

Press Announcement

Thursday, 12 May 2011

**Announcement of KCRC's Audited Results
for the Year Ended 31 December 2010**

Announcing the financial results of the Kowloon-Canton Railway Corporation for the year ended 31 December 2010, KCRC's Chief Officer, James Blake commented that 2010 marked the 100th anniversary of the first railway services operating from Kowloon to Lo Wu. In those early days the single track line served about 1,000 passengers per day, contrasting with today's combined railway network which now carries well in excess of 4 million passengers per day.

Mr Blake said that operating profit for 2010 before depreciation, amortization and impairment amounted to HK\$979 million, an increase of HK\$151 million from 2009. Depreciation and amortization charges arising from heavy capital investment during the major expansion of the KCRC network prior to the railway merger in 2007, totalled HK\$2,974 million. Net loss for the year was HK\$2,034 million.

The Corporation took advantage of prevailing low interest rates to refinance its maturing debt, and continuing the trend of the past two years the Corporation's average cost of borrowing has been reduced from above 7% to around 3%. Mr Blake concluded by saying that during 2010 the Corporation had further consolidated its position as the holder of substantial railway assets, with a strong business model intended to clear all present debt using payments received under the 2007 rail merger operating concession agreement. There would be no dividend payment for the year, with priority being given to debt repayment.

KCRC's Annual Report for 2010 will be available in hardcopy and on the website www.kcrc.com, after formal presentation to the Legislative Council in June.