

Latest Estimate of Cost to Complete for Shatin to Central Link Project

MTR Corporation has recently completed its further review and revalidation of the Cost to Complete (“CTC”) of the Shatin to Central Link (“SCL”) Project and has notified Government of the Corporation’s latest estimate of the CTC, being HK\$82,999.3 million, including additional Project Management Cost (“PMC”) of HK\$1,371 million but excluding costs related to the Hung Hom Extension Construction Incident.

This represents an increase of HK\$12,172.3 million from the original estimate of HK\$70,827 million, which is less than the previously estimated increase of \$16,501 million which the Corporation announced in December 2017. The Corporation has been able to reduce its estimate of the CTC from the amount estimated in December 2017 through strong cost control and in recognition of the fact that the SCL Project has continued to progress since December 2017, so that some of the risks included in the previous estimate have significantly reduced and some works contracts have been completed, allowing a greater degree of certainty in relation to costs.

The Corporation notes that Government considers there has been no material modification in respect of the SCL project and therefore disagrees to the inclusion of any PMC in the CTC. The Corporation also notes that there has been no provision for any additional PMC for the Corporation in Government’s applications to the Legislative Council for additional funding for the SCL project. Notwithstanding this, the Corporation will, in the interim, continue to comply with its project management obligations under the Entrustment Agreement and meet the costs thereof, to allow the SCL project to progress in accordance with the latest programme. At the same time, the Corporation will follow up with Government for a resolution of this matter according to the terms and conditions of the Entrustment Agreement.

Dr Jacob Kam, Chief Executive Officer of MTR Corporation said, “At this moment, the overall works of SCL Project are 92% complete. Over 99% of the works of the Tai Wai to Hung Hom Section have been completed, whilst the Hung Hom to Admiralty Section is 82% complete. With the continued efforts of our Projects team, the opening of the Tai Wai to Hung Hom Section (now named as the Tuen Ma Line (“TML”) is anticipated to be in 2021. As for the Hung Hom to Admiralty Section (East Rail Line extending to Admiralty Station), the targeted completion in Q1 2022 is still facing challenges and there are continuing efforts being made with the aim of meeting the programme.”

“TML Phase 1, with three new stations at Hin Keng, Diamond Hill and Kai Tak, commenced passenger service on 14 February 2020, extending the existing Ma On Shan Line to Kowloon East through a new railway tunnel underneath Lion Rock. Passengers are now enjoying more convenient railway connections for travelling from the New Territories East to Kowloon East through the new interchange at Tai Wai and Diamond Hill stations.”

“The SCL project is very important for the integrity and development of Hong Kong’s railway network. MTR appreciates the public’s concerns about the works progress and the cost increase. In preparing the updated CTC, we have considered the views of the Highways Department and Government has agreed with the estimate (other than the PMC). We believe that the revised CTC is a realistic estimate.” said Dr Jacob Kam.

The SCL project involves 17 kilometres of tunnels and construction of 10 stations, straddling 14 densely populated districts. The project not only involves constructing a new railway line, but also includes the improvement and construction of 11 different community facilities, including the Central Mail Centre, New Territories South Animal Management Centre and Shatin Plant Quarantine Station, Harbour Road Sports Centre, Wan Chai Swimming Pool, and the 49 Pedestrian Facilities in the Tsz Wan Shan District, etc. The project also involves extension and modification works to the existing West Rail Line, Ma On Shan Line and East Rail Line, adding to the engineering difficulty and complexity.

As previously announced in July 2019, to facilitate the phased opening of the TML, the Corporation agreed to fund, on an interim and without prejudice basis, the costs associated with the verification and assurance exercises and implementation of the suitable measures at the Hung Hom Station Extension and adjacent structures, as well as the costs for the preparation and implementation of phased opening. The related costs are estimated to be around HK\$2 billion. These costs are not included within the revised CTC and the Corporation continues to seek an overall settlement with Government in relation to the Hung Hom incidents.

Please find the details of the above information in the Corporation’s Stock Exchange announcement.

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About MTR Corporation

Every day, MTR connects people and communities. As a recognised world-class operator of sustainable rail transport services, we are a leader in safety, reliability, customer service and efficiency.

MTR has extensive end-to-end railway expertise with more than 40 years of railway projects experience from design to planning and construction through to commissioning, maintenance and operations. Going beyond railway delivery and operation, MTR also creates and manages dynamic communities around its network through seamless integration of rail, commercial and property development.

With more than 40,000 dedicated staff*, MTR carries over 13 million passenger journeys worldwide every weekday in Hong Kong, the United Kingdom, Sweden, Australia and the Mainland of China. MTR strives to grow and connect communities for a better future.

For more information about MTR Corporation, please visit www.mtr.com.hk.

*includes our subsidiaries and associates in Hong Kong and worldwide