



Refurbished
**station
shops**
make travelling
by MTR a pleasant
journey



3G

in all stations brings
mobile internet access
everywhere

Over
200 brands

offering shopping
convenience to
passengers

SPREADING OUT TO TOUCH EVERYONE

Station Commercial and Rail Related Businesses



MTR Mobile
enables
iPhone
users to plan their
journeys

1,254
stations
shops
to meet different
passenger
needs

Revenue from our station commercial and rail related businesses rose by 11.6% over 2009 to HK\$3,715 million. The increase was mainly due to a strong recovery in the advertising business as well as good rental reversion and an increase in floor area in our portfolio of station shops. Project management on behalf of Government in relation to the Hong Kong section of Guangzhou-Shenzhen-Hong Kong Express Rail Link (Express Rail Link) also added to revenue and, in similar amount, to expenses.

Station Retail

The Company's portfolio of retail outlets in stations had a good year, with station retail revenue in 2010 rising by 6.9% over 2009 to HK\$1,716 million. The rise in revenue reflects the increase in both the area and number of shops, as well as increased rental rates resulting from a refinement of the trade mix and favourable renewal rates due to the stronger economy.

Following renovations at Tsing Yi, Tsim Sha Tsui, Sheung Shui, Kowloon Tong, Central, Cheung Sha Wan, Hong Kong, Fanling

TOTAL CUSTOMER EXPERIENCE



and Shatin stations, the total number of station shops increased to 1,254 at the end of 2010 compared to 1,228 at the end of 2009. A total of 38 new trades and brands were added. Total station retail space increased by 1,092 square metres to 53,880 square metres, mainly due to increases at Tsing Yi, Cheung Sha Wan and Hong Kong stations.

To enhance the attraction of our shops and support our tenants, a number of strategic marketing programmes were held throughout the year, including “10 Coolest MTR Shops Products Voting Campaign”, “MTR Club Bonus Points Scheme Joint Promotion” and “Thankful Fest”.

Advertising

Advertising revenue in 2010 increased by 22.9% over 2009 to HK\$734 million, reflecting an improving economy and the timely launch of new advertising packages. Our trains and stations in Hong Kong provided a total of 44,838 advertising points during the year.



Mobile internet access in all stations enables iPad users to fully utilise the MTR iPad App



New formats are helping advertisers to target their marketing

To strengthen the visual impact of our TV networks, during 2010 all concourse TVs were replaced and trackside TV units enlarged from 63 inches to 103 inches. Three “Innovative Panels” were installed to allow advertisers to collect passengers’ opinions, distribute samples or coupons and display products. Two shopping guide maps were modified to create a “Multi-media Panel” for advertisers to showcase their entertainment and digital products. The number of “Digital Escalator Crown Banks” installed increased from ten to 12.

Telecommunications

Revenue from our telecommunications business in 2010 was 6.2% higher than in 2009 at HK\$290 million. The increase was due to incremental income from mobile phone networks at new stations, the strong growth of 3G data transmission as well as rentals from eight new rooftop sites as mobile phone operators expanded their outdoor network coverage.

In May 2010, the Company concluded an agreement with two telecom operators to participate in a 3G Capacity Enhancement Project to double their 3G capacity at 15 stations in prime locations. Work began in September 2010 and is on schedule for completion in mid 2011. To improve mobile phone services further, the Company signed agreements during 2010 with three telecom operators to facilitate upgrading of their mobile phone equipment along the railway.

External Consultancy

Revenue from external consultancy in 2010 was HK\$113 million. This represented a decline of 28.9% over 2009 reflecting completion of the Airport Authority Hong Kong Automatic People Mover Modification Works project in June 2009. Our consultancy projects in Thailand, Brazil and India all progressed satisfactorily.

Other Rail Related Businesses

Project management income from KCRC and Government in 2010 was HK\$557 million, representing a 40.7% increase compared to 2009, mainly due to the project management fees received starting in January 2010 relating to the Entrustment Agreement for the Express Rail Link.

The Company wound down its freight business in June 2010 to utilise train paths better and provide greater flexibility for passenger train services. Members of staff working in the freight business were given job placements within the Company. Retraining, change management workshops and site visits facilitated a smooth transition to their new posts.



Themed advertising helps drive sales during major promotion campaigns

“To enhance the attraction of our shops and support our tenants, a number of strategic marketing programmes were held throughout the year...”

Revenue from Station Commercial and Rail Related Businesses

Revenue increased for 2010 due to a strong recovery in the advertising business, good rental reversion as well as an increase in floor area in our portfolio of station shops, and project management revenue from Government.

(HK\$ million)

