

Major Purposes of Consultation
and Matters for Feasibility Study
in Singapore, Hong Kong and Shanghai

March 15, 1996

Foreign Investment Study Team

The Foreign Investment Study Team has been exploring the possible investors to Japan taking the occasion of the earthquake in Kobe and its surrounding areas.

Based on the discussions with Mr. George Magnus, Deputy Chairman of Cheung Kong Holdings Ltd. in Hong Kong, we agreed to start our feasibility study on the forming a joint venture with the Kobe Municipality for development of the port and its hinterland, using the Cheung Kong Group's experiences in working in a joint venture with the Shanghai city authority since 1992, and as a means of the Group's plan to disperse their assets in Hong Kong before 1997.

Suzuki of the Team was entrusted to act as a representative for the Cheung Kong Group, and has, since the beginning of 1996, been negotiating with the interested local governments including the Kobe municipality with cooperation of officials of related government ministries.

In the meanwhile, the Japan Development Bank has joined the feasibility study team. The Bank is in charge of administration of the post-earthquake rehabilitation budget on behalf of the government.

The Cheung Kong Group and Hutchison Whampoa Group, a business group with British capital and a member of Cheung Kong Group, have the world's largest share in port development and port operations. In the face of returning of Hong Kong to China, the Group started to seek ways to supplement functions mutually with senior minister Lee Kuan Yew considering the risk of the returning of Hong Kong.

To accommodate the rapidly growing logistics/distribution needs extending from the China-East Asia market including Shanghai and the Cheung Kong river basin to the US market (trade surplus of China over US: US\$104 million in 1990 to US\$338 million in 1995), the Group finds it urgent to establish a new logistic/distribution base to supplement Hong Kong. While exploring a potential site, forming a joint venture with the Kobe came up as a potential distribution hub of products from Asian countries.

For Singapore with a strategy focusing on Southeast Asia, the use of the proposed Kobe distribution hub would help promote the implementation of its programme into a success.

We would like to discuss the matters listed below in Singapore which has implemented excellent policies on receiving and making foreign investments involving both the government and private sectors. Also, we would like to seek possibility of Singapore joining with the Cheung Kong Group of Hong Kong in some of the projects.

Matters to be studied:

1) Kobe/Port Island Second Phase Construction Site

area: 390 ha reclaimed land by the Municipality
194 ha among which is for piers and port-related
facilities

2) Kobe/Rokko Island (total area 580 ha)

private ownership:

- A01A Project Site (app. 14 ha to be purchased by
the Municipality)
- Konan University site (app. 8 ha)

municipal ownership:

- 4th Development Area (21.3 ha) -
for Housing 11.4 ha
for Business & Commercial Activities 9.9 ha
- = The development plan of this area will be placed
for competition =
- Piers and port-related facilities 50 ha

3) Tokyo Bay Area

Land reclaimed by the Tokyo Metropolitan Government.
Total area 448 ha. About 200 ha among which is still to be
developed for commercial, business, housing and port
facilities.