

Translation

**For Information
September 2016**

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

**Progress and Financial Situation of the
Construction of the Hong Kong Section of the
Guangzhou-Shenzhen-Hong Kong Express Rail Link**

(Quarterly Report for the Period ending 30 June 2016)

INTRODUCTION

This paper aims to brief Members on the major works progress and financial situation of the construction of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) and the relevant monitoring work carried out by the Highways Department (“HyD”) for the period ending 30 June 2016.

BACKGROUND

2. At the meeting of the Subcommittee on Matters Relating to Railways (“RSC”) under the Legislative Council (“LegCo”) Panel on Transport in April 2010, Members agreed that reports on progress update and financial situation of the construction of the Hong Kong section of the XRL should be submitted at six-month intervals. To enhance the reporting to the LegCo on the progress update and financial situation of the construction of the Hong Kong section of the XRL, such reports have been submitted to the RSC at quarterly intervals since the fourth quarter of 2014.

— 3. This paper, which is appended with the progress report (**Annex**) of the MTR Corporation Limited (“MTRCL”), reports on the major works progress, indicators and financial situation for the second quarter of 2016 (i.e. from 1

April to 30 June).

PROGRESS UPDATE OF THE PROJECT

4. The HyD, with the assistance of its Monitoring and Verification (“M&V”) Consultant, continued to monitor systematically the implementation of the works on the Hong Kong section of the XRL by the MTRCL under its monitoring mechanism and take appropriate follow-up actions. Such mechanism includes meetings at various levels (such as meetings of the Project Supervision Committee chaired by the Director of Highways, Project Coordination Meetings chaired by an Assistant Director of HyD, Contract Review Meetings (“CRMs”) chaired by HyD’s Chief Engineer) and regular site inspections.

5. Since the third quarter of 2015, the Government has been monitoring the progress of the remaining works of the XRL project against the revised commissioning target of the third quarter of 2018.

6. According to the MTRCL’s progress report, the overall progress of the Hong Kong section of the XRL was 81.5% as at the end of June 2016, which was ahead of the planned progress of 80.4% based on the commissioning target of the third quarter of 2018. According to scrutinisation by the HyD of the Programme to Complete submitted by the MTRCL against the commissioning target of the third quarter of 2018, the construction of West Kowloon Terminus (“WKT”) North (Contract 810A) is still the most critical contract of the entire XRL project. As regards the works on tunnels, the civil works of the two remaining sub-critical contracts, namely the Tai Kong Po to Tse Uk Tsuen Tunnels (Contract 823A) and the Tai Kong Po to Ngau Tam Mei Tunnels (Contract 824), were substantially completed in end May 2016. Therefore, these two contracts had been taken out from the list of sub-critical contracts. We will focus our future M&V of the XRL project on the works contracts for electrical and mechanical (“E&M”) systems and the testing and commissioning (“T&C”) of the XRL, since the progress of the E&M works at WKT and in the tunnels had become critical to the progress of T&C of the XRL project. In addition, the progress of the works on the Mainland section of Huanggang to Mai Po tunnels being carried out by the Mainland side (i.e. the tunnel section

from Hong Kong boundary to Huanggang) will have direct impact to the T&C of the entire XRL project. We will continue to monitor its progress closely. The progress of the above works contracts is set out below.

(a) Construction of WKT North (Contract 810A)

7. According to the MTRCL's progress report, excavation works for WKT North were substantially completed. After review, the current three critical paths for the WKT North construction are (i) steelwork erection for the Station Entrance Building ("SEB"); (ii) concrete structural works on various floor levels of the WKT; and (iii) construction works for the Lin Cheung Road Underpass. These critical construction activities are being followed up as below.

8. The HyD was very concerned about the progress of the steelwork erection for the SEB, which is highly complicated. The cumulative progress of the steelwork erection of the entire SEB was 81%, which was generally in line with the programme. The erection of all the twelve sets of V-trusses was completed. The connections of those V-trusses were also substantially completed. The remaining steelwork erection including the supports for the external wall systems ("EWS"), and construction of the reinforced steel concrete slab at the top of V-trusses was in progress. In parallel, the temporary steelwork and platform for V-trusses erection was being removed to make room for the preparation of EWS installation. Regarding the EWS, the installation of glass panels will commence in the third quarter of 2016. The HyD and the M&V Consultant will continue to closely monitor the progress of the steelwork of the SEB, and the implementation of the programme protection measures.

9. The progress of concrete structural works was 77.9% as of end June, which was slightly behind the programme. The HyD has urged the MTRCL to continue to thoroughly review the sequence of the remaining concreting works to increase the concreting rate, with particular request for the MTRCL to pay attention to the progress of concreting works for partition walls and platforms and enhance manpower deployment to ensure the timely handover of the relevant parts to the follow-on contractors for the installation of E&M and building services ("BS") systems, track laying at the platform floor and

overhead cabling works. The HyD and the M&V Consultant will continue to conduct regular site inspections and hold monthly CRMs and ad-hoc meetings to follow up on and monitor the effectiveness of proposals and measures implemented by the MTRCL.

10. As regards the construction works for the Lin Cheung Road Underpass, the contractor was carrying out relevant excavation and structural works. Besides, part of the works for the pedestrian subway connecting WKT with the Kowloon Station was behind schedule. The HyD is urging the MTRCL to step up the monitoring of work progress, and formulate and implement improvement measures in order to achieve the completion target.

11. In addition, to facilitate the construction of the underpass at the junction of Austin Road West and Lin Cheung Road, the first phase of the temporary closure of the southbound section of Wui Man Road was implemented in February 2016. The second phase of the temporary closure of northbound section of Wui Man Road (i.e. full closure of Wui Man Road) was also implemented in mid-July 2016. The traffic condition was generally normal upon the implementation of temporary traffic measures. The HyD and MTRCL will continue to monitor the traffic conditions of the relevant road sections and will fine tune the measures when necessary.

12. The construction of the Mainland port area at the WKT has progressively commenced. The HyD and its M&V Consultant will continue to closely monitor the progress of the construction.

(b) Construction of Tai Kong Po to Tse Uk Tsuen Tunnels (Contract 823A)

13. All the civil works of the Tai Kong Po to Tse Uk Tsuen Tunnels were substantially completed in end May 2016.

(c) Construction of Tai Kong Po to Ngau Tam Mei Tunnels (Contract 824)

14. All the civil works of the Tai Kong Po to Ngau Tam Mei Tunnels were substantially completed in end May 2016.

(d) Construction of Huanggang to Mai Po Tunnels (Contract 826)

15. All the civil works of the Huanggang to Mai Po cross-boundary tunnel section were substantially completed in end March 2016. In addition, we continue to closely monitor the works progress of the construction of the adjacent Mainland section of the cross-boundary tunnel which was carried out by the Mainland side, and have expressed to them our concern about the progress for this section of the tunnel. The Mainland side have indicated that they will expedite the works to tie in with the works programme of the MTRCL.

(e) Other Works Contracts

16. As regards the remaining civil works, the HyD and the M&V were concerned about the progress of West Kowloon Terminus Approach Tunnels (South) (Contract No. 811B) which was behind schedule and would affect the follow-on critical track laying and construction of partition walls. The MTRCL was discussing with the contractor the measures for catching up the programme. The HyD has requested the MTRCL to closely monitor the situation and report the contractor's labour resources issue for timely follow-up by the HyD.

(f) E&M Systems and Respective Testing

17. The installation works on E&M systems were progressing at the WKT, Shek Kong Stabling Sidings ("SSS"), various ventilation buildings and tunnels. As a whole, the progress of works on the E&M systems at the SSS, ventilation buildings and tunnels was satisfactory, while the works on E&M systems at the WKT and the associated approach tunnel (south) (Contract 811B) remained critical. The progress is detailed below.

18. The installation of E&M systems at SSS was complete, as was the testing of the Phase I fire services installations. The testing of Phases II and III of the fire services installation was in progress. The contractors were performing various tests for remote access and monitoring of the E&M systems at the Operations and Control Centre ("OCC") in SSS. The contractors also performed preliminary simulation tests for the system interface of the Main

Control System at WKT.

19. The contractors for trackworks, overhead line, trackside auxiliaries, communication system and signalling system had accessed about 91.7% of the tunnel areas for carrying out the installation works. A total of 53.8 km (about 74%) of rail tracks was laid while a 33.4 km (about 46%) of overhead lines was installed. The installation works of trackside auxiliaries were progressing. A total of 563 km (about 97.6%) and 529 km (about 91.7%) of power cables were laid in the southbound and northbound tunnels respectively between Shek Kong and Mongkok. The testing of the lighting system in tunnels had begun. In addition, the MTRCL identified some rusty tracks and defective rail clamps, and they had arranged their contractor to expedite the replacement of those defective rail clamps. We have also urged the MTRCL to follow up on this matter and implement improvement measures.

20. The installation of tunnel ventilation fans at eight ventilation buildings was complete. Startup tests will commence after the electrical system is energised. The installation works for building services systems at the ventilation buildings in Tai Kong Po and Ngau Tam Mei were being carried out as scheduled. It was anticipated that the installation of other E&M systems could commence in the second half of 2016. In respect of the power supply system, there were 31 transformers put into operation in various ventilation buildings, while a total of 35 sets of tunnel ventilation fans had been delivered to the ventilation buildings. A total of 44 sets of tunnel ventilation fans had also been delivered to the WKT site for installation. The installation of traction power system at Mongkok West traction substation and the ventilation building in Shing Mun was complete, as was the installation of 25kV traction power system. The China Light and Power Co. Ltd had commenced electricity supply in July 2016 and would enable the provision of traction power for the first phase of train dynamic test.

21. At the WKT, the contractors for various building services systems continued their works in the major areas of WKT in the south and north ends from Levels B1 to B5. The contractors for various E&M systems had accessed about 207,000 m² of the work site area (about 43.3% of the gross floor area). The site for 28 escalators and 65 lift shafts had been handed over to the

contractors for installation. The installation and testing of 10 escalators and 28 lifts had been completed. The equipment panels for E&M and communication systems had been delivered to the WKT central equipment room. In addition, the building services works for the station control room adjacent to the central equipment room had also commenced. MTRCL anticipated that all the E&M contractors could access the work site for installation works in October 2016. The installation of centralised chillers and heat exchangers on B3 Level at the south end of the WKT was 96% and 90% complete respectively. The installation of fire services, plumbing and drainage was 80% complete. The installation of building services system for communication equipment rooms at the north and south ends of the WKT B2 Level was completed. The respective contractors had commenced the installation of modules and control panels for the communication systems, and signalling equipment for preparation of the first phase testing of trains. The installation of 4 transformers and 44 low voltage switchboards at the north side of WKT had been completed. The contractor for trackworks and overhead line had completed majority of the concreting work at the south side of WKT on Level B4 and the remaining track laying works was in progress.

22. As a whole, the installation of E&M systems has proceeded as scheduled. With the gradual completion of underground structures on all floors in the WKT, the number of access for delivery was diminishing. This had posed certain limitation for the delivery of materials. The HyD urged MTRCL to pay attention to this issue and formulate mitigation measures. Since there was risk of delay for the WKT approach tunnels (south) and the associated track laying and turnout installation at the WKT, the HyD urged the MTRCL to implement mitigation measures to recover slippage and minimise the risk of delay. As part of the preparation works for connecting the communication systems between Shenzhen and Hong Kong, the track laying and installation of communication cables at the cross-boundary tunnels had commenced. The HyD will continue to guide the co-ordination work amongst various government departments and the relevant Mainland parties to facilitate the timely completion of the concerned T&C process and trial operation of the entire railway system.

(g) Delivery of XRL Trains to Hong Kong

23. According to the current plan, the first set of XRL trains will be delivered to Hong Kong in end September 2016 by sea, and then further delivered to the SSS for the first phase testing and acceptance. The remaining eight sets of trains will be delivered to Hong Kong in due course.

THE REPORT OF THE LEGISLATIVE COUNCIL SELECT COMMITTEE

24. In November 2014, the LegCo established a Select Committee to inquire into the background of and reasons for the incident of the delay of the construction of the Hong Kong section of the XRL ("the project delay") as announced by the Government and the MTRCL in April 2014, and the related issues, including the performance and accountability of the Government and MTRCL relating to the project delay and whether they had deliberately covered up the project delay; and to make recommendations for the future on how the Government can enhance the supervision of the construction of new railway projects and strengthen the governance of the MTRCL in delivering railway projects and on related issues.

25. On 6 July 2016, the Government received the Report of the Legislative Council Select Committee to inquire into the Background of and Reasons for the Delay of the Construction of the Hong Kong Section of the XRL ("the Report"). Observations and recommendations of the Report will help the Government to continue to improve its monitoring mechanism and the work on the XRL. The Transport and Housing Bureau and the HyD have studied the Report carefully and followed up the recommendations. The Government has enhanced the reporting to the RSC on the progress update and financial situation of the construction of the Hong Kong section of the XRL. Intervals of submission of such reports have been shortened from half-yearly to quarterly. The HyD has also implemented measures as recommended by the Independent Expert Panel chaired by Mr Justice Hartmann to enhance the monitoring of progress and cost of the XRL.

26. The Government has engaged a legal team to follow up the liabilities

of the MTRCL in respect of project implementation, including the performance of the MTRCL as the "project manager". The Government reserves all the rights to pursue the obligations from the MTRCL and does not rule out the possibility of taking legal proceeding such as arbitration to resolve the matter. However, in view of the extremely tight programme, both sides agree to initiate such action only after the commissioning of XRL in 2018.

Transport and Housing Bureau
Highways Department
September 2016

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Subcommittee on Matters Relating to Railways**

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(Report for the period between 1 April and 30 June 2016)

INTRODUCTION

This paper presents the construction progress of the Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”) project up to 30 June 2016.

BACKGROUND

2. The progress reported below is based on the target of delivering the XRL project for passenger service in the third quarter of 2018 (“2018 Schedule for Completion”). This paper outlines major works progress, key performance indicators (“KPIs”), as well as financial status for the period between 1 April and 30 June 2016.

MAJOR WORKS PROGRESS OF THE XRL PROJECT

(I) Overall Progress of the Construction Works

3. As at 30 June 2016, overall the XRL project was 81.5%¹ complete against the 80.4% planned progress according to the 2018 Schedule for Completion. West Kowloon Terminus (“WKT”) Station North (Contract 810A) remains the most critical contract of the entire XRL project. Tai Kong Po to Tse Uk Tsuen Tunnels (Contract 823A) and Ngau Tam Mei to Tai Kong Po Tunnels (Contract 824), which were previously identified as critical tunnel contracts, achieved Degree-1 completion, meaning tunnel lining works and civil construction are substantially complete. These two contracts are no longer critical to the programme.

(II) Major Progress on Tunnel Construction

4. Degree-1 completion of all main tunnel sections, which means that the entire main tunnels network is accessible for Electrical and Mechanical (“E&M”) and track-laying works, marked an important milestone for the Project.

5. Temporary shaft openings at Tai Kong Po to Tse Uk Tsuen Tunnels (Contract 823A) and Ngau Tam Mei to Tai Kong Po Tunnels (Contract 824) were closed upon Degree-1 completion to allow backfilling and removal of the temporary noise enclosure.

6. Removal of temporary services at tunnels along Tse Uk Tsuen to Shek Yam (Contract 822), Shek Yam to Mei Lai Road (Contract 821) and Mei Lai Road to Hoi Ting Road (Contract 820) has started in preparation for dynamic testing of the first XRL train.

7. The Ngau Tam Mei Ventilation Building was topped out in June 2016, which signified the completion of structural works for all seven ventilation buildings (“VBs”) along the alignment of the tunnels.

¹ Sum of all weighted percentages completed of all major contracts

8. Re-provisioning of Nam Cheong Station Entrance A, which was modified to facilitate the foundations and piles removal works (Contract 802) along the XRL tunnel alignment, was completed. Entrance A was fully re-opened to the public in May 2016.

9. As for the southern section of the approach tunnel (Contract 811B), progress to fan out area of the approach tunnel for track laying was unsatisfactory. Mitigation measure will be adopted to allow civil and track-laying works to be carried out concurrently so as to mitigate the impact.

(III) Major Progress of the Construction of West Kowloon Terminus

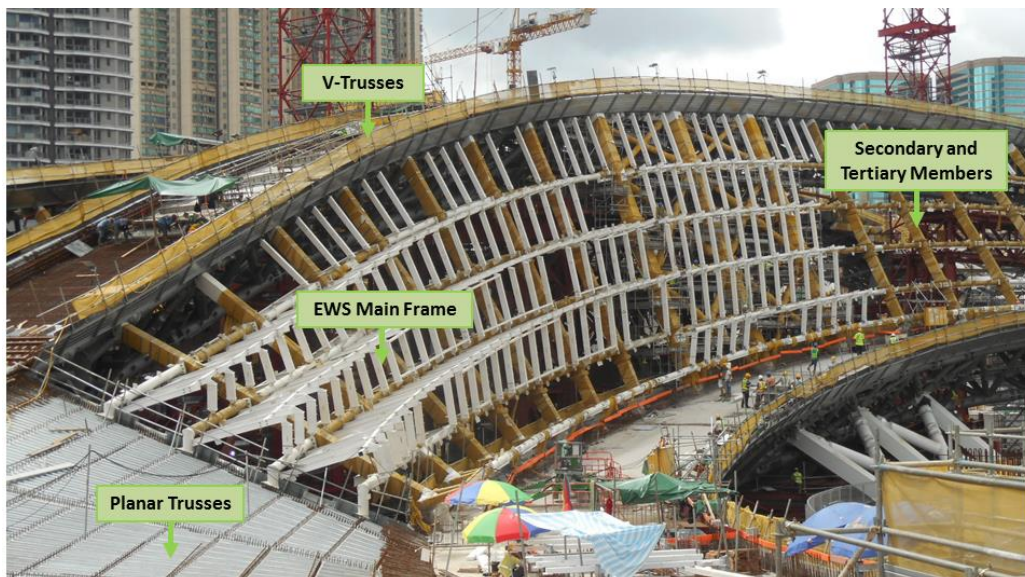
10. Overall excavation of the West Kowloon Terminus (“WKT”) was 99.2% complete, and 83.8% of the concrete structure has been cast, which is generally in line with the planned progress of 98.9% and 82.2% respectively.

11. For the Station Entrance Building (“SEB”), fabrication of the roof’s steelwork is generally satisfactory and progressing in line with the programme. Around 12% of the 4,000 plus glazing panels for the External Wall System (“EWS”) have been fabricated and installation is targeted to start in the third quarter of 2016. Majority of the remaining secondary and tertiary steel members are on the eastern side of the SEB (near Austin Station). Erection of these steel members is also targeted to commence in the third quarter of 2016.

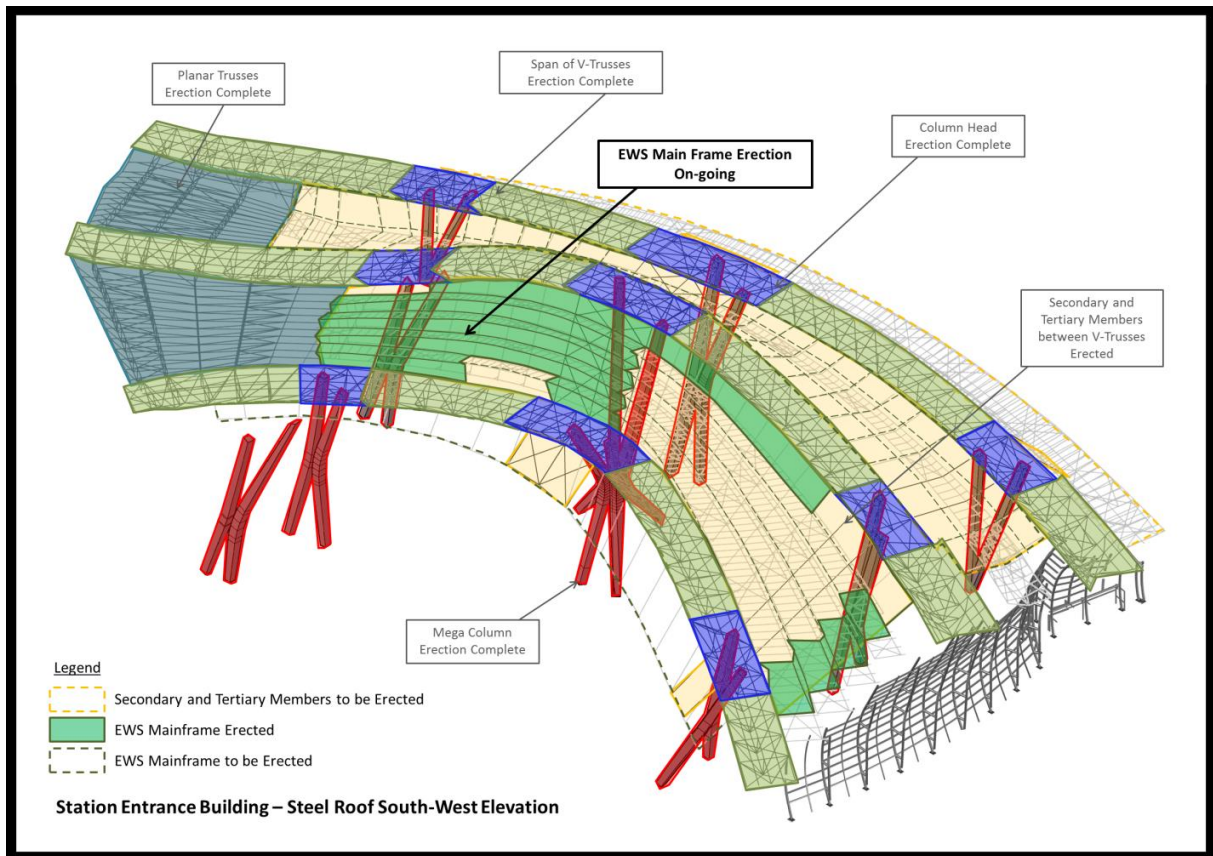


Secondary and tertiary steel members to be erected at the eastern side of the Station Entrance Building

12. All twelve spans of V-trusses have been erected which allowed de-propping of the main roof trusses in May 2016. The temporary support steelwork was then removed to release more work fronts for subsequent roof construction. Concreting of the roof trusses continued to show good progress.



Construction of the secondary and tertiary steel members at the western side of the Station Entrance Building



The latest progress of the structural works for the Station Entrance Building at WKT
(completed items shown in colours)

13. Concreting works at WKT were generally in line with the programme with the bottom Level B4 slab over 95% complete. Internal wall construction at the terminus was progressing as planned in general and critical equipment rooms were handed over to E&M contractors. The focus is now on track/platform level to meet the target dates for different section of track laying.



Concreting of roof trusses at the northern side of the
Station Entrance Building

14. Excavation at the Lin Cheung Road (“LCR”) Underpass and the subway under the Underpass had been picking up progress. The full closure of Wui Man Road was implemented in July 2016 to allow the remaining underground works and construction of the taxi up-ramp to proceed.

(IV) E&M and Signaling Systems

15. Works under various E&M contracts are in progress and were 57.9% complete overall.

16. The trackwork and overhead line contractor (Contract 830) has been given access to about 91.7% of the XRL track areas to carry out installation works. Out of the total track length of 72.8km, over 73.9% of tracks had been laid. Regarding the rusty tracks issue reported earlier, the Corporation had responded that the rust occurred on the track surface due to oxidation was normal which would not affect the track structure and operation safety. Besides, the contractor reported that some defects were found on rail clamps. The Corporation has urged the contractor to expedite the follow-up action and replacement. Installation of 25kV overhead line wire has reached approximately 33.4km.

17. E&M works in tunnels are progressing well for the 16km pilot test

section, where installation of lighting, fire hydrant pipes, telecommunication equipment for Fire Services Department radio and mobile phone network is expected to be completed for the pilot train dynamic test by the fourth quarter of 2016, at the Down Track between Emergency Rescue Siding (“ERS”) and Mongkok West Ventilation Building (“MKV”). The 25kV Traction Transformer at Mongkok West will be energized in the third quarter of 2016.

18. Installation of building services equipment in the VBs was 72.9% complete against the planned target of 69.2%. Currently, a total of 35 tunnel ventilation fans were installed in various VBs and Shek Kong Plant Building with start-up tests completed at four VBs. Another 44 tunnel ventilation fans were delivered to WKT and West Kowloon Plant Building and were being installed.



Ventilation fans are delivered to the platform level at WKT

19. At Shek Kong Stabling Sidings (“SSS”), Phase 1 Fire Service inspection was conducted with satisfactory result. Optical fibre cable laying and connection had been completed along the Down Track tunnel between SSS and WKT to enable multiple E&M systems end-to-end testing.

20. At WKT, E&M contractors have been given access to an area of around 207,000m², i.e. about 43.3% of the total floor area for E&M installation under Contracts 810A, 810B and 811B area. Building services of WKT were 48.1% complete against the planned target of 45.9%.

21. Out of the 65 accessed lift shafts in WKT and VBs, installation of 45 lifts has commenced among which 28 lifts have gone through the initial (Stage 1) testing with the temporary power supply. At WKT, 28 escalators are undergoing installation with 10 escalators already installed and completed initial testing.

22. CLP Transformers and 11kV equipment were delivered to WKT North substation and are being installed. 11kV cables have also been laid, ready for energization in the fourth quarter of 2016.

23. The Environmental Control System installation is progressing steadily and central chiller plant installation at WKT Level B3 near the waterfront area is substantially complete. Major equipment such as Penstocks and Travelling Band Screens have been delivered and positioned inside the seawater intake cell with large 1,000mm diameter seawater pipes being installed.



Installation of the central chiller plant at WKT Level B3 is substantially complete

24. As for the power supply system, main LV Switchboards and 110V batteries located at WKT Level B3 near the waterfront area were installed. The Uninterrupted Power Supply system for both Telecom Equipment Rooms (at WKT South & North) has also been delivered and being installed.



Main LV Switchboards at WKT Level B3

25. The three major pump rooms for fire services and plumbing & drainage at WKT Level B3 near the waterfront area are near completion.

(V) Construction Challenges

(a) West Kowloon Terminus

26. The removal of the temporary steel and installation of the EWS are critical to the completion of SEB. The Corporation is closely monitoring the progress and will work with contractors to overcome the challenge in order to meet the delivery programme for the Project.

27. Excavation for the LCR Underpass and the subway under the Underpass has encountered unforeseen sheet piles and concrete block supporting the existing underground water main. Alternative excavation methods were deployed to progress the work while protecting underground utilities nearby building structures. The Corporation is closely monitoring the progress.

28. The under-performance of civil contractor at the critical WKT was also a concern. The arrangement of resources and work sequences was unable to suit the programme. The Corporation is continuously monitoring the progress. The

contractor is repeatedly urged to expedite the works diligently to meet the target schedule.

29. Construction of the Mainland Customs, Immigration and Quarantine (“MCIQ”) is another major concern. The Corporation is working closely with the Government to finalize the details of the design and equipment installation schedule for the target completion in 2018.

(b) Labour Shortage

30. As at the end of June 2016, a daily average of about 6,936 construction workers and technical / professional staff members were employed for the works during the reporting period. As the project moves towards installation and finishing works, the demand for E&M workers grows, but labour in Hong Kong is in short supply. The Corporation continues with its efforts in helping contractors on the recruitment of workers and applying for labour importation under the Supplementary Labour Scheme.

(VI) Preparation and Interface Works

31. To facilitate delivery of the first XRL train in end September 2016, the Corporation is working closely with the contractor to arrange shipping the first train from Qingdao and then transport it to SSS. The remaining eight trains are expected to be delivered by track through the cross-boundary tunnels.

32. It is noted that the works in the Mainland side of cross-boundary tunnel are experiencing slow progress. Track works have yet to commence as in end June 2016, which was four weeks later than the planned schedule. However, the Mainland constructor agrees that track works will be completed by the end of 2016 to facilitate the delivery of the next XRL train by track, as well as to meet the critical cross-boundary Dynamic Testing and Commissioning in early April 2017. Close liaison with the Mainland constructor is ongoing.

(VII) Updated Financial Situation of the XRL project

33. As at 30 June 2016, the cumulative expenditure for the awarded contracts was \$56.27 billion.

34. The Corporation will continue to closely monitor the costs and progress of the XRL project. Details of the financial situation of the project are shown at Annex 2.

MTR Corporation Limited
September 2016

Annex 1 - KPIs of Major Works Progress

Summary of the Construction Progress of the XRL Project

Works Commencement Date	26 January 2010
Target Completion Date	Q3 2018, including a 6-month contingency period
Works Progress	Overall completion progress: 81.5% [as at end June 2016]

Progress of Key Civil Works Contracts

Cumulative progress of contracts for WKT construction:

Contract No.	Concrete structural works	Terminus excavation works
	End June 2016	End June 2016
810A	77.9% (75.9%)	98.6% (98.0%)
810B	99.4% (98.7%)	100% (100%)

Percentage in brackets is the planned progress of the Q3 2018 Schedule for Completion

Cumulative progress of contracts for tunnel construction:

Contract No.	Actual progress	Planned progress*
	End June 2016	End June 2016
811A	100%	100%
811B	79.7%	78.8%
820	100%	100%
821	100%	100%
822	99.9%	99.9%
823A	99.0%	98.0%
823B	99.5%	99.3%
824	97.3%	95.4%
825	99.2%	98.9%
826	100%	100%

Cumulative progress of E&M works:

E&M Works Progress	Actual progress	Planned progress*
	End June 2016	End June 2016
WKT Building Services	48.1%	45.9%
Track Laid	73.9%	70.5%
Overall installation	38.8%	35.3%
Overall E&M	57.9%	56.1%

** Percentage is the planned progress of the Q3 2018 Schedule for Completion*

Annex 2 - Financial Expenditure

Expenditure report ending 30 June 2016

Table 1 – Situation of Expenditure

	Awarded contract sum for the contracts (\$ million)	Cumulative expenditure (\$ million)
Railway Tunnels	22,493.8	29,186.7
WKT	14,596.3	20,140.5
E&M Works	8,172.7	6,941.4
Total	45,262.8	56,268.6

Table 2 – Situation of substantiated claims

	Claims resolved			Claims unresolved		
	Number	Amount claimed originally* (\$ million)	Amount awarded (\$ million)	Number	Amount claimed* (\$ million)	Interim award (\$ million)
Railway Tunnels	121**	3,317	1,732	378	9,277	2,123
WKT	47	258	193	296	11,303	2,971
E&M Works	2	0	0	69	4,345	326
Total	170	3,575	1,925	743	24,925	5,420

*Amount stated in the contractor's detailed claim report.

**One claim withdrawn by the contractor

As at 30 June 2016, the Corporation had received 913 substantiated claims and the amount claimed in total was approximately \$28.5 billion,

representing 63% 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 30 June 2016, 170 cases were resolved and about \$1,925 million was awarded, representing about 4.3% of the awarded contract sum for the contracts. Subject to the needs of individual works and progress of the relevant assessment and discussion, interim awards amounting to about \$5,420 million have been made for some cases.