Services for To Kwa Wan Station and Ancillary Building	56%
1183	EAL Signalling System Modification for SCL	100%
1191	Floodgate System for SCL Phase 2	25%

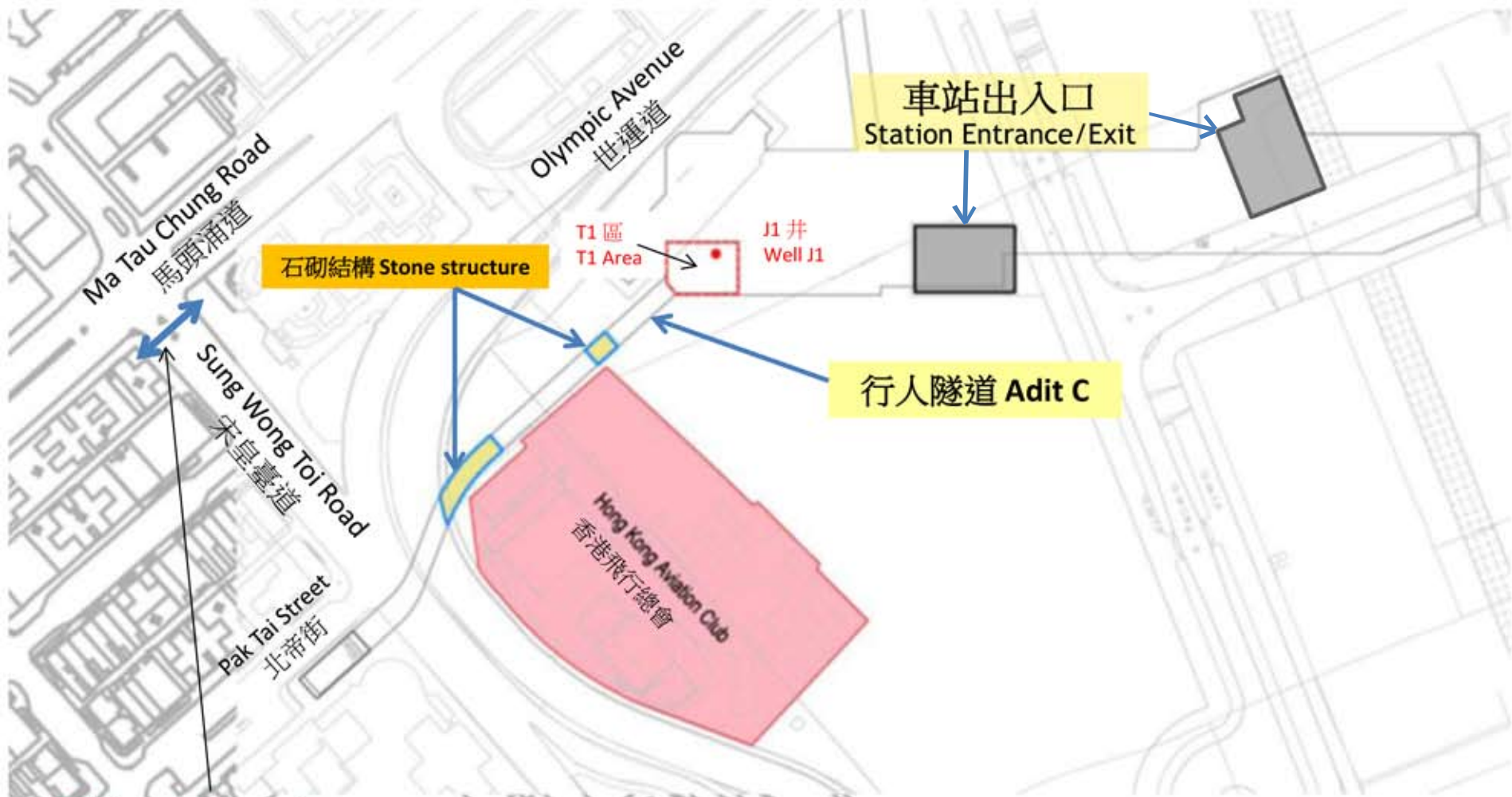
Note:

(3) E&M Contract 1164B was awarded on 14 March 2017.

Conservation Options for Archaeological Features Discovered at To Kwa Wan Station



行人隧道 C 的走線 Alignment of Adit C



Existing pedestrian crossing
原有行人過路處