

COMMERCE *IN MOTION*





威愛澳門
歡喜時刻

機場/博覽館
Airport/Exhibition Centre

東涌線/迪士尼線
Tung Chung Line/Disneyland Line



3G

data access
anywhere along
the journey



Over

200



Brands

offering shopping
convenience to
passengers

Feature
Advertising

helps drive
sales during
major
promotion
campaigns
by clients



Revenue from our Hong Kong station commercial business increased by 19.9% over 2010 to HK\$3,422 million. There was a marked improvement in station shop rental and advertising revenues on the back of a robust economy, as well as one-off receivables from telecom operators.

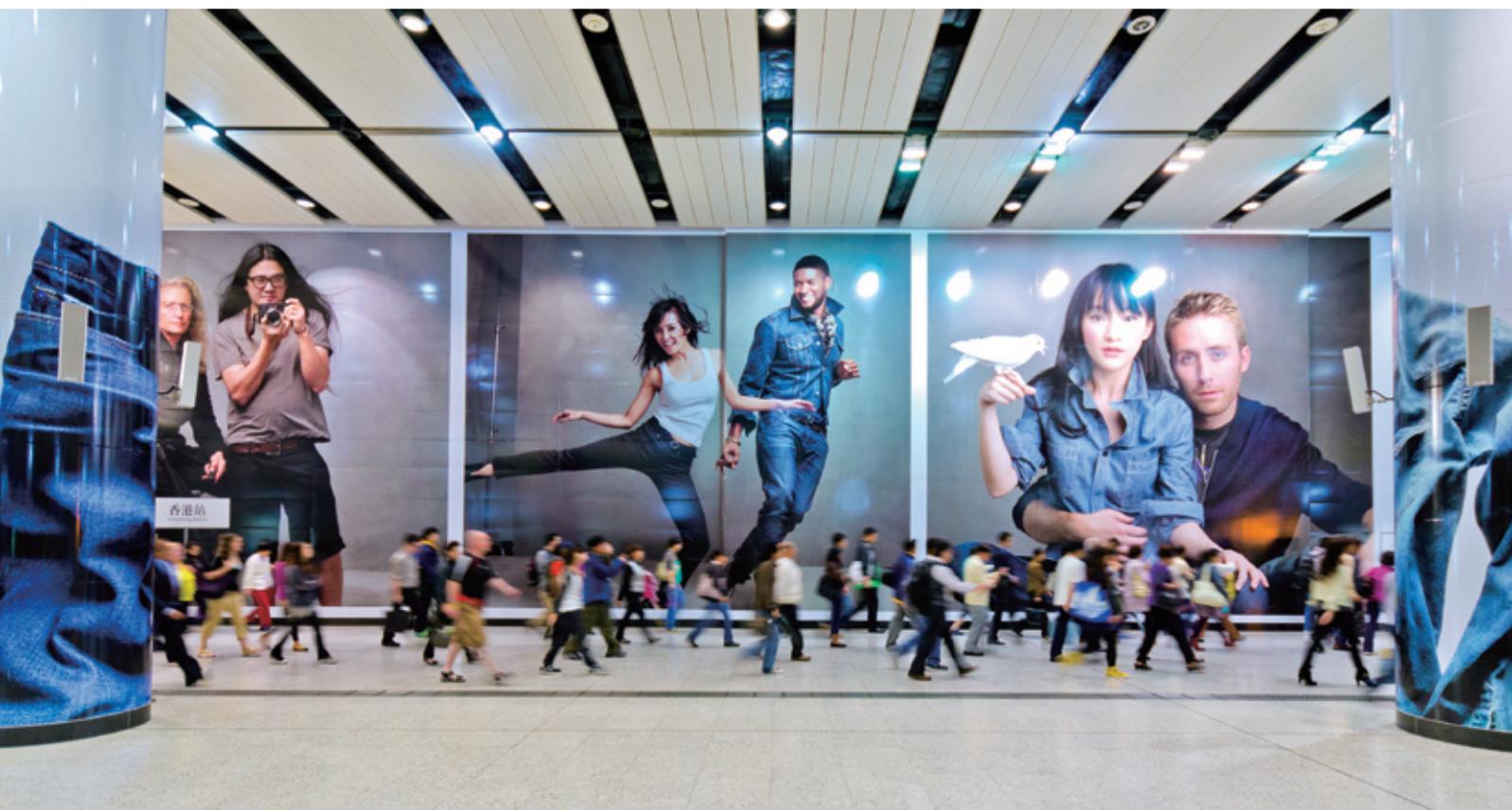
STATION RETAIL

Station retail revenue rose 11.0% to HK\$1,905 million as we increased the number of shops, while rental rates moved higher as we continued to refine our trade mix. Higher turnover rent also supported growth, boosted by increased visitor arrivals to Hong Kong, especially from the Mainland of China.

The total number of station shops, including duty free outlets, increased from 1,254 at the end of 2010 to 1,294 at the end of 2011, mainly due to renovation of shops at eight stations. In addition, a total of 29 new trades or brands were introduced.

The total area of station retail space also increased to 54,932 square metres at the end of 2011 from 53,880 square metres at the end of 2010. The bulk of this additional space came from Shatin and Tin Shui Wai stations, where new shops are now providing greater convenience and a wider array of trades to passengers.

To reinforce the “stylish convenience” positioning of MTR shops in the minds of tenants and passengers, several branding and promotional campaigns were launched. There was a thematic advertising campaign and a series of poster campaigns to introduce new shops. An “MTR Shops’ Top Chic Products Poll” increased shoppers’ awareness of the wide range of trades in our stations. Other promotional campaigns during the year that aimed to stimulate or reinforce the shopping habits of passengers included the “Lok Ma Chau Group Travel Promotion” schemes, MTR Club “Bonus Points Scheme” using Bonus Points Cards and the popular “MTR Shops Unwrap Your Prize!” campaign.



Hong Kong Station takes advertising to new heights

HONG KONG STATION COMMERCIAL BUSINESS

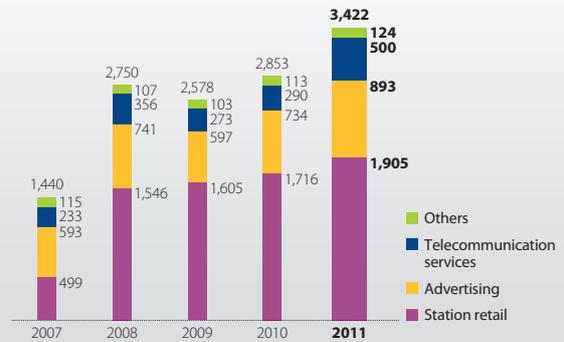


Our iCentres provide free Internet and Wi-Fi service to passengers

REVENUE FROM HONG KONG STATION COMMERCIAL BUSINESS

Revenue increased in 2011 due to a marked improvement in station shop rental and advertising revenues.

(HK\$ million)



ADVERTISING

Advertising revenue in 2011 increased by 21.7% over 2010 to HK\$893 million, as the better economy encouraged advertisers to spend more, and we offered timely and innovative packages and formats. During the year, we provided a total of 44,733 advertising outlets for advertisers, with 21,064 in stations and 23,669 on trains.

One of the most innovative formats launched was the “Power Station” at Tsim Sha Tsui Station in May 2011, in which all advertising spaces and formats were offered to a single client for a period. The station has also revamped and upgraded its more than 200 advertising panels, giving the 170 4-sheet panels and 32 12-sheet panels a much more modern and brighter appearance.

CORPORATE RESPONSIBILITY HIGHLIGHT

PROVIDING REASONABLE RETURNS TO INVESTORS

Increasing the yield on our rail assets takes many forms. In May 2011, taking advantage of its strategic location and high passenger flow, Tsim Sha Tsui Station was chosen as our first ever “Power Station”.

All advertising formats and spaces were booked by a single advertiser, Galaxy. The package gained overwhelmingly positive market feedback, enhancing MTR advertising’s reputation as the most creative and high impact outdoor medium in Hong Kong.





This giant billboard adds to the excitement at Kowloon Station

TELECOMMUNICATIONS

Revenue from our telecommunications business in 2011 rose 72.4% over 2010 to HK\$500 million. The higher revenue was mainly due to one-off receivables arising from the termination of the previous 2G telecommunication contracts. Excluding such one-off receivables, revenue would have increased by 13.1% to HK\$328 million, reflecting the increase in project administration fees collected from various 3G data capacity enhancement projects.

In order to meet passengers' increasing demand for mobile data, we facilitated two telecommunication operators to improve their 3G mobile data handling capacity at 15 key stations, and assisted two more operators to enhance their mobile phone reception on the MTR network.



Shops in MTR stations provide passengers with a varied shopping experience