

Press Announcement

8 April 2019

**Press Announcement of KCRC's Audited Results
for the Year Ended 31 December 2018**

KCRC's Chief Officer, Edmund K H Leung, today announced the financial results of the Kowloon-Canton Railway Corporation for the year ending 31 December 2018.

Mr Leung pointed out that the Fixed Annual Payment and Variable Annual Payment from the MTR Corporation Limited (MTRCL) for 2018 totalled \$2,957 million, an increase of some 10% over \$2,683 million in 2017. The total service concession payment received is the highest since the Rail Merger in 2007, reflecting the continued growth in fare and non-fare revenues earned by MTRCL from the KCR network and the Express Rail Link (XRL) which commenced operation on 23 September 2018.

In 2018, for the first time after the Rail Merger in 2007, the Corporation recorded an accounting profit of HK\$574 million, representing a significant improvement of some HK\$751 million when compared to the accounting loss of HK\$177 million recorded in 2017. The Corporation's operating profit for the year (before depreciation, amortisation and impairment) amounted to HK\$3,750 million, an increase of HK\$380 million (11.3%) over 2017.

Mr Leung commented that the Corporation's expected revenues should enable it to repay fully all remaining debts upon their maturities. With the last floating rate debt maturing in 2019, the Corporation would then be servicing only fixed rate debts, which would significantly reduce the Corporation's exposure to financial risks associated with interest rate movements. He further noted that he expected the financial performance of the Corporation to continue to improve in the years to come and the Corporation will soon be achieving long-term accounting profitability.

KCRC's Annual Report for 2018 will be available on the website www.kcrc.com after formal tabling by the Financial Secretary in the Legislative Council, which is expected in the second quarter of 2019.