

4G

data  
access

throughout the journey



Over

270 brands

offering shopping  
convenience to passengers



Continuous  
*Innovation*

*Creative advertising*  
formats to increase appeal





# Executive Management's Report

## Hong Kong Station Commercial Businesses





MTR advertising, such as these giant panels in Hong Kong Station, reaches millions of passengers each day

Revenue from our Hong Kong station commercial business increased by 24.7% in 2013 to HK\$4,588 million. The increase was driven mainly by the rise in station retail revenue. Operating costs for this business increased by 16.9% to HK\$464 million. Operating profit rose by 25.6% to HK\$4,124 million, with an operating margin of 89.9%.

### Station Retail

Station retail revenue in 2013 increased by 36.9% to HK\$2,933 million. The increase was due to significant rental increases at the Duty Free Shops at Lo Wu and Hung Hom stations under the new licence that commenced in January 2013, as well as higher rentals generated by trade mix refinements and favourable renewal rates in station shops. As at 31 December 2013, the number of station shops was 1,336, involving 56,350 square metres of retail space, marginally higher than in 2012. As compared with the end of 2012, the total number of shops increased by five, with the growth partially offset by shops repossessed at Diamond Hill, Tsing Yi and Mei Foo stations to allow for renovation works.

In total, 20 new shops were refurbished at 11 stations during the year, while renovation works progressed at six stations. A total of 24 new brands were attracted to our station shops. To cater for the increasing demand for personal care as well as food and beverage products, new health and beauty as well as food and beverage brands were introduced for the convenience of passengers.



Shops in MTR stations provide passengers with varied goods and services

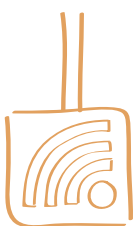


## Executive Management's Report

### *Hong Kong Station Commercial Businesses*



We continually refresh our offering through refinement of the trade mix to address passengers needs



Miss Lee  
Passenger



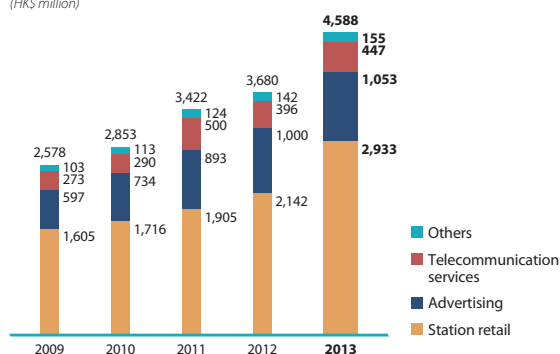
One thing I like  
about travelling  
on MTR is that I  
can always stay  
connected



## Revenue from Hong Kong Station Commercial Business

Revenue increased in 2013 due to a marked improvement in station shop rental and advertising revenues.

(HK\$ million)



The brand positioning of MTR Shops was refined to “Style-to-go” in 2013, reinforced by publicity campaigns ranging from traditional print media to a Facebook game. In May 2013, an “MTR Club Bonus Points Scheme” was launched, under which customers were rewarded with a “Bonus Points Card” instantly upon designated spending at participating MTR Shops. Furthermore, to foster the brand awareness and promote the trade variety of MTR Shops, a public voting campaign called “My Favourite MTR Shops Voting Campaign 2013” was also launched between October and November 2013.

## Advertising

Advertising revenue also grew in 2013 with an increase of 5.3% to HK\$1,053 million. The number of advertising units increased by 407 to 45,058. Our continuing innovation in formats included a “Supernova Zone” in Hong Kong Station, blended advertising panels with interactive devices. The upper platform and Jardine’s Bazaar exits of Causeway Bay Station were enhanced to improve their advertising potential, while advertising panels in the concourses of Causeway Bay and Kowloon Tong stations were revamped. 103” TV format advertising panels were introduced in the concourses at Kowloon Tong and Lo Wu stations. Trial of a new advertising format, Ambient Showcase, was conducted at Mong Kok Station. It can display advertisers’ products and apply interactive functions simultaneously via a 65” transparent televisual display.

## Telecommunications

Revenue from the Company’s telecommunications businesses in 2013 increased by 12.9% to HK\$447 million, mainly due to incremental revenue from the launch of 4G mobile phone services and mobile data capacity increases by telecom operators along our network. By the end of 2013, 4G mobile services were made available at all stations, by adapting the existing infrastructure and building new infrastructure.



High impact advertising is offered in a variety of formats