

**Annex A**

<b>Project</b>	<b>Latest Cost Estimate</b>	<b>Latest Projected Completion Date</b>	<b>Anticipated Increase in the Approved Project Estimate (“APE”) required (\$ million)</b>	<b>Date for Submission of Application for Increase in APE</b>
<p>Hong Kong-Zhuhai-Macao Bridge (“HZMB”) related local projects</p>	<p>The approved project estimate (“APE”) of the HZMB HKLR was about \$25 billion (in MOD prices). As for the APE of the TM-CLKL, it was about \$46.7 billion (in MOD prices) (See Note 1). At present, there is no cost overrun for these two projects.</p> <p>In response to some reports by the media regarding the project cost, the Transport and Housing Bureau (“THB”) indicated in a press release issued on 6 November that as regards the cost for the bridge's HKBCF, the approved project estimate in November 2011 was \$30.4339 billion (in MOD prices). But according to the current preliminary estimate, the approved project estimate has to be increased by about \$5 billion, mainly because the tender prices/estimated tender prices for the works contracts awarded/to be awarded are higher than the estimate when the Government sought approval from the Legislative Council (LegCo) in 2011 due to the surge in wage levels of construction workers, prices of construction materials and machinery, etc., in recent years. The Highways Department is still conducting detailed assessment on the progress of the project and the newly increased cost. When finalised, THB will give a detailed account to the LegCo Panel on Transport at its meeting in December and then seek funding approval for the increase in the approved project estimate from the LegCo Public Works Subcommittee (PWSC) and the Finance Committee according to the procedures.</p>			
<p>Hong Kong section of the Guangzhou-Shenzhen-Hong Kong Express Rail Link (“XRL”)</p>	<p>(See Note 2)</p>	<p>(See Note 3)</p>	<p>(See Part (2) of the reply)</p>	
<p>Shatin to Central Link (“SCL”)</p>	<p>(See Note 4)</p>			

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South Island Line (East) (“SIL(E)”)	(See Note 5)			
Liantang/Heung Yuen Wai Boundary Control Point and associated works - Site formation and Infrastructure Works	\$24,973.1 million	2018	\$8,719.9 million	The funding application was submitted to PWSC for consideration on 22 October 2014 and originally scheduled for submission to FC in December 2014. The application is pending further discussion by PWSC.
West Kowloon Cultural District (“WKCD”)	<p>The Government is responsible for the provision of public infrastructures and integrated basement to support the whole WKCD project (including hotel/ office/residential developments). Given that the facilities of the West Kowloon Cultural District Authority (“WKCDA”) are scheduled for completion in three batches, the above public infrastructures and integrated basement will also be completed in phases. According to rough estimates, the amount of funding to be sought from LegCo in the coming years for the integrated basement and the public infrastructures both within and without it are about \$7.0 billion, \$3.0 billion and \$4.0 billion (in MOD prices) respectively. A more accurate estimate will only be available at the detailed design stage. According to the latest implementation timetable of the WKCDA, batch 1 facilities are expected to be completed by 2018 while batch 2 facilities will be completed in stages from 2020 onwards. The public infrastructures and integrated basement to be developed by the Government will also be completed on schedule to tie in with the completion of these facilities.</p>			

Note 1: This comprises the APE of PWP Item 6846TH Tuen Mun-Chek Lap Kok Link (TM-CLKL) – detailed design, site investigation and advance works of about \$1.9 billion (in MOD prices), and PWP Item 6857TH (TM-CLKL) construction works of about \$44.8 billion (in MOD prices).

Note 2: MTR Corporation Limited (“MTRCL”) announced on 11 August 2014 that the Cost to Complete (“CTC”) of the XRL would be \$71.52 billion (additional insurance costs and Project Management Cost included). The estimate is based on the Programme to Complete (“PTC”) under which the XRL will be commissioned by end of 2017. It is about \$6.5 billion more than the Entrustment Cost of \$65 billion, and also exceeds the Approved Project Estimate (\$66.8 billion). Based on the information provided by MTRCL, HyD, with the assistance of its monitoring and verification (“M&V”) consultant, has largely completed the review of MTRCL’s CTC. HyD and the M&V consultant identified a list of items which have not been included in the CTC or which would need to be reviewed to ensure adequate coverage in the risk allowances. Upon receipt of all relevant information, HyD and its M&V consultant will conduct further review.

Note 3: In May 2014, MTRCL stated that the new target for the commissioning of the Hong Kong section of the XRL would be by the end of 2017. HyD has completed its review on MTRCL’s proposed PTC. HyD considers that the PTC could be attained by MTRCL provided that the target progress is met for the critical contracts and various major conditions are satisfied. MTRCL’s PTC will be our work target and THB will monitor MTRCL’s implementation of the remaining works against the PTC.

Note 4: The SCL project is funded by the Government under the ‘concession approach’. The Government and MTRCL entered into an agreement for entrusting construction, testing and commissioning of SCL to the latter. According to the agreement, the target commissioning date for the Tai Wai to Hung Hom Section is December 2018 while the target commissioning date for the Hung Hom to Admiralty Section is December 2020.

Due to the suspension of works, re-arrangement of works schedule and sequence, modification of construction methods and implementation of protective measures for the sake of the archaeological work, MTRCL estimates there has been a cumulative delay of at least 11 months to the works for the Tai Wai to Hung Hom Section and at the To Kwa Wan Station of the SCL project, inducing additional construction and other costs of the order of \$3.1 billion.

Moreover, in view of the preservation measures in regard to the archaeological discoveries, including in-situ preservation for most structures and remnants of the Song-Yuan period, MTRCL estimated that the additional project cost induced will be another \$1 billion, making a total of about \$4.1 billion, but this has not included the cost for the two particular remnants that would have significant impact on the construction and design of To Kwa Wan Station, that is Well J2 and Adit C. The Government has identified various preservation options for the Antiquities Advisory Board's advice concerning the four preservation options for Well J2. Apart from option 1 which will result in a relatively mild additional cost of around \$10 million and which would not have anticipated substantial impact on work schedule, three of the options for Well J2 will induce four more months of delay to the SCL project, inducing an additional cost ranging from \$800 million to \$1.3 billion, depending on which option is chosen.

If the conservation option cannot not be finalised by early December 2014, it is estimated that the construction cost will be increased by about \$250 million for each month of delay in making the decision. The works will be affected by the corresponding delay.

As the archeological works at the To Kwa Wan Station will incur delay and additional expenditure in various degrees and the contingency of the SCL project does not cover the extended archeological works as well as the construction costs arising from the archeological findings, and given that the current contingency will not be sufficient for the associated expenditure, THB will seek additional funding from LegCo for keep carrying out the

works.

For the Hung Hom to Admiralty Section, as it requires coordination with other infrastructure works at Hong Kong Island North, the handover date for the associated critical site areas has a delay of 6 months as compared with the original programme. Though construction of stations for Island Section and that of the Cross Harbour Section is at the tendering stage, it has a risk in completing the works by the end of 2020 as scheduled.

Note 5: SIL(E) is an 'ownership' project. MTRCL will be responsible for the financing, design, construction, operation and maintenance of these railway projects and will own the railways. In accordance with the Project Agreement signed by the Government and MTRCL, the target commissioning dates for SIL(E) is December 2015. In view of the delay in the underpinning works beneath the Island Line at the Admiralty Station, if the progress has no significant improvement, there is a great risk to the target commissioning by end 2016. MTRCL will bear the additional expenditure arising from the delay of the railway works.