

Press Announcement

3 April 2018

**Press Announcement of KCRC's Audited Results
for the Year Ended 31 December 2017**

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 2017.

Mr Leung noted that in addition to the Fixed Annual Payment of HK\$750 million, the Variable Annual Payment from the MTR Corporation Limited (MTRCL) for 2017 increased by some 8% when compared with 2016, from HK\$1,787 million to HK\$1,933 million. The total service concession payment of HK\$2,683 million 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.

The Corporation's operating profit for the year before depreciation, amortisation and impairment amounted to HK\$3,370 million, an increase of HK\$275 million (8.9%) from 2016. Despite this, the Corporation recorded an accounting loss of HK\$177 million, a decrease of some HK\$103 million on the loss of HK\$280 million recorded in 2016, due to non-cash depreciation charges on its railway assets.

Mr Leung commented that the Corporation's expected revenues should enable it to repay fully all remaining debts upon their maturities. He further noted that the annual losses recorded by the Corporation have declined rapidly in recent years and the Corporation can expect to return to sustained long-term accounting profitability in the near future.

KCRC's Annual Report for 2017 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 2018.