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(Attn: Ms Jacqueline LAW)  
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29 January 2019

Dear Ms LAW,

**Panel on Transport**  
**Subcommittee on Matters Relating to Railways**  
**Meeting on 7 December 2018**  
**Supplementary Information**

Thank you for your e-mail of 10 December 2018. For your reference, we provide supplementary information below regarding the follow-up actions raised at the meeting of Subcommittee on Matters Relating to Railways held on 7 December 2018.

**Supplementary information on the cash flow situation under the Shatin to Central Link (“SCL”) project**

2. The Finance Committee of the Legislative Council (“LegCo”) approved a total of \$80.7 billion (in money-of-the-day (“MOD”) prices) for the construction of Shatin to Central Link (“SCL”), including the protection works

under “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”, the advance works under “63TR – Shatin to Central Link – construction of railway works – advance works” and “64TR – Shatin to Central Link – construction of non-railway works – advance works”, and the main works under “61TR – Shatin to Central Link – construction of railway works – remaining works” and “62TR – Shatin to Central Link – construction of non-railway works – remaining works”.

3. As at the end of December 2018, the position on the expenditure of construction items under SCL project is tabulated as follows –

<b>Public Works Programme Item No.</b>	<b>Description</b>	<b>Approved Project Estimate (“APE”) (\$) (in MOD prices)</b>	<b>Expenditure as at end December 2018 (\$) (in MOD prices) (Note 1)</b>	<b>Expenditure as a percentage of the APE</b>	<b>Financial position</b>
<b>58TR</b>	<b><u>Protection works</u></b> Protection Works at Causeway Bay Typhoon Shelter	Approx. 0.54 billion	Approx. 0.43 billion	79%	Works have been completed. The final cost is expected to be within the APE
<b>59TR</b>	Protection Works under Wan Chai Development Phase II	Approx. 0.15 billion	Approx. 0.12 billion	78%	Works have been completed. The final cost is expected to be within the APE
<b>63TR</b>	<b><u>Advance works</u></b> Construction of Railway Works – Advance Works	Approx. 7.1 billion (Note 2)	Approx. 6.2 billion	87%	Works have been completed. The final cost is expected to be within the increased APE
<b>64TR</b>	Construction of	Approx. 1.4 billion	Approx. 1.3 billion	91%	Works have been completed. The final cost is

<b>Public Works Programme Item No.</b>	<b>Description</b>	<b>Approved Project Estimate (“APE”) (\$ (in MOD prices))</b>	<b>Expenditure as at end December 2018 (\$ (in MOD prices) (Note 1))</b>	<b>Expenditure as a percentage of the APE</b>	<b>Financial position</b>
	Non-railway Works – Advance Works				expected to be within the APE
<b>61TR</b>	<u><b>Main works</b></u> Construction of Railway Main Works	Approx. 65 billion	Approx. 53 billion	81%	Works are in progress, increase in APE is expected
<b>62TR</b>	Construction of Non-railway Main Works	Approx. 6 billion	Approx. 5.4 billion	91%	Works are in progress, increase in APE is expected
	<b>Total</b>	<b>Approx. 80.7 billion</b>	<b>Approx. 66 billion</b>	<b>82%</b>	

Note 1: Preliminary estimate.

Note 2: The increase in APE from approx. 6,254.9 million to approx. 7100 million was approved by the Finance Committee of the LegCo on 17 June 2017.

4. As at the end of December 2018, the total expenditure of the main works of SCL (i.e. 61TR and 62TR) under construction is about \$58 billion, accounting for about 82% of the APE.

5. On 5 December 2017, the MTR Corporation Limited (“MTRCL”) informed the Government of the latest cost estimate of the main works of the SCL project, indicating 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. MTRCL considered that the increase in construction cost was mainly attributed to 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.

6. Since the receipt of the latest cost estimate of the main works of SCL

project from the MTRCL in December 2017, the Highways Department (“HyD”), in collaboration with the monitoring and verification consultant, have held several meetings with MTRCL, and is reviewing rigorously the information, the assumptions and basis of the cost estimate of works provided by MTRCL to ascertain whether there are sufficient justifications for the estimate. As there are multiple works contracts under the SCL project and given the substantial amount of information requiring detailed examination, HyD has requested MTRCL to provide more information and the detailed review is still under way. In view of the latest development of the incident about the Hung Hom Station Extension Works under the SCL project, the Government needs more time to verify the facts and the condition of the works. The Government will apply for additional funds from the LegCo to continue with the SCL works in due course.

Yours sincerely,

[Chinese version signed]

(PANG Ka-yu)

for Secretary for Transport and Housing

c.c.:

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