



Welcoming Experiences



Issac
Insurance Agent

Hong Kong Station Commercial Businesses

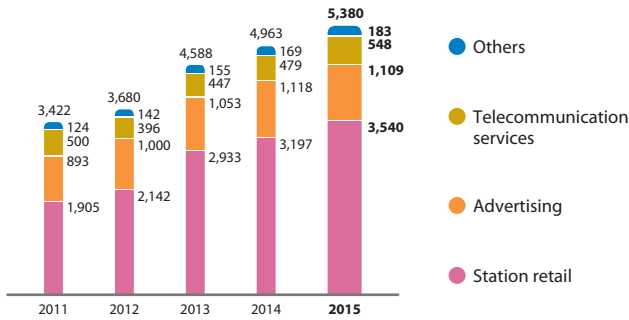
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Revenue from Hong Kong Station Commercial Businesses

Revenue increased in 2015 due to higher rental income from station shops.

(HK\$ million)



Revenue from the Hong Kong station commercial businesses grew by 8.4% in 2015 to HK\$5,380 million. The increase mainly reflected higher rental income from station shops. Operating costs of the Hong Kong station commercial businesses increased by 6.8% to HK\$550 million, resulting in an 8.6% rise in operating profit to HK\$4,830 million, representing an operating margin of 89.8%.

Station Retail

Station retail revenue for the year increased 10.7% to HK\$3,540 million as rents increased and new shops were added in ten stations. Rental increases were driven by trade mix refinements, positive rental reversions, and increases in rents in accordance with lease contracts for Duty Free Shops at Lo Wu and Hung Hom stations as well as higher turnover rents from the Lok Ma Chau Station Duty Free Shops.

As at 31 December 2015, there were 1,362 station shops, occupying 56,238 square metres of retail space, an increase of 542 square metres as compared with 31 December 2014.

25

New brands were introduced

4G

Data access along the journey



Issac, Insurance Agent

Issac, an insurance agent, describes MTR as one of Hong Kong's most iconic companies, a brand name known by virtually everyone. He finds MTR stations especially useful when meeting clients. "For example, if I arrange to meet them at a restaurant, I may need to explain how to get there. But if I ask to meet them at a specific location inside an MTR station, they will know exactly where to go."

Issac's occupation takes him to different places all over Hong Kong every day of the week and his extensive use of MTR has made a number of MTR shops his favourite shopping destinations. "The variety of shops in the MTR network has increased tremendously in recent years, and I can now buy health food, organic vegetables and clothes at the station. For example, I often buy health drinks and soups in one of the chain stores. It's very convenient indeed."

Executive Management's Report

Hong Kong Station Commercial Businesses



We continue to introduce new brands to MTR Shops to improve passengers' satisfaction



Telecom operators continue to enhance mobile data capacity on our network

Renovation works at Wan Chai and Admiralty stations to facilitate the station improvement programme and the construction works of the Shatin to Central Link respectively resulted in the closure of some outlets, partially offsetting the new shops that opened during the year. In 2015, 25 new brands were introduced, with posters featuring selected new brands displayed across the MTR network.

To reinforce the "Style to Go" branding for MTR Shops, a thematic campaign ran from March to November 2015. In-station publicity and digital media featuring local pop stars was launched to reinforce the brand message. To promote the wide variety of MTR Shops serving passengers' daily needs, an MTR Shops Voting Campaign ran between July and August 2015 for the public to vote for their favourite MTR Shops.



Advertising

Advertising revenue in 2015 decreased slightly by 0.8% to HK\$1,109 million, as the advertising market softened. The number of advertising units in stations and trains reached 45,185. During the year, new 40-inch digital escalator panels were installed in stations, replacing all of the existing 32-inch models. In response to the popularity of the Concourse 103-inch TV zone at Lo Wu Station, this concept has been extended to Kowloon Tong and Tuen Mun stations. Starting from May 2015 an e-shop zone package was introduced to capture the rising trend of online-to-offline advertising.

Telecommunications

Revenue from telecommunications in 2015 was 14.4% higher at HK\$548 million. The increase was due to a one-off project administration fee, incremental revenue from new stations on the Western extension of the Island Line and mobile data capacity enhancement projects by operators. Installation for the provision of mobile phone and Wi-Fi services continues along the new South Island Line (East) and Kwun Tong Line Extension stations. MTR has also agreed with all mobile network operators to build a new mobile network offering increased data capacity and more 4G services at eight busy stations. The project is now in the tendering stage.



Hong Kong Station interchange provides extensive advertising opportunities