

**新聞稿**  
**Press release**

Monday, 16 March 2009

**Announcement of KCR's Audited Results**  
**Year Ended 31 December 2008**

Commenting on the Kowloon-Canton Railway Corporation's Consolidated Income Statement and Balance Sheet for the year ended 31 December 2008, KCRC's Chief Officer, Mr James Blake, noted that the first year after the merging of railway operations in Hong Kong had proceeded according to plan. By year end, the KCRC had received MTR Corporation Limited's fixed annual payment of HK\$750 million, reflecting the terms the service concession granted to MTRCL to operate KCRC's approximately HK\$80 billion of railway assets.

Mr. Blake further explained that, "Although KCRC had incurred significant expenditure during the year arising from construction of the Kowloon Southern Link, which was planned for completion in the latter half of 2009 and was a new section of railway between West Rail and East Rail, the project was forecast to bring a significant increase in passengers on the Light Rail/West Rail networks. Once completed, the journey from Tin Shui Wai to Tsim Sha Tsui will take only 30 minutes."

The capital cost of the KSL also covered the purchase of 22 new Light Rail Vehicles to help meet expected additional passenger demand on the Light Rail network after opening of the KSL. He added that the KSL would form part of KCRC's assets that would be operated by MTRCL under the service concession.

Mr Blake commented that with the passenger numbers and fare revenue on the KCRC network forecast to increase, the Corporation could look forward to commensurate increases in annual variable payments from MTRCL once these took effect from 2 December 2010. He therefore saw the merger arrangements as being based on sound business fundamentals that represented a "win-win" situation for the two railway corporations and passengers.

Mr Blake concluded by referring to the net loss after tax of HK\$1.815 billion for the year, which resulted in the main from depreciation of KCRC's railway assets and interest charges against outstanding loans taken out previously to finance the Corporation's decade of railway expansion, stating that the audited financial statements together with the auditor's report will be included in the KCRC's Annual Report, which would be tabled in the Legislative Council, usually during April, by the Financial Secretary.

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## Consolidated income statement (HK\$ million)

	<u>2008</u>	<u>2007</u>
Turnover	<b>870</b>	5,581
Operating costs before depreciation and amortisation	<b>(69)</b>	(2,818)
<b>Operating profit before depreciation and amortisation</b>	<b>801</b>	2,763
Depreciation and amortisation	<b>(2,595)</b>	(2,418)
<b>Operating (loss)/profit after depreciation and amortisation</b>	<b>(1,794)</b>	345
Gain on sale of property development rights	-	4,868
Gain on sale of investment properties and other property, plant and equipment	-	1,318
Gain on sale of property management and telecommunication businesses	-	48
Merger-related expenses	-	(216)
Impairment loss of properties under development	<b>(20)</b>	-
Interest and finance income	<b>450</b>	476
Interest and finance expenses	<b>(1,362)</b>	(1,323)
Share of profit of associate	<b>51</b>	39
<b>(Loss)/profit before unrealised gains/losses</b>	<b>(2,675)</b>	5,555
Gains on changes in fair value of financial instruments	<b>183</b>	541
Net valuation gains on investment properties	-	9
<b>(Loss)/profit before taxation</b>	<b>(2,492)</b>	6,105
Income tax	<b>677</b>	(784)
<b>(Loss)/profit for the year wholly attributable to the sole shareholder of the Corporation</b>	<b>(1,815)</b>	5,321

## Consolidated balance sheet (HK\$ million)

	<u>2008</u>	<u>2007</u>
<b>Assets</b>		
Fixed assets	<b>65,937</b>	67,260
Interest in leasehold land held for own use under operating leases	<b>5,820</b>	5,931
Construction in progress	<b>6,926</b>	5,509
Deferred expenditure	<b>1,612</b>	1,585
Properties under development	-	20
Interest in associate	<b>147</b>	138
Loan to non-controlled subsidiary	<b>4,406</b>	4,407
Derivative financial assets	<b>317</b>	132
Investments	<b>3,095</b>	2,585
Interest and other receivables	<b>716</b>	681
Cash and cash equivalents	<b>2,493</b>	6,636
	<b>91,469</b>	94,884
<b>Liabilities</b>		
Short-term bank loans	-	45
Interest and other payables	<b>736</b>	1,222
Accrued charges and provisions for capital projects	<b>1,507</b>	1,935
Derivative financial liabilities	<b>9</b>	54
Interest-bearing borrowings	<b>17,503</b>	17,857
Deferred income	<b>5,001</b>	4,566
Deferred tax liabilities	<b>3,356</b>	4,033
	<b>28,112</b>	29,712
<b>Net Assets</b>	<b>63,357</b>	65,172
<b>Capital and Reserves</b>		
Share capital	<b>39,120</b>	39,120
Retained profits	<b>24,237</b>	26,052
<b>Total equity</b>	<b>63,357</b>	65,172