

The Accounting and Business Management Case Competition 2008-2009 Tertiary Institute Group

A blue high-speed train is shown in motion on a track, with a blurred background of green fields and a blue sky. The train has a white and green graphic on its side.

Group Leader: Lo Fong (Katrina)
Group Members: Au Yan Ho (Alex)
Li Yan Kit (Eric)
Ngai Yu Ki (Yuki)

Aim:



**Why MTR should participate in
the Kai Tak development project?**

MTR Vision &

Mission



MTR Vision

We aim to be a globally recognized leader

that connects and grows communities with caring service.



MTR MISSION

- Enhance **customer's** quality of life and anticipate their needs
- Actively engage in **communities** we serve
- Foster a company culture that staff can learn, grow and take pride in
- Provide sustainable returns to **investors**
- Set ourselves **new standards** through innovation and continuous improvement

Content

1. Development Plan



2. Budget and Profit Forecast for 5 years



3. Project Financing Method

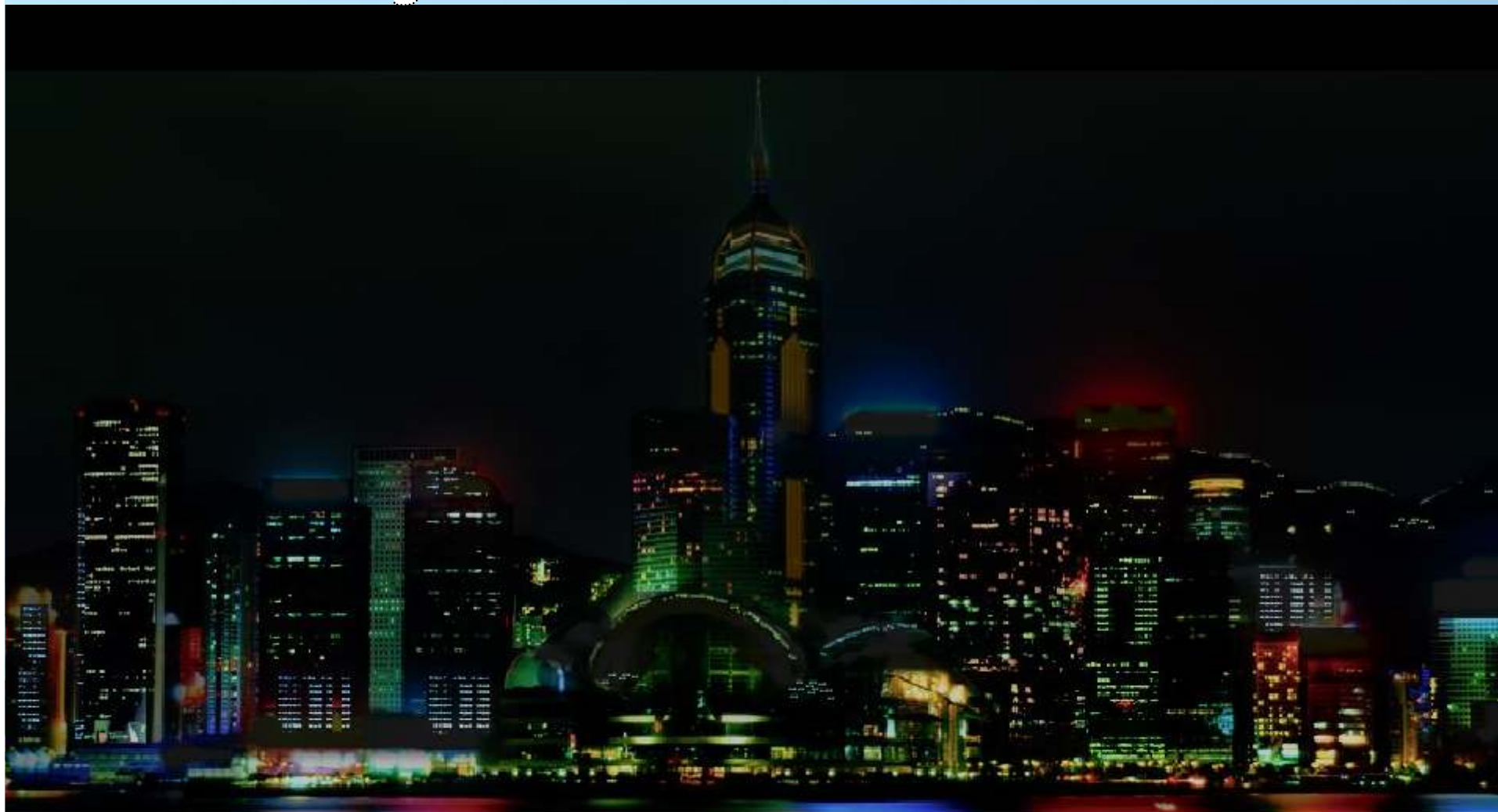


4. Marketing Strategies



5. Conclusion

Saturday 28 March 2009 8:30PM



We believe Hong Kong will shine brighter when the showy lights are out.

ENG | 中文

Do you know the real meaning of it?



EARTH HOUR
Protecting our environment



Protecting our environment

Sustainable Development



Development Plan

Development
Plan

Stage 1: Residential house

Stage 2: Kai Tak commercial buildings

Stage 3: Leisure facilities

• Kai Tak Avenue Park

• Recreation Park

• Runway Park








Stage 1: Building residential house

Kai Tak Crescent

Location	Kai Tak	
Total number of buildings	30	
Number of floors	21 floors, including underground floor for car park	
Basic Info	Apartment, Simplex, Middle Floor Zone	



Particulars	Sea & Garden Views
Layout	<p>3 Bedrooms 2 Bathrooms 1 Living Rooms 1 Dining Room 1 Maid's Room</p>  
Details	<p>1 Terrace, 2 elevators and Car park</p>   

Stage 2: **Building** commercial buildings (A)

Kai Tak Commercial building (KTC) ~ Total : 30 floors



Shopping Mall:
1st- 10th floors are retail space.

- To connect and provide communities with caring service
- To provide various types of store and restaurants
- To enhance our customer's quality of life and anticipate their needs

Stage 2: **Building** commercial buildings (B)

Kai Tak Commercial building (KTC) ~ Total : 30 floors

11th-30th floors are office buildings

- To foster a company culture
- To provide a comfortable working atmosphere

Learn + Grow + Take pride in



Stage 2: **Building** commercial buildings (C)

Kai Tak Commercial building (KTC) ~ Total : 30 floors



Solar panels

→ Trap the energy in sunlight
and use it to generate electricity



People

→ using the sun's energy on a daily basis.

Stage 3: **Building** leisure facilities

Kai Tak Avenue Park —Recreation Park —Runway Park



Sustainable Development

~ meet the needs of the present with compromising the ability of future generations to meet their own needs.

“Environmentally Friendly City”.

Location:



Stage 3: **Building** leisure facilities

Facilities

1. Promenade



2. Children's Playground



3. Western Garden



Stage 3: **Building** leisure facilities

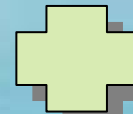
Roof garden



- Make the area become more environmental friendly

- People living here can breathe fresh air

Budget and profit forecast for 5 years



Financial Highlights

- The total estimate revenue : **HK\$ 8000-12320 million**
- The total estimate expense : **HK\$ 4900 million**
- The total estimate net profit : **HK\$ 3100-7420 million**
- Year 6 onwards will earn : **HK\$ 168 million**



Financing



Right issue

Issue of debentures

Issue of shares
(New ordinary shares)

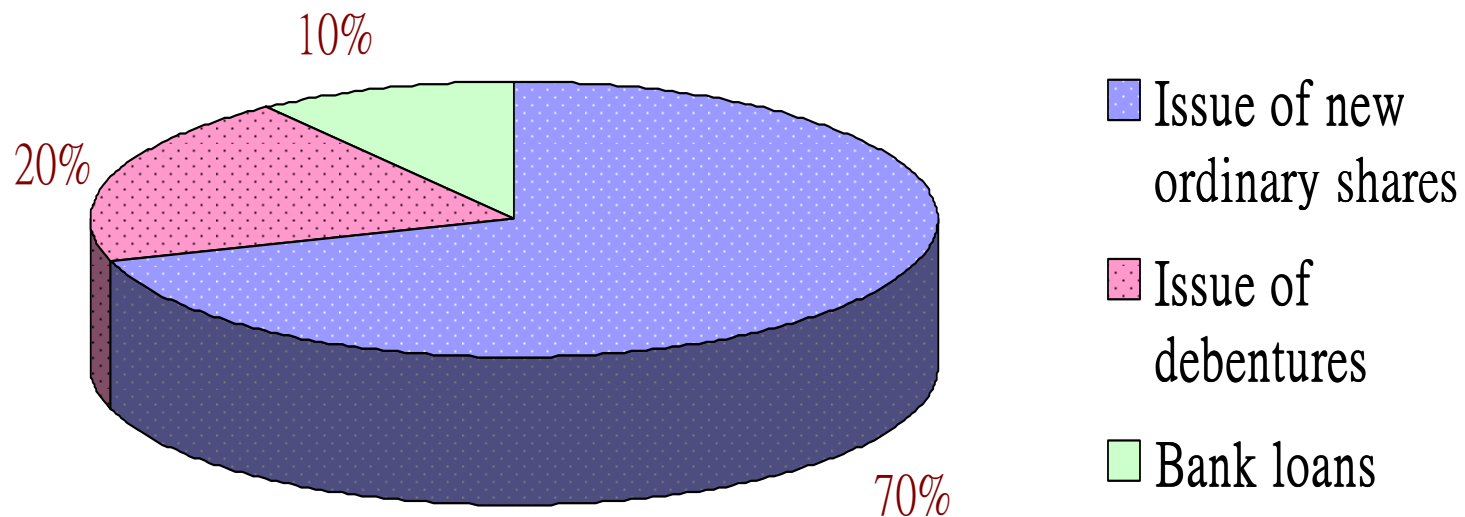
Bank Loans

Disposal of
investment

Project financing methods



How to raise the funds for supporting our Kai Tak development



1. Issue of shares (New ordinary shares)--70%

Advantages:

- Cost of raising funds is **lower than** other methods of financing.
- **No** financial burden of paying dividends in case of making loss.

HK\$35 billion



2. Issue of debentures--20%

3. Bank Loans --10%

Advantages:

- repay the principal and interest on specified dates
- sufficient time to prepare settlement of interest
- fixed interest rate
- lowest prime rate

■ Hang Seng's HKD Prime Rate (As at 20-04-2009 21:33)

5% p.a.

HK\$10 billion -- Issue of debentures
HK\$5 hundred million -- Bank Loans



Victorinox Swiss Army

Marketing



Marketing Strategies

- Buying property – a dream of many Hong Kong people
- Plenty of potential buyers



Income Segmentation

- \leq \$50,000
- \$50,001 - \$100,000
- \$100,001 - \$150,000
- $>$ \$150,000

Target Market



Income segmentation



Marketing positioning and Unique benefit

Our positioning in consumer's mind

- Mainly provided for middle class

Unique benefit

- Nearing to MTR station
- High degree of convenience of transportation
- Kai Tak Station will be located on Shatin to Central link
- Suitability for white collars to go to work



Environment and Competitors analysis

- **Kowloon City District**
 - low density area
- **Competition not so intense**
 - few new development projects
- **Relatively new project**
 - Grand Waterfront



Goals of Promotion

- Informative promotion
- Explain the purpose and benefits to customer
- Part of apartments have Victoria Harbour view



Integrated marketing communications

Advertising



Sales Promotion



Public Relation



Personal Selling



Conclusion



Q&A

Q&A Session