

Questions and Answers

regarding

Plans for Hong Kong's New Cruise Terminals

prepared by

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for

Designing Hong Kong Harbour District

December 6, 2005

1. Questions on Plans for Hong Kong's New Cruise Terminals

This paper is in response to a request by the community initiative “Designing Hong Kong Harbour District.” It addresses the following four questions :

1. What is the market opportunity for Hong Kong in the cruise business?
2. What (size/design) cruise terminal operation is ideal for Hong Kong to meet the demand?
3. What are the environmental, logistical and infrastructure requirements for such a cruise terminal?
4. What is the most ideal/most sustainable location for such a cruise terminal in Hong Kong's harbour?

A Response Prepared by Andrew O. Coggins, Jr., Ph.D., Cruise Industry Analyst

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Dr. Coggins currently teaches several courses in the School of Hotel and Tourism Management at The Chinese University of Hong Kong, including “Seminar on Cruise Line Management.”

December 6, 2005

Executive Summary

A 2002 cruise market study concluded that Hong Kong has near- and long-term opportunities to grow the cruise business into a “cornerstone of its greater tourism strategy.

Hong Kong’s cruise market can be divided into long haul source passengers, local source passengers, and a potential Mainland sourced and operated cruise industry. Such a market requires both homeport and port-of-call facilities.

As a port-of-call terminal, Ocean Terminal has no equal in terms of location and convenience, however, as a homeport terminal it is congested and requires structural enhancement to accommodate the latest cruise ships.

A 1995 Urban Planning course paper recommended three sites for a new cruise terminal, Hung Hom Bay Reclamation, South East Kowloon Reclamation (Kai Tak), and Kowloon Point Reclamation (West Kowloon).

Factors developing since the report was written, call for a review of the locations :

- Ships have greatly increased in size with a subsequent increase in associated vehicular traffic.
- The 2004 decision on harbour reclamation precludes reclamation unless it can pass the test of overriding public interest, and has resulted in a major reduction of land in Kai Tak.
- Cultural and commercial facilities are now being planned for West Kowloon.

Since 2004, a number of ships calling in Hong Kong have been forced to anchor or dock at the container terminal because of no available berths or they exceeded Ocean Terminal’s structural limits.

The Government has recommended construction of a new cruise terminal at the eastern harbour end of the former runway. Such a terminal would be isolated from Hong Kong’s main tourist attractions and would inject hundreds of taxis and scores of busses into the area’s road system on sailing days.

This study recommends the following priority in developing cruise terminal facilities and operations:

1. Kowloon Point Reclamation for homeport terminal operations;
2. Upgrading Ocean Terminal for use as a port-of-call and fill-in homeport terminal;
3. Hung Hom Bay Reclamation for port-of-call operations (note 1);
4. South East Kowloon Reclamation (Kai Tak).

Recent cruise terminal projects have taken 3-4 years from announcement to operational. A solution in 2011/2013 is irrelevant to the cruise lines today. Hong Kong needs to solve an unsatisfactory situation in a timely manner that will continue to offer the world-class experience that is Hong Kong. The ships follow the terminal, not the other way around.

(Note 1: Possible other sites to be considered for port-of-call operations include China Merchant's facilities and pier opposite Green Island, the previously considered facilities in North Point, and upgrading the facilities at the Macau Ferry Terminal)

What is the market opportunity for Hong Kong in the cruise business?

Hong Kong ranks among the top five scenic harbours in the world. Few other than San Francisco, Sydney, Rio de Janeiro, and Vancouver can compare with the natural beauty of the harbour and its approaches. On the navigational side Hong Kong is endowed with wide channels and deep water. Lloyd's Ports of the World cites Hong Kong as one of the best natural harbours in the world.

A 2002 'Cruise Market Study for Hong Kong', prepared by Bermello, Ajamil & Partners, Inc. and G.P. Wild (International), Ltd. for the Hong Kong Tourism Board concluded that:

- Hong Kong has near- and long-term opportunities to grow the cruise business into a cornerstone of its greater tourism strategy.
- Asia-Pacific is a fast growing region.
- Hong Kong has high potential to be Asia's premier cruising hub – a "must" for all cruise lines.
- Potential economic benefit can reach HK\$ 3.3 billion by 2010.

The Study cited more berths, smooth logistics, and aggressive marketing as key success factors. The Study was updated in 2004. The updated version was made available on 3 November. The updated Study reinforced the earlier findings and conclusions. In addition to the conclusions of both Studies, Hong Kong's cruise market should be considered as consisting of three components:

- Long haul source passengers from Europe, North America ;
- Local source passengers including Mainland visitors to Hong Kong under the independent traveler scheme; and
- A potential Mainland sourced and operated cruise industry.

Located approximately midway between Beijing (Tianjin), Shanghai, and Singapore, Hong Kong's location makes it an ideal long-haul homeport for northbound summer itineraries and southbound winter itineraries. Interesting 10-21 day itineraries can be developed around a Hong Kong hub. Hong Kong's extensive air connections and state-of-the-art airport increase its market opportunity.

With regards to the local market, with its 1-4 day preferred cruise length, Hong Kong is not so well situated. The nearest destinations, under the current political situation, of Haikou and Xiamen are 3-4 days round trip. With a fast (25+ knot) ship and competitive airfares, attractive air/sea itineraries could be developed which remained

within the preferred maximum 4-day cruise length.

Should direct sailing between Hong Kong, Taiwan, and the Mainland become possible, this market might see explosive growth. Both Kaohsiung at 342 miles and Keelung at 471 miles could become primary destinations for a 3-4 day itineraries, with Xiamen added for variety. Star Cruises has developed the destination-cruise portion of this market with Xiamen and Haikou/Halong Bay as ports of call. Presently, they operate just one ship on one night cruises. With the acquisition of a second ship, they' ll return to regular multi-day itineraries.

In March 2005, Wang Ming Zhi, Director of the Department of Water Transport in the Ministry of Communications spoke to the Seatrade Cruise Shipping Convention on cruise developments in China. Mr. Wang stated that developing the cruise sector had become a national priority. In line with this a meeting was held aboard Princess Cruises' *Sapphire Princess* in Xingang in August 2005. The meeting was convened by Mr. Wang to discuss issues related to cruise industry operations in China and to discuss the possibility of forming a national cruise association in the future. Officials from the State Development and Reform Commission, Customs, Immigration, Quarantine, tour providers China International Travel Service (CITS), port agents Penavico, and representatives from Princess Cruises were present.

New cruise terminals are being built in Xiamen and Shanghai, with additional ones being planned for Tianjin, Qingdao, Dalian, and Haikou. These developments would not just serve seasonal visits by foreign cruise ships but can be envisioned to eventually serve a China based and passenger sourced cruise fleet. Such a fleet would probably serve Beijing and the Yellow River Delta, Shanghai and the Yangtze River Delta, and the Pearl River Delta. Winter weather would force the Beijing and Shanghai based ships to move south. Hong Kong' s location and excellent transportation links to the Mainland make it an ideal seasonal homeport for some of this fleet.

In summary, Hong Kong has a proven market opportunity for the long haul seasonal cruise market and a proven limited market opportunity for the local cruise market. The worldwide cruise industry is projected to continue growing at its historical rate of approximately 8% per annum. With this growth, Asia will become more popular as a destination, both long haul and local. Dependent upon political developments and economic developments in China, there' s the potential for substantial growth in Hong Kong' s cruise product. This potential should become clearer over the next few years

as China's cruise industry develops.

What (size/design) cruise terminal operation is ideal for Hong Kong to meet the demand?

Demand can be divided into two types, homeport and transient (port-of-call). The homeport requirements are more complicated and require substantially larger investment.

The July 13, 2005 issue of *Cruise Industry News* discussed the requirements of the ideal port. The article mentioned the requirements to comfortably turn around a 3,600-passenger mega-ship. While such ships do not yet operate in the Asian market, Princess Cruises' *Sapphire Princess* and *Diamond Princess* are fairly close at 116,000 tons and nearly 2,700 lower berths. Both ships have operated out of Hong Kong and have been forced to use the container terminal because of their size.

The article cited about 120,000 square feet as the optimum amount of space. For a three ship terminal, that can be scaled up to 360,000 square feet. The article also stressed the efficiency of moving people and supplies in and out of the port. Among other requirements are staging areas for buses, taxis, and other vehicles and staging areas and pier aprons for on and off-loading stores.

The session on "Preparing for the Megaships" at Seatrade's 2003 Cruise Shipping Convention in Miami discussed additional requirements such as a 400 foot entrance channel, a 1,500 foot turning basin, and fast site circulation. Peter Wild, Managing Director of GP Wild (International) was cited in an October 21, 2005 article in *Lloyd's List* as stating that "if a port wishes to remain competitive by 2014 it will need two berths of 300+ meters" to accommodate the projected growth in ship size. If a port does not have the longer berths it can expect up to a 54% decrease in market share. While Ocean Terminal is 300+ meters long, it will require structural enhancement to accommodate ships over 80,000 tons.

Further detailed Hong Kong-specific infrastructure and terminal requirements are contained in the Bermello-Ajamil & Partners Study, Major Findings of the 2004 Study on Cruise Terminal Facilities Development for Hong Kong. The Study may be accessed at: <http://www.tourism.gov.hk/cgi-bin/tourism/whatsnew.pl?lang=eng>.

Cruise terminal finance differs significantly from container terminal finance. In container terminal finance the revenues from ship fees and container throughput can be fairly accurately estimated and a firm cost/benefit decision can be made. The container terminal can operate on a 24/7 basis while there are preferred hours and days for cruise terminal operations. If subjected to the same cost/benefit analysis as container terminals most cruise terminals would not be built.

The true value of a cruise terminal lies not in the revenue from ship calls and passenger throughput but in the impact on the local economy from each ship visit and the support facilities for homeported ships. A one day port visit by *Queen Mary 2*, during which her passengers and crew spend an average of US\$100.00 each, pumps US\$387,400.00 into the local economy. For this reason, a cruise terminal is best located in the vicinity of retail and leisure facilities. Docking fees, passenger fees, provisioning, piloting, and bunkering would all be in addition to that amount. This impact is why ports have willingly used public debt and public equity to finance cruise terminals.

Alternatively, they have invited private developers by offering mixed use zoning in which the cruise terminal is built as part of a resort, hotel, convention, retail, commercial, or residential complex. The ship calls benefit the local economy while the mixed use produces a profit for the developer. Hong Kong plans to develop the terminal through private development, therefore, the selected site must have sufficient space, transport access, and commercial potential to make such mixed use development economically feasible.

Hong Kong has one cruise line, Star Cruises, operating year-round destination cruises. As the permanent tenant at Ocean Terminal, Star Cruises is guaranteed one berth at all times and has priority for an additional berth when necessary. Should Star Cruises return to two ship operations, Hong Kong would need a minimum of three berths to avoid turning ships away during the season.

Carnival Corporation is looking to start homeport operations in Asia. The brand and starting date are not yet known. If Hong Kong were to be selected as the year-round homeport yet an additional berth would be needed. However, if the berth were not available, Carnival might look elsewhere. A conservative estimate of the number of berths needed would be the number of home ported cruise ships plus one. If the home ported cruise ships served different markets fewer berths might be required since there would be less probability of the ships being in port at the same time. However, if they

competed in the same market, more berths might be required because of the higher probability of the ships being in port at the same time. This is the more probable scenario since current local and mainland passenger preferences for short cruises which tend to place heavy demand on Friday, Saturday, Sunday, and Monday sailings.

As a port-of-call terminal, Ocean Terminal has no equal. It ranks with Front Street in Bermuda and Nassau in the Bahamas' Cruise Terminal in terms of location. It is located near shopping and easy transportation links. It's convenient for passengers who can walk off the ship and be in the midst of everything and for crew, who can shop in their few hours off without wasting time getting to and from the ship. Location is critical for a port-of-call berth, the more convenient for shopping and sightseeing the better.

Because it doesn't necessarily require customs, baggage handling, and provisioning areas, a port-of-call berth may be a waterfront promenade with sufficient water depth, adequate berthing hardware, and the ability to restrict access. However, for homeport operations, Ocean Terminal is difficult to get to without traffic and congestion.

What are the environmental, logistical and infrastructure requirements for such a cruise terminal?

The earlier mentioned *Cruise Industry News Quarterly* article cited 120,000 square feet as the ideal single ship terminal size. The “Preparing for the Megaships” conference session at Seatrade’s 2003 Cruise Shipping Convention discussed the logistical requirements for handling the megaships. A key factor was fast site circulation. Other requirements were 2,000 tons of potable water per ship supplied by an 8”-10” water main, water storage tanks for backup, solid waste disposal, two gangways for passengers plus one for crew, staging areas for taxis and busses, and an apron sufficient to handle 9-14 18-wheel trucks. Parking for the terminal staff plus drive-to-ship passengers also needs to be provided.

The basic requirements for a port-of-call berth are a structurally sufficient pier with adequate mooring equipment, the ability to restrict access to the pier area, and staging areas for busses and taxis. Port Engineering: Planning, Construction, Maintenance, and Security by G.P. Tsinker, ed., emphasizes the necessity of good motor access and good water conditions. As mentioned earlier, detailed infrastructure requirements can be found in Major Findings of the 2004 Study on Cruise Terminal Facilities Development for Hong Kong. The following is provided to examine the effect of specific scenarios.

The following two tables illustrate the amount of additional traffic generated on a sailing day. The numbers in the tables exclude traffic from any associated retail, commercial, hotel, terminal employee, or other mixed use generated vehicle movements.

The assumptions are:

For homeport ships, a passenger mix of 40% Mainland Passengers, 30% Local Passengers, & 30% Long Haul; 50% of Mainland & Long Haul Passengers spend at least 1 night in Hong Kong each way, 50% of these are on some type of tour; No MTR Stop at Cruise Terminal; 55% of passengers arrive/depart by bus (40 pax); 45% of passengers arrive/depart by taxi (2-4 pax). For a 4-5 hour window in the morning traffic would be flowing into then out of the terminal and 2-3 hour window in the evening. The evening might be less congested if the ships’ departures are staggered. Unlike an airport where there is paying-passenger traffic flow in both directions, at cruise terminals this tends to be outbound in the mornings and inbound in the

afternoons.

Homeport ships arrive, dock, clear customs and immigration by 0800. Ships depart 1900. Supplies & transportation begin arriving two hours before ship. All passengers are off the ship and on way out of terminal/port area by 1000. Departure boarding takes place 1500-1800.

For port-of-call ships, 55% of passengers take some type of tour by bus (40 pax), 45% of passengers make individual arrangements by taxi (2-4), no MTR Stop at Cruise Terminal, the crew has 6-8 hours free time on an overnight stop and no hours free on a one day stop.

Port-of-call ships arrive, dock, clear customs and immigration by 0900. Ships depart 1900 the following day. Transportation begins arriving one hour before the ship. Peak bus activity is in first hour after arrival as tours depart, midday as morning tours return and afternoon tours depart, and early evening as afternoon and all day tours return before dinner. Additional traffic may be generated by all day courtesy bus service into city centre. Taxi traffic would be spread over the day and evening.

Ship Class	Lower Berth Passengers	Required Busses @ 40 pax each way	Required Taxis @ 2 pax each way	Required Taxis @ 4 pax each way
<i>Sapphire Princess</i> (116,000 grt)	2,700	37	608	405
<i>Norwegian Jewel</i> (93,000 grt)	2,300	32	518	259
<i>Costa Atlantica</i> (86,000 grt)	2,200	31	495	248
3 Ship Day	7,200	100	1,621	912
2 Ship Day Worst Case	5,000	69	1,126	664
1 Ship Day Worst Case	2,700	37	608	405

Each homeport ship would require 9-14 18-wheel trucks for provisioning in place upon arrival. The numbers exclude traffic from any associated retail, commercial, hotel, terminal employee, or other mixed use generated vehicle movements.

Additional Traffic from Port-of-Call Ship

P-o-C Ship	Lower Berth Pass	Crew	Pax Busses @ 40 pax	Pax Taxis (2 pax)	Pax Taxis (4 pax)	Crew Taxis (2 pax)	Crew Taxis (4 pax)
<i>Aurora</i> (76,152 grt)	1,868	816	26	420	210	408	204
<i>Oriana</i> (69,153 grt)	1,828	760	26	412	206	190	95
<i>Queen Elizabeth 2</i> (70,327 grt)	1,728	1,015	24	389	195	508	254
<i>Queen Mary 2</i> (148,528 grt)	2,620	1,254	32	590	295	627	314

Passenger numbers are per day of the visit, while the crew numbers are spread over both days. The numbers exclude traffic from any associated retail, commercial, hotel, terminal employee, or other mixed use generated vehicle movements.

Given the amount of traffic generated by a ship visit, good motor access is crucial for the efficient operation of the terminal. A MTR station in easy walking distance would divert a portion of the vehicular passenger traffic for both local cruise (1-4 days) and port-of-call operations. Close vicinity to an Airport Express station would reduce the number of individual busses and taxis required for long haul homeported ships, such as *Sapphire Princess* and *Costa Atlantica*, by allowing multiple trips per vehicle. Given the formula of homeported ships plus one for the number of terminal berths, worst case would be a 3 ship day plus *Queen Mary 2*.

What is the most ideal/most sustainable location for such a cruise terminal in Hong Kong's harbour?

A 1995 Term Paper, "A dedicated Cruise Terminal as part of the Port & Airport Development in Hong Kong," done for the Case Studies in Urban Planning course at the Centre of Urban Planning and Environmental Management, University of Hong Kong examined the necessity for a new dedicated cruise terminal and proposed three sites. Many of the points raised in the paper are still valid today. The three sites were South East Kowloon Reclamation (Kai Tak), Hung Hom Bay Reclamation, and Kowloon Point Reclamation.

Four other factors have developed since the report was written:

- The planned reclamation in Kai Tak will no longer take place, reducing the available land and confining infrastructure to the actual runway.
- The decision to place cultural and commercial facilities on West Kowloon enhances the area's attraction for passengers and crew.
- Ships have greatly increased in size. According to the *Seatrade Cruise Connection Quarterly/September 2005*, of the 20 ships on order for 2006-2009 only 3 are under 80,000 grt and 10 are over 100,000 grt. With the entering into force of the new SOLAS stability requirements in 2009, the majority of remaining cruise ships will be over 80,000 grt. In 2004, Princess Cruises deployed their *Sapphire Princess* on a series of Asian cruises. Each time the ship was in Hong Kong she was forced to dock at the container terminal because she exceeded Ocean Terminal's structural limits. It was the same situation for her sistership, *Diamond Princess* in 2005 and 2006. In 2007, the *Queen Mary 2* will arrive in Hong Kong for "some serious shopping" as Cunard's website puts it. However, this "serious shopping" will have to be done by bus and taxi from the container terminal. The Hong Kong cruise experience has been defined by docking at Ocean Terminal and strolling right off the ship into the midst of Tsim Sha Tsui. A new cruise terminal should offer the same convenience. Docking at the container terminal does not compare. Furthermore, it greatly reduces crew spending by requiring them to spend hours of their limited free time getting to and from the ship.
- The fourth factor is time. Does Hong Kong want to continue with an unsatisfactory situation for another 6-8 years? 2011/2013 is beyond the cruise lines' planning horizon. The order books don't even go that far.

The 1995 paper recommended the following priority for the three preferred sites:

1. Hung Hom Bay Reclamation
2. South East Kowloon Reclamation (Kai Tak)
3. Kowloon Point Reclamation

In view of the time factor, the amount of traffic generated by the increase in ship size, the available land, transport infrastructure, and destinations for passengers and crew, I recommend the following priority:

1. Kowloon Point Reclamation for homeport terminal operations
2. Upgrading Ocean Terminal and adjacent piers for use as a port-of-call operations and fill-in homeport terminal
3. Hung Hom Bay Reclamation for port-of-call operations
4. South East Kowloon Reclamation (Kai Tak)

Kowloon Point Reclamation is close to both MTR and the Airport Express. It is also well served with motor access and has the capacity to absorb the additional traffic generated by a cruise terminal, especially homeport operations. Locating the terminal in this location would require the minimum amount of dredging and infrastructure improvements and would provide the convenience of Tsim Sha Tsui. In addition, the future culture facilities in West Kowloon would expose passengers to a new dimension of Hong Kong tourism. A terminal constructed in this area could probably be fully operational in the shortest period of time.

Upgrading Ocean Terminal and adjacent piers would maintain the world renowned Hong Kong experience for port-of-call passengers. Arriving at Ocean Terminal provides a dramatic entry into Hong Kong and its many tourist attractions. An upgraded Ocean Terminal would also serve as a powerful tool in helping the Hong Kong Tourism Board to aggressively market the cruise lines to increase Hong Kong calls. This could probably be done earlier than providing a pier at Hung Hom.

Hung Hom Bay Reclamation would be close to the KCR Station. However, homeport operations would generate a large amount of additional traffic in an already congested area. And require a significant portion of the site to be used for industrial style support facilities, unsuitable for the environment. Hung Hom also lacks tourist destinations. Hung Hom Bay Reclamation would be an excellent addition to Ocean Terminal for port-of-call operations. A port-of-call terminal would require minimum infrastructure and could be part of a waterfront promenade. It's location in relation to Tsim Sha Tsui and Hung Hom Terminus would offer some of the advantages of Ocean Terminal.

Moreover, a cruise terminal constructed in this area could be operational in a relatively short time (2-3 years). If done first, it could also serve as the main port-of-call terminal while upgrading Ocean Terminal.

South East Kowloon Reclamation would require the most infrastructure improvements and take the longest amount of time before being operational. With possible developments in the China cruise market and the Taiwan political situation, a terminal built at Kai Tak might be insufficient before it is ever operational. Given the decision not to proceed with the planned reclamation, the terminal, supporting facilities and the necessary infrastructure are confined to and along the narrow runway, dominating the land uses. There now appears to be little scope for retail, hospitality and tourist destinations the passengers and crew are interested in on the runway. The travel distance to and from the international airport and city center is long. Access to transport infrastructure such as the MTR, KCRC, or trunk roads would involve traveling either half or the full length of the runway into Kowloon Bay or Kowloon City. Restricted access/egress to a heavily developed peninsula is a recipe for congestion. The access situation isolates a Kai Tak-based cruise terminal from Hong Kong's major tourism attractions.

Other possible sites for port-of-call operations include China Merchant's facilities and pier opposite Green Island, the previously considered facilities in North Point, and upgrading the Macau Ferry Terminal.

With the exception of the China Merchant's facilities all the proposed locations can be accessed via the Eastern Approaches and the Tathong Channel. Any of the new locations will require some degree of dredging, both to make them suitable and to keep them operational. Maritime traffic within the harbour should not be a problem. Cruise ship captains are experienced professional and can deal with a busy harbour.

Conclusion

Based on a review of new cruise terminal articles in *Lloyd's List* and *Seatrade Insider* over the past 2 years, the usual time from announcement to operational was 3-4 years. A cruise terminal that is operational in 2011/2013 is irrelevant to cruise lines today. They'll be interested in the 2011 terminal in 2009 when they are planning their 2011 itineraries, meanwhile, they'll have to decide how to best cope with the Hong Kong situation. Hong Kong needs a new terminal by 2008 when Star Cruises' lease at Ocean Terminal expires so that ceasing Hong Kong operations does not become a business question at Star Cruises. Hong Kong needs a new cruise terminal by 2009 so that the newest ships cruising in Asia can give their passengers and crew the experience that Hong Kong is renowned for. Hong Kong needs a new terminal soon to have the capacity to increase homeport ships and become a true cruise hub in Asia. The best location for such a terminal is Kowloon Point Reclamation. Such a terminal will solve the congestion and structural problems of Ocean Terminal in a timely manner and continue to offer a world-class cruise experience. As the cruise market develops, Hong Kong may eventually have to follow a New York, Sydney, or Southampton example with multiple cruise terminals. However, Hong Kong is not there yet, and unless the current problem is solved satisfactorily will not get there. The ships follow the terminal, not the other way around.

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December 6, 2005

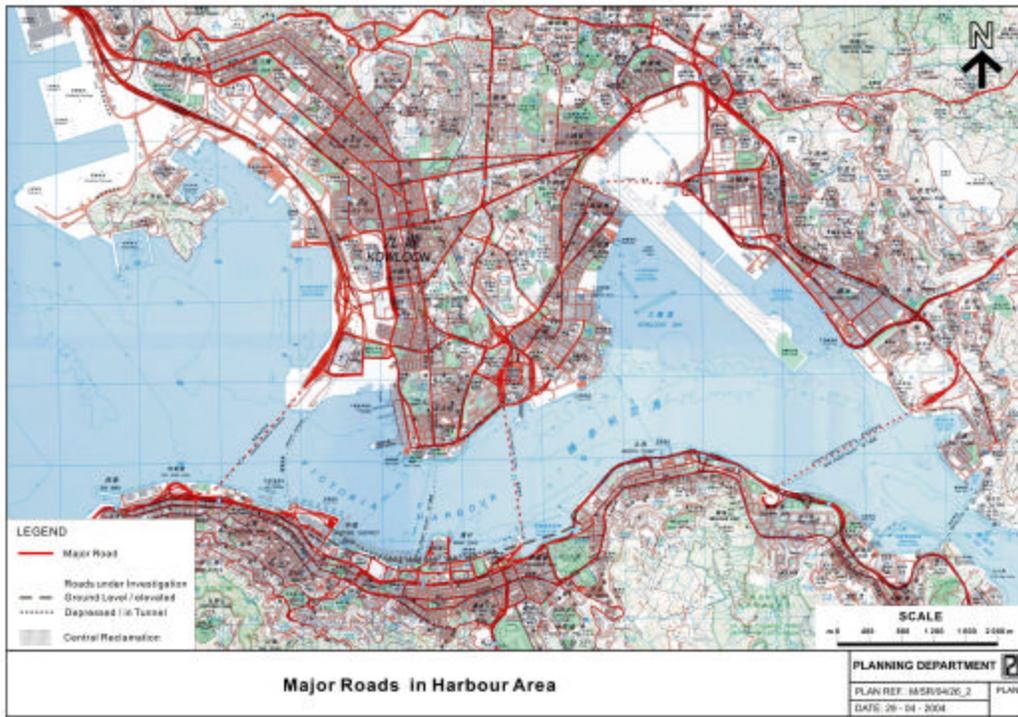
Annex 1: Map Major Roads Around Victoria Harbour

Annex 2: Victoria Harbour with 10 Meter Depth Curve

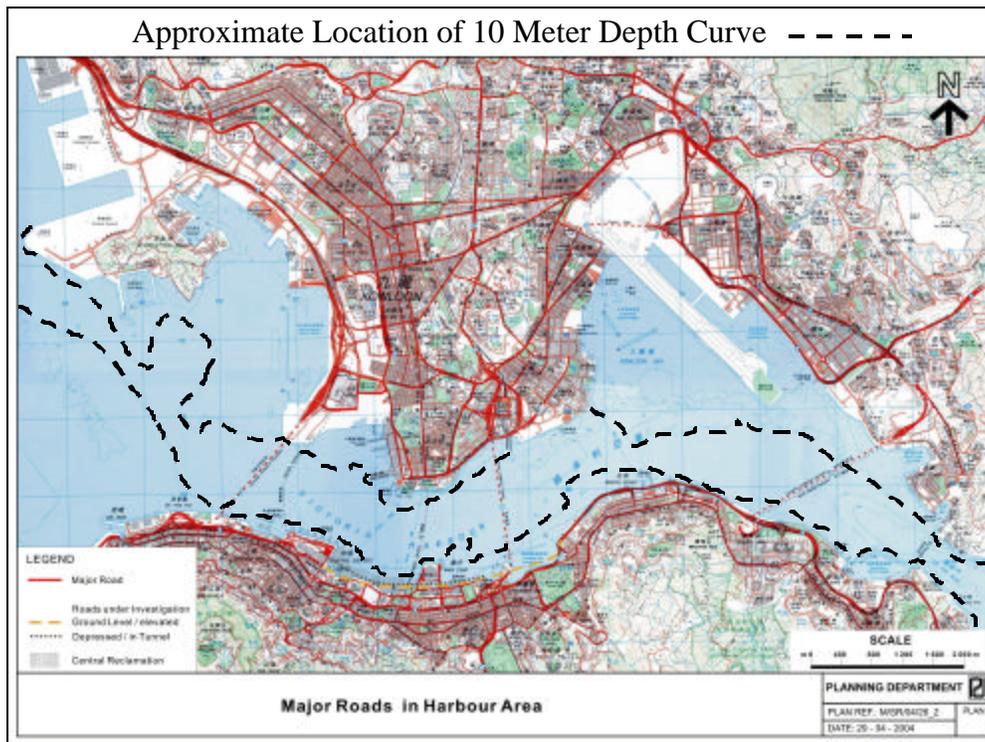
Annex 3: PowerPoint Presentation to Topical Forum on Cruise Terminal

6 December 2005

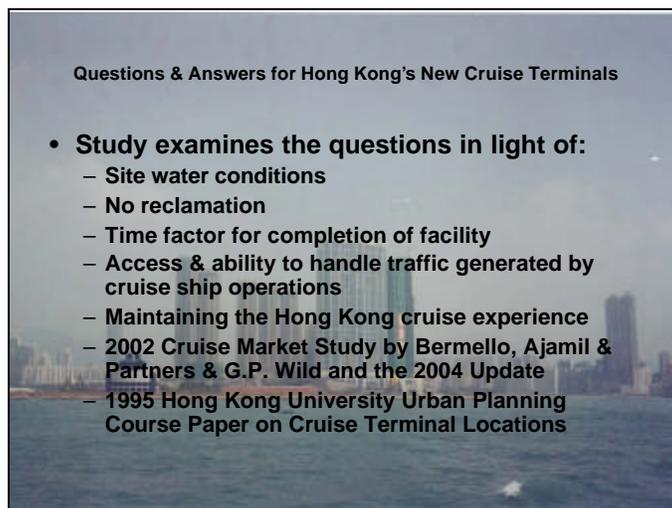
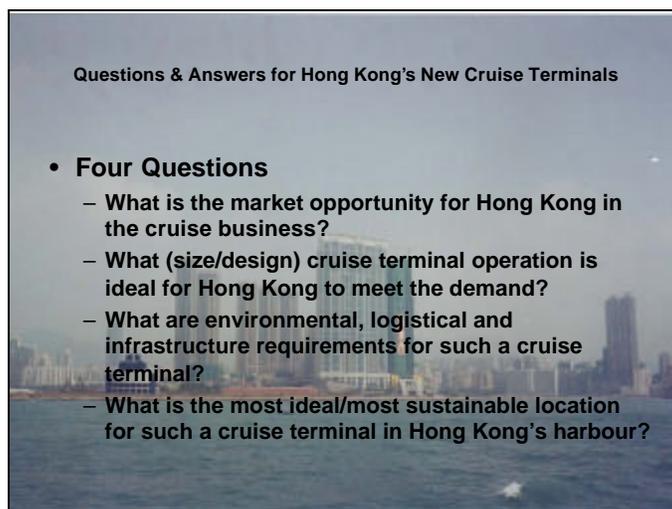
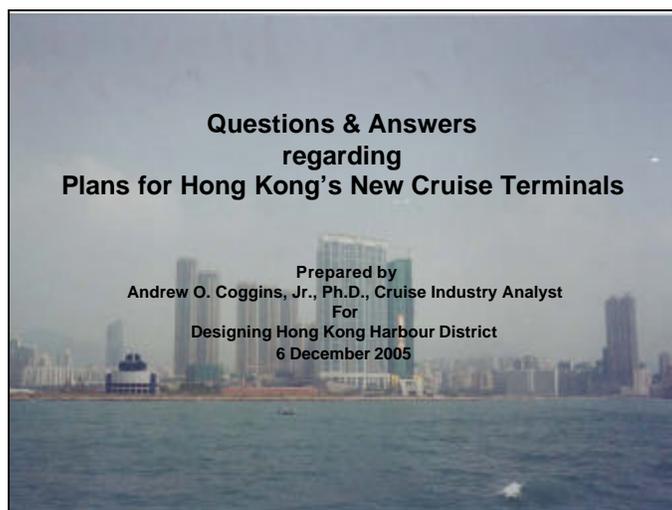
Annex 1 – Major Roads around Victoria Harbour



Annex 2 – Victoria Harbour with 10 Meter depth Curve



Annex 3: PowerPoint Presentation to Topical Forum on Cruise Terminal



Questions & Answers for Hong Kong's New Cruise Terminals

- **Other factors considered:**
 - Hong Kong has a market for both homeport & port-of-call operations, local & long-haul pax
 - An unsatisfactory situation already exists in Hong Kong
 - Ocean Terminal's structural limitations
 - Space availability in peak season
 - Developing China-operated cruise industry may impact Hong Kong
 - Liberalization of Taiwan policy will impact Hong Kong cruise industry

Questions & Answers for Hong Kong's New Cruise Terminals

- **Recommendations for developing cruise terminal facilities:**
 - Kowloon Point for homeport operations
 - Upgrade Ocean Terminal for port-of-call & fill-in homeport operations
 - Hung Hom Bay for port-of-call operations
 - Kai Tak for homeport & port-of-call operations only if the time & access issues can be resolved

Questions & Answers for Hong Kong's New Cruise Terminals

- **Conclusion**
 - Hong Kong needs to solve an unsatisfactory situation in a timely manner that will continue to offer the world-class experience that is Hong Kong.
 - Ships follow the terminal, not the other way around.
- **THANK YOU FOR YOUR ATTENTION.**