

Building Connections to

# PROVIDE A TOTAL CUSTOMER EXPERIENCE





# Station Commercial and Rail Related Businesses



MTR shops offer a wide variety of products and services.

## Station Retail

Station retail revenue, comprising duty free shops and kiosk rental, increased to HK\$1,605 million, 3.8% more than the previous year. This increase was mainly due to growth in the number of shops, increase of rental rates upon contract renewals, and the repartition and renovation of shop areas in the Airport Express, Tung Chung Line and East Rail Line stations. To attract customers and increase revenue, renovation works for 80 shops at 13 stations were completed and 23 new retailers were also added. The total number of shops, including Duty Free and other shops, was 1,228 as at 31 December 2009, an increase of 42 shops over the end of 2008. The resulting total station retail area was 52,788 square metres of which 9,540 square metres related to Duty Free businesses.

**R**evenue for our station commercial and rail related businesses in 2009 was HK\$3,328 million, representing a decrease of 3.5% over 2008 due mainly to lower advertising revenue as well as a one-off receipt in 2008 from an operator on termination of a telecommunications license, which was not repeated in 2009. Excluding this one-off impact, revenue would have decreased by 1.0%.

**Station  
Commercial  
and Rail Related  
Revenue  
Comprised  
17.7% of Total  
Revenue**

To celebrate the opening of LOHAS Park Station, coupon leaflets with discount offers from MTR shops at Tseung Kwan O Line stations were distributed to residents of major property estates along the rail line in mid-July 2009.

### Advertising

Advertising revenue decreased by 19.4% to HK\$597 million in 2009 when compared with 2008. The main cause of this decrease was a marked reduction in advertising spending due to the economic downturn. To address this challenge, more aggressive sales packages and incentive schemes to advertisers were launched. A series of new advertising formats were also introduced, including a Digital Panel Network at ten stations and enlarging and standardising

- **Station retail revenue, comprising duty free shops and kiosk rental, increased to HK\$1,605 million, 3.8% more than the previous year. ■**

**Over  
47,500  
Advertising  
Points**

in Stations  
and Trains

**1,228 Kiosks**

in Stations

**23 New  
Retailers  
Added**

in Station Kiosks

**HK\$7.11  
million  
Advertising  
Revenue  
Per Station**

**Wi-Fi Access  
Available in  
32 Stations  
and All  
Airport  
Express  
Trains**

## Station Commercial and Rail Related Businesses



Hong Kong Station interchange provides extensive advertising opportunities.

escalator crown panels on the East Rail Line and West Rail Line. A programme of replacement and rationalisation of locations of advertising panels on the East Rail Line and West Rail Line has begun and will be completed in 2010. At the end of 2009, there were 20,742 advertising points in stations, 26,823 in trains (including 4,545 Liquid Crystal Displays) and 67 exhibition and display sites in 42 stations.

### Telecommunications

Revenue from telecommunications services decreased by 23.3% in 2009 to HK\$273 million due to the one-off receipt in 2008 mentioned above. Excluding this one-off receipt in 2008, revenue from this business would have increased by 1.1%. The year was notable for the full launch of 3G and extension of Wi-Fi services along our network. In January, all Airport Express trains were fully Wi-Fi enabled, allowing passengers to send e-mails while travelling to and from the airport. One of Hong Kong's leading telecom operators launched an advanced 2G/3G mobile network in March, enabling passengers to enjoy high data speed of up to 21Mbps in our railway system. With the completion

- A series of new advertising formats were also introduced, including a Digital Panel Network at ten stations and enlarging and standardising escalator crown panels on the East Rail Line and West Rail Line. ■

of installation of 3G infrastructure along the West Rail Line in August, passengers with 3G-enabled devices like cell phones and PDAs were able to access streaming audio, video, and other high speed internet services anywhere in our system. Full 2G and 3G mobile phone coverage was also enabled in Austin and LOHAS Park stations. Further revenue was added through the conclusion of 43 new contracts during the year for the renting of our railway premises rooftops for satellite and antennae equipment.



Our Digital Escalator Crown Bank offers an eye-catching medium of advertisement.

### External Consultancy

During the year, our external consultancy teams made good progress in delivering existing consultancy projects, enabling the Company to enhance skill-sets and to seek new investment

opportunities abroad. Revenue from external consultancy activities was HK\$159 million during 2009, an increase of 0.6% when compared with 2008, with consultancy projects in Hong Kong, the Mainland of China, Thailand, Taiwan, Dubai, Delhi and Brazil.

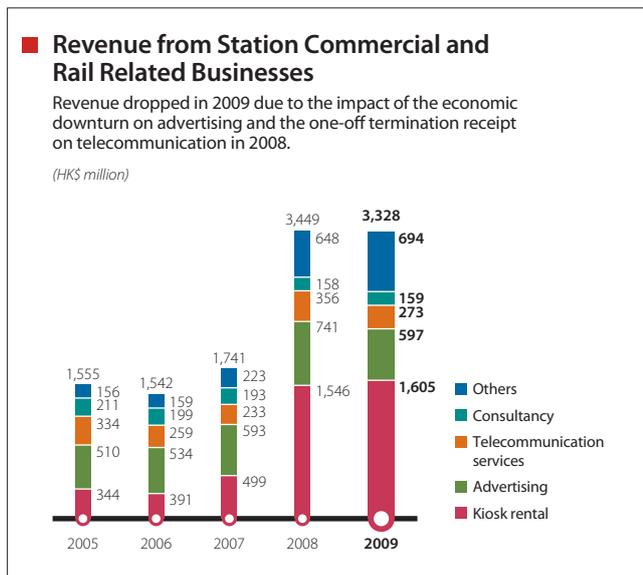
In India, our consultancy team forged ahead with the HK\$128 million engineering and project management contract for the construction of the Delhi Airport Metro Express Line. Our consultancy team worked with Dubai Roads and Transport Authority on the retail outlets leasing for stations along the Red and Green lines of Dubai Metro and received high commendation from the Dubai Government for their work. Our consultancy project to provide technical advice to Metro Rio in Brazil for rolling stock procurement from China has also made good progress.

In 2009, we continued to operate the Automated People Mover at Hong Kong International Airport, whilst our consultancy work for Kaohsiung Rapid Transit Corporation in Taiwan came to a successful conclusion.

### Freight Services

Revenue from freight services was HK\$32 million during 2009, a decrease of 13.5% over 2008.

Different types of trains currently operate on the East Rail Line tracks including East Rail Line trains, Intercity Through Trains, and Freight trains. Over the years, there has been rapid development of road, rail, and port facilities in the Mainland of China. Increased choice and enhanced competition have resulted in a sharp drop in the Company's freight business. The Company has therefore decided to wind down its freight business over the next several months to better utilise train paths currently used for the freight business to provide greater flexibility for passenger train services.



All Airport Express trains are now fully Wi-Fi enabled.