

**4. Exploration of viable businesses in Japan using PSA's
expertise in Business & Leisure Hub operations**

Exploration of Viable Businesses in Japan Using PSA's Expertise in Business & Leisure Hub Operations

PSA's Present Position:

Taking the opportunity of privatization of the PSA, it intends to strengthen its international competitiveness.

The PSA will need to:

- 1) Plan a strategy to invest in foreign countries by strengthening its hubs (Changi, Singapore ports and harbors).
- 2) Re-structure its networking strategy required by the re-version of Hong Kong to China to meet the need for Hong Kong capitalists to disperse their assets for including those possessed in the port and airport, and
- 3) Plan strategies to create new businesses to enter into the US, EU and Japanese markets.

1. What can be planned for the PSA targeting at Japan in northeast Asia?

What Japan wants to do with its hub strategies?

The PSA is able to plan a Hub Strategy with its expertise.

In what form can the PSA participate?

What are businesses generated by studying the introduction of PSA's Business and Leisure Hub concept to the adjacent land to Kobe port and Kansai airport?

PSA can take lead in turning ports and airports in Japan into international hubs.

2. Division of business areas between the PSA and Cheong Kong Holdings/Hutchison to Southeast Asia and Northeast Asia, and supplementary relations between the two may be broken upon dispersion of capital from Hong Kong.

The privatized PSA may suggest that the influence of the PSA may be stronger to cover the entire Southeast and Northeast Asia.

ex. Hutchison's assets being moved to major ports in the Philippines.

* Because of geographic location, the Cheung Kong Holdings/Hutchison group is interested in approaching Kobe port.

What network coordination can be thought of from the above?

3. What kind of businesses can be considered for the PSA's resources (personnel, expertise, capital) in collaboration with Japan's resources.

By additionally applying the PSA's expertise in seaport and airport operation to the Japan's expertise in the field, in what way can the PSA develop business contact and relations with Japanese corporations?

What kind of businesses can be materialized?

What kind of businesses can be created from the PSA's hub networks in Japan when the government is going to make investments to airports and seaports as its priority policy?

4. In order to actually operate successful businesses to-be-identified through the above study, "what approach can be taken?" "With which agency/company should the PSA work in partnership?"

5. Feasibility study for the above

**Check points to promote the project targeted at Kobe Port
and Kansai International Airport**

Feasibility Study to Explore Viable Businesses in Japn using the PSA's Expertise in Business & Leisure Hub Operations

Kobe Port is at an advantageous position geographically in
Northeast Asia in developing a marine transport hub program.

Kansai International Airport has as its business strategy to
"strengthen short-distance international airways." Therefore,
the Airport can be considered as important element for PSA and
other Asian investors in formulating their business programs
aimed at the Japanese market.



Points of study for Kobe Port and Kansai International Airport:

1. Possibility of having common points with the PSA's Hub Net-
work Program
2. What kind of network businesses will be possible?

< Kobe Port >

1. Possibility of having common points with the PSA's Hub Network Program

Businesses generated from the privatization of airport and seaport operations and air and marine transport related businesses on the private sector property

- What is the position of Japan (Kobe) in the process of restructuring the existing port network against the background of the reversion of Hong Kong to China in Northeast Asia) and PSA's privatization in Southeast Asia?
 - What city is at the most advantageous location to create a new logistics center in Northeast Asia?
- And,
What harbor systems and operation services are required of the port?



Priority Item to Study:

What attractive conditions should Japan prepare in order to create a regional hub within the country?



Service businesses targeted at users (to and from Hong Kong, Singapore, Shanghai, Korea/Pusan) of the seaport (Kobe) and airport (Kansai) as a transit spot on carrying out their network businesses can be founded. Services for passengers and physical distribution will be founded and operated by investors from Singapore, Hong Kong and others to Japan.

Proposal of priority project:

- Development of the 14-ha land owned by the Seiyo Co.

< Kobe Port >

2. What kind of network businesses will be possible?

- Port and harbor service operations as a priority project.

Points of feasibility study for foreign investors to participate in the project:

- 1) Fact finding on service operations in the seaports and airports in the Kobe and Osaka area, and study on new market potentials

* [The market research is already entrusted to Japan Development Bank]

- 2) Division of areas/functions between the government and private sectors.
- 3) Economic regulations, tax regulations and incentives (including development assets, taxes on land ownership)
* [Policies to promote foreign investment to Japan]
- 4) Support network to support smooth foreign investments (individuals and organizations)
- 5) Guarantee of low interest financing and debt guarantee for PSA and other investors.

- Can foreign investors be involved in seaport operations?

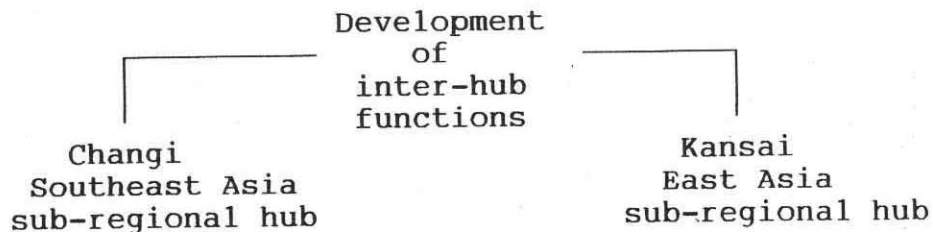
-- After port and harbor service operations start

- 1) Feasibility study and coordination with the Ministry of Transport (P&H Bureau)
- 2) Feasibility study and coordination with the local government (P&H Division)
- 3) Coordination with existing private forwarders and transport companies, and making proposals to them.
- 4) Coordination required regarding economic regulations and tax regulations

< Kansai International Airport >

1. Possibility of having common points with the PSA's Hub Network Program

Potential business network between the PSA's hub strategy (Changi Airport) and Kansai Airport's hub strategy (Strengthening short-distance airways.)



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List of Papers
for the Meeting with Mr. Mah Bow Tan
Minister of Communications

Super Studio Inc. and an Inter-disciplinary Team

1. Progress Report Update on Feasibility Study for Creating an Economic Sharing Sphere with Asia
2. Outline of discussions with Officers in charge of planning and implementing hub programs in Japan
 - 1) Mr. MIKANAGI Kiyoyasu, president, Kansai International Air Port Co. Ltd.
 - 2) Mr. KIMOTO Hideaki, Director, Port & Harbor Bureau
Ministry of Transport
 - 3) Mr. YOSHIKAWA Atsushi, advisor to NIKKEIREN
 - 4) Mr. NAMEKAWA Masashi, Trade & Investment Coordinator
Economic Planning Agency
3. List of people including the members of the loose team, who are cooperating with the materialization of the project
4. Exploration of viable businesses in Japan using PSA's expertise in Business & Leisure Hub operations
5. Feasibility study for the above
Check points to promote the project targeted at Kobe Port and Kansai International Airport

List of Papers
for the Meeting with Mr. Goon Kok Loon,
Deputy Chief Executive Officer, PSA

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6. Outline of Sales of the Land owned by the Seiyo Co on Rokko Island