

Rail Opportunities in Hong Kong

Mr Phil Ingram
Senior Trade Commissioner
Austrade Hong Kong



Australian Government
Australian Trade Commission



Agenda

General overview of Hong Kong market – Phil Ingram

Overview of Hong Kong rail market and Mission to Hong Kong, March 2012 – Emesa Yeung

Some advice on tenders for railway contracts in Hong Kong - Mr Dennis Li, Director, Metro Solutions Ltd

Q & A

Austrade - Who we are

- The Australian Trade Commission (Austrade) is the Australian Government's export and international business facilitation agency
- Austrade helps Australian companies reduce the time, cost and risk involved in selecting, entering and developing international markets
- Represented in over 120 offices in more than 60 countries
- Work in industry teams across overseas markets and in Australia. Rail is included under Auto and Advanced Manufacturing

Where we are

China



14 offices in China
Over 100 staff

Hong Kong - A major market for Australia

- 12th largest product export market – A\$3 billion in 2010
 - 6th largest market for manufactured goods: processed foods, fashion, pharmaceuticals, cosmetics, building materials, ICT, ferries, medical equipment etc

- 9th largest services export market – A\$1.6 billion in 2010
 - Professional – accounting, legal
 - Construction - engineering, architecture
 - Financial – banking, insurance, financial planning
 - Education, corporate training
 - Tourism

- 18th largest source of students – 7,000 in 2010
- 6th largest source of Foreign Direct Investment – A\$40 billion in 2010
- 8th largest destination for outward FDI - A\$23 billion in 2010

What is the attraction for Australian business?

- Free and open market
 - ✓ Level playing field
 - ✓ No import duties or restrictions (almost)
 - ✓ Sound legal, financial and accounting infrastructure
- English - language of business and legal documents
- Sophisticated consumer market
 - ✓ Highly internationalised
 - ✓ High disposable incomes
 - ✓ Open to new products
- Natural gateway to China and other Asian markets
 - ✓ Test market for new products
 - ✓ Access to inbound tourists
 - ✓ Logistics and distribution hub

BUT: Highly competitive and price sensitive

A popular place for Australians to do business

- 5,486 Australian companies exported to HK in 2009 – more than China, Japan and Korea – our largest trading partners. Only NZ and Singapore were greater.
- Over 350 Australian corporates are based in HK, many with regional headquarters such as ANZ Bank, Leighton Asia,
- Australians run many of the top companies and even government organisations in HK
- Over 80,000 Australians reside in HK
 - Not to forget the Australian School and plenty of vegemite on every supermarket shelf!*

Australian Railway companies have successfully done business in Hong Kong

Aldridge Railway Signals	Ansaldo STS
Aurecon	Cubic System
Delkor Rail	ERG
GHD	Garrett Consulting
Imtram	Interphase
Institute of Railway Technology	Invensys Rail Australia
John Holland	Liang O'Rourke
Leighton Asia	MRX Technologies
OEM Technology	Optical Systems Design
QR National	Rail Personnel
Sigma Coachair Group	SMEC
Thermit	TTG Transport Technology
United Group	Xtralis



Hong Kong Rail Market

**Ms Emesa Yeung
Business Development Manager**

Mass Transit Railway (MTR) Business Overview

- MTR Corporation merged with the Kowloon-Canton Railway Corporation on 2 December 2007, heralding a new era in Hong Kong railway development
- Carrying an average of 3.9 million passengers every day
- MTR is regarded as one of the world's leading railways for safety, reliability, customer services and cost efficiency
- There are nine railway lines serving Hong Kong Island, Kowloon and the New Territories

Mass Transit Railway Corporation Business Overview

- MTR has expanded into China, building and operating the Beijing Metro Line 4 and Shenzhen Metro Line 4
- MTR operates the London Overground system, the Melbourne Train System and the Stockholm Metro
- The scope of the Corporation's consultancy business has also widened to cover cities across Asia, Australia, Middle East and Europe

MTR Projects in Hong Kong

- West Island Line (WIL)
- South Island Line East (SIL(E))
- The Kwun Tong Extension (KTE)
- Express Rail Link (XRL)
- Shatin To Central Link (SCL)

West Island Line (WIL)

- The construction of 3 km West Island Line commenced in July 2009, will be completed in 2014 and the estimated cost of HK\$15.4 billion
- West Island Line have 3 underground stations including Sai Ying Pun, University of Hong Kong & Kennedy Town



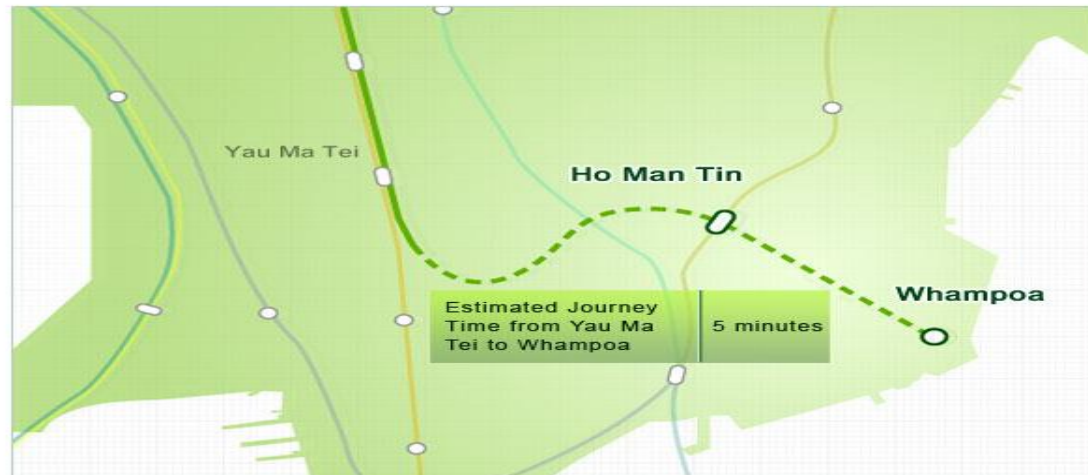
South Island Line East (SIL(E))

- The 7 km South Island Line (East) commenced to construct in 2011 and will complete in early 2015
- The approximated cost is HK\$7.0 billion (2006 prices)
- It will run from Admiralty, Ocean Park, Wong Chuk Hang, Lei Tung and South Horizons. And Admiralty will be an interchange station with existing MTR lines and the future Shatin to Central Link



Kwun Tong Line Extension (KTEL)

- The construction of Kwun Tong Line Extension (KTEL) commenced in 2011 and will be finished in 2015
- The KTEL is an approx 2.6km long underground railway, which is an extension of the existing Kwun Tong Line from Yau Ma Tei with stations at Ho Man Tin and Whampoa. Ho Man Tin Station will be an intermediate station connecting the Shatin To Central Link



Hong Kong Express Rail Link (XRL)

- The 26km long Hong Kong Section of the Express Rail Link runs from the terminus in West Kowloon, heading north to the Shenzhen/Hong Kong Boundary, where it connects with the Mainland Section
- The construction works commenced in early 2010 and will be completed in 2015
- The railway project cost is HK\$62.4 billion (2009 estimated)
- Railway System : Conventional high-speed railway
- Speed : Maximum operating speed 200km/h (Hong Kong Section)



Hong Kong Section - Express Rail Link (XRL)



Shatin to Central Link (SCL)

- The 17km Shatin to Central Link is expected to start in 2012 at an estimated cost of HK\$60 billion
- SCL divided into two sections :
 - * Tai Wai to Hung Hom section
11km - expected to be completed in 2018
 - * Hung Hom to Admiralty section :
6km –is expected to be completed in 2020



Australian companies currently working on major MTR projects

Ref No.	Project	Contractors	Awarded Amount HK\$
810A	Express Rail Link : West Kln Terminus Station North	Leighton – Gammon Joint Venture	8,910,360,529
830	Express Rail Link : Trackwork and Overhead Line System	QR - Chun Wo Joint Venture	1,168,655,709
901	South Island Line (East) : Admiralty Integrated Station and SCL Enabling Works	Kier Laing O'Rourke Kaden Joint Venture	2,399,341,552
903	South Island Line (East) : Ocean Park Station, Wong Chuk Hang Station, Viaducts & Aberdeen Channel Bridge	Leighton	2,513,394,379
904	South Island Line (East) : Lei Tung Station, South Horizons Station & Tunnels	Leighton – John Holland Joint Venture	1,755,018,490

Future MTR Projects in Feasibility Study/Preliminary Planning Stage

- **Hong Kong – Shenzhen Airport Railway Link**

Construction of a 30-kilometer railway. Estimated cost: US\$38.5m

- **Kai Tak Environmentally Friendly Transport System**

Low capacity light transit system to feed MTR. Estimated cost: US\$128m

- **Northern Link (NOL)**

- Will run between existing West Rail Line at Kam Sheung Road and the Lok Ma Chau Terminus of the existing East Rail Line. Estimated cost: US\$115m

- **Port Rail Line (PRL)**

A new freight rail connection from Lo Wu to a new port rail terminal at Kwai Chung. Estimated Cost: US\$962m

(sourced from BCI Asia)

MTR's E-Tendering System

- New Suppliers/Contractors should register via the MTR's e-tendering system in www.hkextender.com by clicking "New Supplier / Contractor Registration"
- You will receive an "Invitation for Tender/Expression of Interest" from time to time

Australian Rail Supplier Mission to China & Hong Kong 5-16 March 2012

➤ Hong Kong 15-16 March

- 15 March afternoon meeting with Mitsubishi Heavy Industry (HK) for Macau Light Rail Project

➤ 16 March morning

- Briefing by MTR on current and future MTR projects
- Mission member presentations
- Lunch with MTR
- Afternoon - Business Matching with MTR Procurement Executives



Some advice on tenders for railway contracts in Hong Kong

**Mr Dennis Li
Director
MetroSolutions Ltd**

Topics to Cover

- MetroSolutions – short introduction
- The Hong Kong opportunities
- Some advice for tendering in Hong Kong

MetroSolutions

- Established in 2005
- Shareholders
 - Stanley Robertson
 - Dennis Li
- Scope of business
 - Consultancy
 - Agency



Mr Dennis Li

- Director, MetroSolutions
- 1st Vice-President, International Chinese Transportation Professionals Association
- Hong Kong Convener, Cross-Strait Railway Forum
- Part-time Assistant Professor, University of Hong Kong
- Former Principal Consultant of MTRCL



Key Divisions within MTR

- Project Division – for new extension works
- Operations Division – for asset renewals
- Legal Division – for contract management

Completed Railway Projects in Hong Kong (1)

- MTR Modified Initial System (1979-80)
- MTR Tsuen Wan Line Extension (1982)
- KCR Modernisation (East Rail) (1983)
- MTR Island Line (1985-86)
- KCR Tuen Mun Light Rail (1988, 1991, 1992, 1993)
- KCR Tin Sui Wai Light Rail (1995)
- MTR East Harbour Crossing (1989)
- MTR Airport Express and Tung Chung Line (1998)

Completed Railway Projects in Hong Kong (2)

- MTR Tsueng Kwan O Line (2002)
- KCR West Rail + Tuen Mun Light Rail Extension (2003)
- KCR Ma On Shan Extension (2004)
- MTR Disney Resort Line (2005)
- Cable car system (2006)
- MTR Southern Loop (post merger) (2009)

Depreciation - Civil (1)

Land and Buildings	
Self-occupied land and buildings	The shorter of 50 years and the unexpired term of the lease

Depreciation – Civil (2)

Civil Works	
Excavation and boring	Indefinite
Tunnel linings, underground civil structure, overhead structure and immersed tubes	100 years
Station building structures	100 years
Depot structures	80 years
Concrete kiosk structures	20 years
Cableway station tower and theme village structures	27 years

Depreciation – Systems (1)

Plant and Equipment	
Rolling stock and components	4-50 years
Platform screen doors	35 years
Rail track	7-30 years
Environmental control systems, lifts and escalators, fire protection and drainage system	7-30 years
Power supply systems	7-40 years
Aerial ropeway and cabin	5-27 years

Depreciation – Systems (2)

Plant and Equipment (cont)	
Automatic fare collection systems, metal station kiosks, and other mechanical equipment	20 years
Train control and signalling equipment, station announcement systems, telecommunication systems and advertising panels	5-20 years
Station architectural finishes	20-30 years
Fixtures and fittings	10-15 years

Depreciation – Systems (3)

Plant and Equipment (cont)	
Maintenance equipment	4-10 years
Office furniture and equipment	5-15 years
Computer software licenses and applications	5-7 years
Computer equipment	4-5 years
Cleaning equipment and tools	5 years
Motor vehicle	4 years

Some Advice

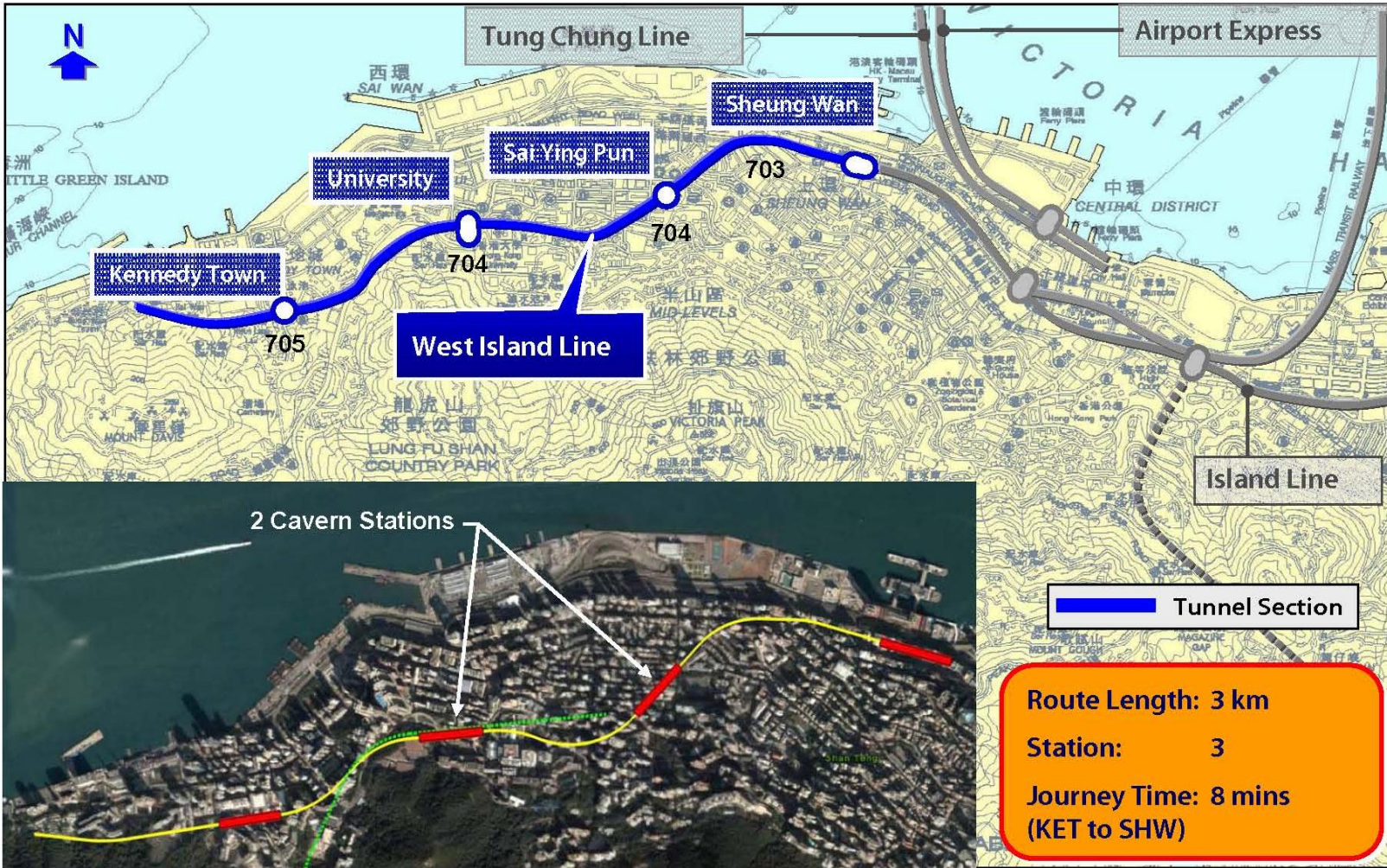
MTRC Tender Notice Link

➤ <http://www.mtr.com.hk/eng/tenders/index.html>

Information inside the MTR tender link

- No. 1141B - Shatin To Central Link: New Rolling Stock for SCL Phase 2
- No. 1152B - Shatin To Central Link: Signalling for SCL Phase 2
- No. 1154 - Shatin To Central Link: APG Retrofit for MOL & PSD for SCL Phase 1
- No. 1167A - Shatin To Central Link: Communications System Modification for Hunghom Re provisioning
- No. 1167B - Shatin To Central Link: ICCS Modification for Hunghom Re provisioning
- No. 1180A - Shatin To Central Link: Communications System Modification for Hunghom Re provisioning

Civil contracts – WIL example



System Contracts – WIL example (1)

- Contract 730 – Supply and Installation of CuC and PSB for WIL, SIL(E) and KTE
- Contract 731- Supply for Signs and Advertising Panels for WIL, SIL(E) and KTE
- Contract 732 – Supply for Doors and Ironmongeries for WIL, SIL(E) and KTE
- Contract 733 – Supply for Station Components for WIL, SIL(E) and KTE
- Contract 752 – Signalling System
- Contract 754 – Platform Screen Door System
- Contract 755 – Power Supply System
- Contract 757 – Lifts
- Contract 758 – Escalators and Moving Walkways
- Contract 759 – Main Control System

System Contracts – WIL example (2)

- Contract 760 – Communications, Transmission and Telephone Systems
- Contract 761 – Radio System
- Contract 762 – Automatic Fare Collection System
- SAMS – Security Access Management System
- Contract 1020 – Trackwork and Overhead Line System
- Contract 1064 – Building Services for HOM and WHA
- Contract 1120 – SCL Phase 1 Trackwork and Overhead Line System
- Contract 1152 – Signalling System for SCL Phase 1 & Signalling System Modification for MOL and WRL
- Contract 1153 – Tunnel ECS for SCL Phase 1
- Contract 1154 – Platform Screen Doors for SCL Phase 1 & APG Retrofit for MOL

MTR Tender System

- Number of tenderers – 6 for major contracts
- Selection of tenderers
 - ✓ from the permanent list
 - ✓ Selective prequalification
 - ✓ Open prequalification

MTR Tender System (2)

- **Database for permanent list companies**
 - ✓ Financial eligibility
 - ✓ Safety classification
 - ✓ Tendering history
 - ✓ Contract performance

Tender package from MTR

➤ **General contract documents**

- Conditions of Contract
- General Specifications

➤ **Particular contract documents**

- Particular specifications
- Drawings
- Pricing documents (BQ)
- Form of tender

Tender package from MTR (2)

➤ Reference documents

- CADD manual
- Design Standards Manual
- Health and Safety Manual
- Rules and Responsibilities of Contractors Manual
- Minimum safety requirements for work in operational railway and properties
- Environmental requirements

➤ Non-contract documents

- Instruction to Tenderers
- Tender invitation letter

Tender Submission

- Section I (pricing and qualification)
- Section II (technical)
- Section III (project management)
- Section IV (programme)

Project Management Plans

- Project Management System overview
- Organisation Plan
- Risk Management Plan
- Safety Management Plan
- Quality Management Plan
- Environment Management Plan
- Cost Management Plan

Project Management Plans (2)

- Programme Management Plan
- System Integration Plan
- Interface Management Plan
- System Assurance Plan
- Contract Management Plan (including Claims Management Plan)
- Configuration and Change Management Plan
- Design Management Plan
- Drawing Management Plan
- Data Management Plan

Project Management Plans (3)

- Operations and Maintenance Plan
- Community Relations Plan (including fung shui)
- Utilities Diversion Plan
- Traffic Diversion Plan
- Existing Building Structures Protection Plan
- Contingency Plan
- Construction and Installation Plan
- Testing and Commissioning
- Defect Liability Handling Plan
- Other support procedures
- Other supporting activities, e.g. partnering

Recent new items for pre-qualification

- Code of ethics
- ISO26000 – Corporate Social Responsibility

Recommendations

- Early go/no go decision
- Roles (contractor, sub-contractor, supplier)
- Partnership
- Local support (consultant, installation agent)
- Plan (strategy, plan, programme, budget)
- Bid team
- Early preparation (qualification, project management plans)

Summary

- Hong Kong is an attractive market for Australian suppliers
- There are over A\$10 billion in current and future rail projects that are fully funded that are open to competitive and transparent bidding
- Austrade HK has a close and productive relationship with the MTR
- Join the Australian Rail Supplier Mission to China & Hong Kong 5-16 March 2012 to explore the market

Austrade Contacts

For further Information about the railway opportunities in Hong Kong and the Mission in March 2012 contact:

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Q&A