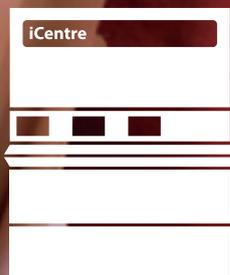




Wow!
4G network
is available here!

The app
"MTR Mobile"
is really helpful!



Shared Passion





With over 1,300 outlets, MTR Shops provide a wide choice of goods and services

Hong Kong Station Commercial Business

4G

data access
along the
journey



Over 280

Brands

offering shopping
convenience to passengers



Innovative Advertising Formats

to increase
their appeal





“Revenue from Hong Kong station commercial business rose by 7.5% in 2012 to HK\$3,680 million, as higher station shop rental and advertising revenue were offset by lower revenue from telecommunications.”

mixes were refined. The number of station shops at the end of 2012 had increased by 37 over the previous year to 1,331 following renovations at Tai Wo Hau, Tseung Kwan O, Sheung Wan, University, Hong Kong, Tai Wai, Yau Tong, Tung Chung, Kowloon Tong and Sheung Shui stations. Over the year, the area of station retail space rose by 966 square metres to 55,898 square metres, mainly due to increases at Tseung Kwan O and Tung Chung stations.

Branding campaigns helped reinforce the “Stylish Convenience” positioning of MTR Shops, increasing their appeal to preferential trades, tenants and passengers. These included thematic advertising programmes together with a series of new shop posters, advertorials and a “My Favourite MTR Shops Voting Campaign”. The licence on the Duty Free premises at Lo Wu and Hung Hom stations, which was re-tendered and awarded in 2012, at significantly higher rental rates than the previous licence, became effective on 1 January 2013.

Revenue from Hong Kong station commercial business rose by 7.5% in 2012 to HK\$3,680 million, as higher station shop rental and advertising revenue were offset by lower revenue from telecommunications. Operating costs of our Hong Kong station commercial business increased by 10.9% to HK\$397 million, resulting in the operating profit for this business increasing 7.1% to HK\$3,283 million, with an operating margin of 89.2%. Excluding the one-off income in relation to the termination of 2G telecommunication contracts in both 2011 and 2012, revenue would have increased by 11.6% and the operating margin would have been 89.1%.

Station Retail

Station retail revenue increased 12.4% to HK\$2,142 million, as shop areas increased, rental rates moved higher and trade



Interactive advertising has been a big hit with passengers

“Station retail revenue increased 12.4% to HK\$2,142 million, as shop areas increased, rental rates moved higher and trade mixes were refined.”

Advertising

Advertising revenue in 2012 increased by 12.0% to HK\$1,000 million, as the good economic conditions in Hong Kong encouraged advertisers to increase spending. As at the end of 2012, the number of advertising units for advertisers was 44,651, with 21,081 on stations and 23,570 on trains. We continued to launch innovative advertising formats to increase their appeal and impact. These included the digital panel zones in Central and Causeway Bay stations, the “MTR InterActiveAds Experience Station” at Tseung Kwan O Station, and in December 2012, a pilot in-station mobile shopping scheme. Digital advertising was extended to the East Rail Line with plasma TV rings at Sha Tin and Mong Kok East stations, while the in-train Newsline Express was introduced in trains on the Kwun Tong Line. We also launched more advertising formats targeting Mainland travellers.

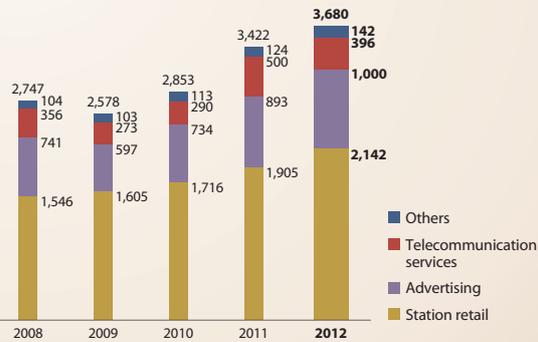


MTR provides some of Hong Kong's most innovative advertising formats

Revenue from Hong Kong Station Commercial Business

Revenue increased in 2012 due to a marked improvement in station shop rental and advertising revenues.

(HK\$ million)



Telecommunications

Revenue from telecommunications in 2012 decreased by 20.8% to HK\$396 million, mainly due to smaller one-off receivables in 2012 compared to 2011 arising from the termination of certain 2G contracts. Excluding such one-off receivables, revenue in 2012 would have increased by 4.3%. During the year, we facilitated telecom operators to install equipment for enhancing 3G data capacity and signal reception at 49 stations, while an extensive telecommunication system upgrade was completed at Admiralty and Central stations. By the end of February 2013, 4G mobile phone services were available at 66 stations and technical trials of 4G using new infrastructure between Hong Kong and Kowloon stations had been completed.



The trade mix is constantly refined to improve passenger satisfaction