

CAPITAL WORKS COMMITTEE REPORT

As at the date of this Report, the Capital Works Committee of the Company (referred to as the “Committee” in this report) consists of six Non-executive Directors, five of whom are Independent Non-executive Directors of the Company (“INEDs”). Mr Cheng Yan-kee succeeded Dr Allan Wong Chi-yun as the Committee Chairman on 20 May 2020. Details of the Committee’s members and their attendance records during 2020 are set out on pages 112 to 113 of this Annual Report.

DUTIES OF THE COMMITTEE

The Committee’s Terms of Reference are available on the website of the Company (www.mtr.com.hk).

The principal duties of the Committee include overseeing any capital project of the Company in Hong Kong and outside of Hong Kong involving design and/or construction activities (“Relevant Project”) with a capital value in excess of HK\$10 billion and any other Relevant Project, in the event that such Relevant Project is four months or more behind programme on an overall basis; reviewing the progress of such projects, from both a programme and cost perspective; reviewing matters that could have a material impact on the quality, delivery and management of such projects, including processes and protocols adopted by the Company in supervising and managing the projects and non-compliances in relation to materials, works and processes; checking that there are adequate resources for such projects; keeping under review the Company’s communication strategy and protocols, and crisis management plans in respect of such projects; and reporting to the Board on a quarterly basis or ad hoc basis if the Committee deems appropriate, in respect of the above.

Agendas for each meeting were drawn up taking into account topical matters relating to the projects at the relevant time.

The chairman of the Committee summarises the activities of the Committee and highlights issues arising therefrom in a report to the Board after each Committee meeting.

WORK PERFORMED BY THE COMMITTEE IN 2020

In 2020, we saw the conclusion of the Commission of Inquiry (“Col”) hearing on Hung Hom Station, and the subsequent issue of their final Report. The observations therein and the follow up actions necessarily dominated the Committee’s agenda in the first half of 2020. During the year, consultant selection exercises carried out for the Tung Chung Line Extension and the Tuen Mun South Extension, and the major signalling issues also merited the Committee’s attention. The Committee held four meetings at which the following key matters were reviewed and considered:

- reports on the progress and cost status of the Company’s capital projects under construction including the Express Rail Link, Shatin to Central Link, the Signalling Replacement Works on the urban lines
- special reports on the Col and the Suitable Measures at Hung Hom Station and follow up action
- planning work for the Tung Chung Line Extension, and Tuen Mun South Extension
- progress of the Building Excellence programme dealing with on-going project transformation initiatives to enhance the Company’s capability in railway capital project management
- half-yearly reports on the construction programme and cost status of all the awarded development projects of the Company’s Property Division in Hong Kong
- half-yearly reports on projects-related audits conducted by the Company’s Internal Audit Department

Projects Director, Engineering Director, Divisional General Manager – New Projects and General Manager – Procurement & Contracts attended all four Committee meetings in 2020 to report and answer questions on progress of projects and cost related matters. Executives and senior managers were also invited to attend Committee meetings when required. I thank Committee members and colleagues for their support and hard work.

Mr Cheng Yan-kee
Capital Works Committee Chairman
Hong Kong, 11 March 2021

The Capital Works Committee Report has been reviewed and endorsed by the Committee.