

**COMMISSION OF INQUIRY INTO THE DIAPHRAGM WALL AND PLATFORM
SLAB CONSTRUCTION WORKS AT THE HUNG HOM STATION EXTENSION
UNDER THE SHATIN TO CENTRAL LINK PROJECT**

**WITNESS STATEMENT OF FREDERICK MA SI-HANG
FOR
MTR CORPORATION LIMITED**

I, **FREDERICK MA SI-HANG**, of MTR Corporation Limited, MTR Headquarters Building, Telford Plaza, 33 Wai Yip Street, Kowloon Bay, Hong Kong, **WILL SAY AS FOLLOWS:**

1. I am the Non-Executive Chairman of MTR Corporation Limited ("MTRCL") which is currently entrusted with the project management of the Shatin to Central Link ("SCL") Project. I am duly authorised by MTRCL to make this statement on its behalf to assist the Commission of Inquiry into the Diaphragm Wall and Platform Slab Construction Works at the Hung Hom Station Extension under the SCL Project ("**Commission of Inquiry**").
2. Unless otherwise stated, the evidence I give in this statement is based on my personal knowledge or belief. There are occasions when I can only speak to matters by reference to documents, in which case I refer to those documents, and I believe the same to be true and accurate to the best of my information and belief. I also defer to my colleagues who will be providing witness statements to the Commission of Inquiry for the details of various matters since these colleagues were involved in the management, administration and/or site operations of the SCL Project and are more familiar than I am with the matters that occurred at the relevant time.

Role and Duties within MTRCL

3. I served as a Non-Executive Director of MTRCL from 2002 to 2007 given my role as the Secretary for Financial Services and the Treasury. I re-joined MTRCL in July 2013 as an independent Non-Executive Director until November 2015, at which time I was

re-designated as a Non-Executive Director until I was appointed as Non-Executive Chairman of the Board of Directors ("**Board**") with effect from 1 January 2016.

4. In my role as Non-Executive Chairman of the Board, I am, amongst other things, responsible for: chairing and managing the operations of the Board, monitoring the performance of the CEO and other members of the Executive Directorate, making sure that adequate information about MTRCL's business is provided to the Board on a timely basis, providing leadership for the Board and promoting a culture of openness, ensuring views on all issues are exchanged by Board members in a timely manner, encouraging Board members to make a full and effective contribution to the discussion at Board meetings and establishing good corporate governance practices and procedures.
5. The Board's work focuses on matters affecting MTRCL's overall strategic policies, corporate governance, finances and shareholders. The Board has different committees that specialise in and manage their own areas independently (i.e. risk, remuneration, audit, capital works, nominations, corporate responsibility), reporting back to the Board as required; it also delegates the day-to-day management of MTRCL's business to the Executive Committee, pursuant to MTRCL's Articles of Association and internal protocols.
6. In addition to my role as Non-Executive Chairman of the Board, I also chair the Corporate Responsibility Committee and sit on the Remuneration Committee and Nominations Committee.
7. The Board is responsible for appointing the members and Chairman of the Capital Works Committee ("**CWC**"). I, alongside the Board, also receive reports from the Chairman of the CWC that summarise the key discussions of that committee and highlight important issues that arise. Although I am not a member, I also attend meetings of the CWC if and when necessary or appropriate.

Steps taken by MTRCL to address Public Concerns over MTRCL's capital projects since 2014

8. When I served as an independent Non-Executive Director, I was appointed by the Board to chair the Independent Board Committee ("IBC"), which was established by the Board in April 2014 in response to public concerns over the Guangzhou-Shenzhen-Hong Kong Express Rail Link ("XRL"). The IBC reviewed MTRCL's internal system, controls and management in respect of the XRL and two independent experts with expertise in project management were appointed to assist it. Two reports were prepared in July 2014 and October 2014 with various recommendations put forward ("**IBC Reports**").
9. Aside from the IBC Reports, MTRCL also received recommendations from the Independent Expert Panel chaired by the Hon. Mr Justice Michael Hartmann in its report of December 2014 ("**IEP Report**").
10. MTRCL took on-board the recommendations of the IBC Reports and the IEP Report and has made changes since then to strengthen its corporate governance and also the systems and processes which apply to large scale capital projects. In particular, in response to the recommendation of the IBC Reports that MTRCL would benefit from the establishment of an independent project controls and oversight function, the CWC and a new Engineering Division have been established to strengthen MTRCL's check and balance framework and to help provide the requisite controls and oversight.
11. As of 8 March 2018, the CWC comprises seven Non-Executive Directors, six of whom are independent Non-Executive Directors of MTRCL. The principal duties of the CWC include: (i) overseeing any of MTRCL's capital projects in Hong Kong and outside of Hong Kong involving design and/or construction activities ("**Relevant Projects**") with a capital value in excess of HK\$10 billion and any other Relevant Projects, in the event that such Relevant Projects are four months or more behind programme on an overall basis; (ii) reviewing the progress of such projects, from both a programme and cost perspective; (iii) checking that there are adequate resources for and supervision of such projects; (iv) keeping under review MTRCL's communication

strategy and crisis management plan in respect of each of such projects; and, (v) reporting to the Board on a quarterly basis, and on an ad-hoc basis if the CWC deems appropriate, in respect of the above. The CWC is also authorised by the Board to investigate any activity within its terms of reference. As I mention in further detail below the CWC has been tasked to review MTRCL's project management and monitoring system in light of recently reported incidents relating to the SCL project.

12. In addition to what I say above, various other measures have been implemented pursuant to the recommendations. This includes, in particular, the three lines of defence architecture which applies to MTRCL's project management. Further details of the specific measures introduced to give effect to this model will be provided by Lincoln Leong, the Chief Executive Officer of MTRCL ("CEO"), in his witness statement.

The Alleged Defective Steel Work at the Platform Slab and Diaphragm Wall at the Hung Hom Station Extension

13. I was first made aware of the alleged Defective Steel Works at the Hung Hom Station Extension at the end of May 2018 when the Corporate Affairs Director informed me of the press reports by the local media in Hong Kong.
14. Shortly afterwards, on 31 May 2018, MTRCL received a letter from the Railway Department Office ("RDO") of the Highways Department requesting a report demonstrating that any deficient works at the Hung Hom Station Extension ("HUH") had been fully rectified to meet quality requirements. I understand that MTRCL's management followed up on the RDO's request.
15. On 2 June 2018, I requested that a special meeting of the Board be held urgently to address these issues.
16. The Special Board meeting was held on 5 June 2018. At the meeting, the Board was briefed about the construction process for the HUH platforms under the SCL Project and discussed the matter. It was also reported to the Board that an independent

consultant would be appointed to conduct a load test to confirm the structural integrity of the EWL Slab. The Board then delegated authority to the CWC to review the report to be made to the RDO. The Board was also informed that MTRCL had written to Leighton Contractors (Asia) Limited ("LCAL") on 4 June 2018 requesting detailed information.

17. At the meeting I remarked that a perception about a lack of transparency in terms of both internal reporting and external reporting to the Government had become a matter of public concern. I also emphasised to the Board the importance of MTRCL demonstrating an open and transparent approach in handling the matter, and laid out the various announcements that would be made to the public in respect of MTRCL's work and reporting processes. Through both a stand-up media session and a radio programme, I also urged LCAL to announce what it knew to the public.
18. Subsequently, on 14 June 2018, I attended a meeting of the CWC at which a draft report to the RDO was tabled and discussed. It was on this occasion that I learned more about the details of the matter. I was not involved in the preparation of the draft report, which was prepared through the collaborative efforts of the Projects Team and the Executive. Based on the information provided to me, I was under the impression that the relevant procedures applicable to the construction works at the Hung Hom Station Extension had been duly followed by MTRCL and that the contents of the draft report were prepared based on relevant documentary evidence.
19. In the evening of 14 June 2018, I received an email, sent on behalf of the Chairman of the CWC to members of the Board, which confirmed that the CWC was satisfied with the explanations provided to it and supportive of sending the finalised report to the RDO.
20. The report was submitted to the RDO on 15 June 2018 ("**MTRCL Report**").
21. In the morning of 15 June 2018, I met with The Hon. Abraham Shek Lai-him, an independent Non-Executive Director of MTRCL, in preparation for the press conference to be held in the afternoon of the same day. Among others, Aidan Rooney

(the General Manager- SCL Civil- NSL at the time) and Lincoln Leong also participated in the meeting. Specifically, The Hon. Abraham Shek Lai-him and I emphasised to Aidan Rooney the Report must be accurate and correct, and I asked him if the Projects Team had evidence to support the matters stated in the Report. I was assured by Aidan Rooney that the matters stated in the Report, including as regards the number of couplers referred to, were correct and supported by documentary evidence. I had no reason to doubt what he told me.

22. At the next Special Board meeting on 21 June 2018, I put forward the following proposals:

- (a) the CWC be mandated by the Board to conduct a review of MTRCL's project management processes and procedures for the SCL Project, with the assistance of an independent third party consultant;
- (b) management to conduct an internal review of the reporting systems for MTRCL's projects with recommendations for improvement, particularly escalating and reporting deficiencies (internally and externally);
- (c) MTRCL to hold a media stand-up the same afternoon.

23. These proposals were supported by the Board unanimously. A press release was issued on 21 June 2018 announcing the mandate of the CWC to review the processes and procedures for the SCL Project within MTRCL's project integrated management system ("PIMS"). In this press release, MTRCL also made clear that if any violation was found, MTRCL would take the matter very seriously and report it to relevant law-enforcement agencies.

24. On 27 June 2018, I attended another CWC meeting, at which a number of independent third party consultants gave presentations on their proposed work. Based on the strength of its presentation and its independence from MTRCL, CWC members later agreed that Turner & Townsend ("T&T") should be appointed to review the processes and procedures for the SCL project within the PIMS.

25. On 6 July 2018, I attended the special sitting of the Legislative Council Subcommittee on Matters relating to Railways ("RSC") at the request of the RSC. Though that sitting was primarily about the To Kwa Wan Station, I emphasised that MTRCL places supreme importance on public safety not only in respect of the To Kwa Wan Station but in relation to all works on the SCL Project, including the Hung Hom Station Extension. I also reiterated that if any violation was found whether on the part of the contractor or on the part of MTRCL's personnel, MTRCL would report the matter to the relevant authorities.
26. I would like to make clear, however, that at this time I was not aware of the inclusion of any inaccurate information in the MTRCL Report, which I will now turn to.

Inaccuracies in the MTRCL Report

27. On 25 July 2018, Lincoln Leong informed me that there were some inaccuracies in the MTRCL Report. As I was not in Hong Kong at that time, we did not discuss the matter in further detail and agreed to meet on 30 July 2018 when both of us would be back.
28. I arrived in Hong Kong on 28 July 2018. On 29 July 2018, I paid a visit to the site office at the XRL West Kowloon Station to meet with Dr. Philco Wong (the Projects Director at the time) who explained to me that he had come to learn of inaccuracies in the course of his preparation for the load test (which I mention in paragraph 16 above). In essence, he told me that the number of couplers stated in the MTRCL Report was incorrect. Further, there had been a change in the way that the re-bars connecting the EWL slab and diaphragm wall was constructed, and this change was not reflected in the MTRCL Report. I was naturally alarmed by that revelation, as I had been assured by Aidan Rooney on 15 June 2018 that the number of couplers stated in the MTRCL Report was correct and supported by documentary evidence. At the time, Philco Wong explained that the error occurred because the report was prepared under serious time pressure.
29. In my view, it was of paramount importance that the information provided to the RDO was absolutely accurate and accordingly the inclusion of inaccurate information on these matters was significant and serious.

30. On Sunday 5 August 2018, I received a request to meet with the Chief Executive Mrs. Carrie Lam Cheng Yuet-ngor the following morning.
31. On 6 August 2018, I met with the Chief Executive as scheduled. The Secretary for Transport and Housing, Frank Chan was also present. In the meeting, the Chief Executive mentioned to me that the Government had lost confidence in the project management team of the SCL. The Chief Executive told me that Government took the view that the senior members of the Projects Team responsible for the SCL project, namely Dr. Philco Wong, TM Lee, Aidan Rooney, Jason Wong and also Lincoln Leong should leave MTRCL.
32. After my meeting with the Chief Executive, I went with Frank Chan to his office and called Lincoln Leong and asked him to join us. At the meeting, Frank Chan conveyed the Government's message to Lincoln Leong.
33. During the meeting, Lincoln Leong agreed that he would retire early in view of recent developments and of Government's views as expressed earlier. Frank Chan suggested to him that he should remain in office until a replacement CEO could report for duty. He agreed to do so.
34. In light of these discoveries regarding the inaccuracies (and incomplete information) contained within the MTRCL Report and in light of the firm view expressed by the Government, I formed the view that the Board needed to be made aware of the issue, and should be involved in dealing with it as well as considering measures to restore confidence in MTRCL's handling of the matter.
35. I therefore called a Special Board meeting to take place the following day, on 7 August 2018 at 10 a.m. At that meeting I informed the Board that certain inaccuracies had been identified in the MTRCL Report and invited Lincoln Leong to explain what these were, which he did. For my part, I also explained to the Board that as part of the preparations for the 15 June 2018 press conference, I (together with The Hon. Abraham Shek Lai-him) had repeatedly asked the Projects Team to make sure the matters stated in the

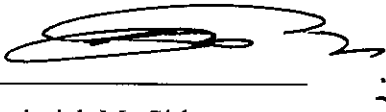
MTRCL Report, including as regards the number of couplers referred to was supported by documentary evidence.

36. I stated to the Board my view that the issue had given rise to a crisis of confidence and asked Frank Chan for the Government's view on the matter. He told the Board that the Government had lost confidence in the project management team of the SCL and that, as such, MTRCL should consider whether the senior members of the Projects Team should leave MTRCL.
37. Lincoln Leong reported that Dr. Philco Wong had tendered his resignation in the early hours of that morning, and that a meeting had been arranged with Aidan Rooney, TM Lee and Jason Wong in the afternoon of the same day when it was proposed to serve notice of termination on them. Lincoln Leong also notified the Board that he would retire early as the CEO, but had been requested and had agreed to remain in position until a replacement CEO could report for duty. The Board unanimously agreed with these management changes.
38. As mentioned in the press conference I gave (together with Lincoln Leong) in the afternoon of 7 August 2018 after the Board meeting, I had myself offered to resign, on more than one occasion, to Government (first on 7 July 2018 and again on 6 August 2018). On each occasion, my resignation was not accepted and I was asked to continue to serve MTRCL and to help it navigate through this difficult period and also to assist in the search for the new Chief Executive Officer.
39. I would like to make clear that I did not offer to resign by reason of any particular act or omission for which I felt personally responsible. As the Non-Executive Chairman, I am accountable to all of the shareholders of MTRCL. Therefore, under the accountability system I believe I should offer my resignation so as to provide the shareholders with an option to relieve me from my role as the Non-Executive Chairman.

Going Forward

40. As mentioned above, MTRCL places supreme importance on public safety and on transparency in handling any issues of concern. MTRCL is determined to ensure that issues of a similar kind do not recur and has taken the following steps:-
- (a) An initial review of the site supervision system and communication system within MTRCL and with Government for the SCL and to provide improvement measures on these systems was conducted by the Engineering Division and a report was submitted to the RDO on 6 July 2018;
 - (b) To support the CWC's review, an independent expert T&T has been engaged to review the processes and procedures within the PIMS of the Corporation;
 - (c) MTRCL's management has been directed to strengthen its monitoring and supervision over all SCL Project contracts; and
 - (d) the Terms of Reference of the CWC is now being revised to enhance its oversight of the quality of the capital works projects.
41. MTRCL is also willing and prepared to act upon any recommendation of the Commission of Inquiry to further enhance and improve its systems and to restore public confidence in its works and the projects delivered by it.
42. Finally, I would like to mention that in preparing this witness statement I have reminded myself of the events in question by reference to various hard copy and electronic documents and materials retrieved by MTRCL's Legal Department, with the assistance of the Corporation's external lawyers, Mayer Brown. There may therefore be matters referred to or stated in other documents which have not been recently placed before me. To that extent, I would be happy to comment on any such other materials at a later date if and when identified and placed before the Commission of Inquiry.

Dated the 13th day of September 2018.



Frederick Ma Si-hang

Corrigendum to the Witness Statement of Frederick Ma Si-Hang
dated 13 September 2018

Page	Paragraph	Content
B109	23	Replace “ <i>In this press release, MTRCL</i> ” with “ <i>At a press conference on the same day and in an earlier press release of 6 June 2018, I</i> ”