

Press Announcement

Friday, 30 March 2012

**Press Announcement of KCRC's Audited Results
for the Year Ended 31 December 2011**

KCRC's Chief Officer, James Blake, today announced the financial results of the Kowloon-Canton Railway Corporation for the year ending 31 December 2011.

Mr. Blake was pleased to note the Corporation's improved financial strength, underpinned by the total fixed and variable payment of \$1,397 million, arising out of the Service Concession and the MTRC operations of KCRC railway assets.

He went on to say that the KCRC accounts showed an accounting loss for 2011, due to non cash depreciation charges. The healthy cash operating picture shown in the accounts, however, meant that the Corporation was now well on its way to paying down its current debt portfolio of some \$15 billion, remaining from its heavy investments in expanding and improving the KCRC network before the rail merger in 2007.

Operating profit for 2011 before depreciation, amortization and impairment was \$1,641 million. Net loss for the year was \$451 million, a major reduction on the loss of \$2,034 million booked in the previous year. This reflects the favourable impact of the full-year variable annual payment and a one-off reversal of tax provision.

In his capacity as Chairman of West Rail Property Development Limited (WRPDL), a 51% owned subsidiary of KCRC, Mr Blake further expressed satisfaction over the substantial progress that had been achieved during the year on developing several residential sites along West Rail. Following the Government's new policy as regards the disposal of the West Rail sites, WRPDL had been able to award the development rights for the largest site above Nam Cheong Station in October and for a smaller site next to Tsuen Wan West Station in January 2012. These sites were the first of the West Rail sites planned to accommodate a larger number of small and medium sized "no frills" flats, and similar "no frills" flats are intended for all remaining West Rail sites.

With the award of these sites along West Rail, the Corporation will be able in early 2012 to recover its \$4.4 billion outstanding loan to WRPDL for property development enabling works along West Rail much earlier than previously expected, further strengthening the Corporation's financial position.

KCRC's Annual Report for 2011 will be available on the website www.kcrc.com after formal presentation to the Legislative Council.