

**Tender for a Tenancy for Kai Tak Cruise Terminal**  
**(Tender Ref.: TC 1/2025)**  
Response to Tender Enquiries

**Key Performance Indicators (KPIs)**

**Q1 Why are Key Performance Indicators (KPIs) and liquidated damages for not meeting the targets introduced to this Tenancy Agreement? Is there a force majeure clause?**

A1 As explained vide the Government's press release issued on 24 December 2025, KPIs are introduced in the tenancy agreement to strengthen the monitoring of the terminal operator's performance in a bid to boost the appeal and competitiveness of the Kai Tak Cruise Terminal (KTCT). The liquidated damages for not meeting the KPIs is detailed in Annex VI(7) of the Form of Agreement. In particular, the Tenant would be required to pay for liquidated damages if the Tenant is unable to achieve the KPIs for 5% or more in a Contract Year. Moreover, the formulae which determine the amount of liquidated damages payable are designed with reference to 5% of Gross Receipt so lost because of the failure to meet the KPIs. Our intention is not to penalise the operator, but to incentivise the operator to meet the KPIs and bring vibrancy to the terminal.

Taking into account that the terminal operator requires time to adjust and adapt to the terminal operation, the provisions regarding liquidated damages to the Government arising from the operator's failure to meet the targets will take effect from the third year of the tenancy agreement.

Paragraph 8(b) of Annex VI(7) of the Form of Agreement also stipulates that the Tenant may make written request to the Landlord for appropriate adjustments to relevant KPIs in case of Contingency, which is defined in Clause 1.1(w) of the Form of Agreement.

## **The Government's Sharing of Costs**

**Q2 Will the Government share the costs for provision of services (e.g. building management, cleansing and security services) specified in the Form of Agreement in respect of areas of park and gardens as well as Government Accommodation?**

A2 No. It is Government's intention to consolidate the management responsibility of KTCT in a bid to improve the management of the KTCT and enhance operational efficiency. The Tenant shall be responsible for all obligations specified in the Form of Agreement and shall pay for the full costs of fulfilling such obligations. Tenderers should make their own estimate of the benefits, costs and risks brought by this arrangement.

For areas that form part of the Premises (including but not limited to space such as the podium gardens, KTCT park, apron, baggage halls, waiting halls etc.), the Tenant may put these spaces into gainful use (e.g. for non-cruise related event use) provided that the provisions of the Form of Agreement are met.

For areas of Government Accommodation, it has been stated clearly in the Form of Agreement that they are not part of the Premises but the Tenant is required to provide facility management, cleansing and security services. Detailed service requirements are specified (including but not limited to Annex XX) to provide certainty and transparency.

**Q3 Will the Government share the costs if it specifies an opening hour longer than 7 a.m. to 11 p.m. for the park and gardens under Clause 9.1(h)(i) of the Form of Agreement?**

A3 No. Clause 9.1(h)(i) of the Form of Agreement specifies that "the Tenant shall not claim against the Landlord for any compensation whatsoever if the Landlord decides to extend the opening hours". Tenderers should make their own estimate of the benefits, costs and risks brought by this arrangement.

## **The Government's Discretions**

**Q4 Why are a number of provisions subject to the Landlord's discretion or that the Landlord's decisions are final, binding and conclusive to the Tenant? Referring to Clause 11.10(k) of the Form of Agreement, what does it mean by the Management Team need to adopt and implement the Landlord's instructions regarding the operation and management of the Cruise Terminal?**

A4 KTCT is an important Government-built infrastructure which supports the development of cruise tourism in Hong Kong. The smooth operation of the KTCT is vital to attracting more cruise ships to berth in Hong Kong and promoting the development of Hong Kong's cruise industry. The Government has to ensure that the Tenant operates the KTCT towards such aim. The clauses of the Form of Agreement are crafted to reflect the Government's expectation on the Tenant, and with a view to boosting the KTCT's appeal and competitiveness.

**Q5 What is the requirement on the Tenant on collaborating with the Government and the Hong Kong Tourism Board (HKTB) in promoting cruise tourism?**

A5 KTCT is an essential stakeholder in promoting cruise tourism of Hong Kong. It is important for the terminal operator to fully support and participate in the work of the Government and HKTB, which is a statutory and government-subsidized body responsible for promoting and marketing Hong Kong as a travel destination worldwide and enhancing visitors' experience. In seeking support and assistance from the terminal operator on collaboration with the Government and HKTB, it is not the Government's intention to interfere with the normal operation of the terminal and its sub-tenants. On the contrary, joint efforts made to promote cruise tourism and the terminal could bring positive impact to the businesses.

**Q6 Referring to Clause 11.11 of the Form of Agreement, can the Tenant conduct public communications relating to sales and marketing and the promotion of normal operations of KTCT and its sub-tenants without the Landlord's approval?**

A6 The requirements for the Landlord's prior approval on public communications and the adoption of the Landlord's instructions are to ensure that all messages and promotional efforts by the terminal operator are in line with the Government's promotional strategy. The exact scope and requirements on the approval for public communications will be discussed between the Landlord and the Tenant.

**Q7 When the Landlord is exercising the rights under Clause 35 of the Form of Agreement, is the Landlord required to inform the Tenant with reasonable advance notice and not substantially affect the normal operation of the Premises?**

A7 In exercising the rights under Clause 35 of the Form of Agreement, the Government as Landlord shall use its reasonable endeavours to cause as little interference with the Tenant's normal operation of the Premises.

**Q8 Why does any change in the shareholding structure of the Tenant require the prior written approval of the Landlord?**

A8 The financial capability, relevant experience, and professional knowledge of the Tenant and its shareholders, inter alia, are thoroughly assessed during the tender process prior to the award of the tenancy. After signing the Form of Agreement, it is a binding contract between the Government and the Tenant for the whole Term. In order to protect Government's interest, the change in the shareholding structure of the Tenant requires the Government's approval, so as to ensure the terminal operator continues to possess the necessary ability to fulfil its obligations as required under the Form of Agreement.

## **Traffic Management Plan and Measures**

**Q9 On the traffic measures that the Government may require the Tenant to provide as per Clause 12.5(d) of the Form of Agreement, should they be provided depending on the demand and circumstances and provided not at Tenant's costs, as the smooth arrival and departure of passengers to and from the KTCT also depends on other factors that are out of the Tenant's control? Why is the Traffic Management Plan required to be reviewed annually or from time to time as may be required by the Landlord?**

A9 KTCT is an important Government infrastructure with significant bearing on the overall performance of cruise tourism of Hong Kong. Transportation has been the key concern to not just cruise passengers but also members of the public. Efficient transportation arrangement is important to maintain the image of Hong Kong tourism in general and avoid causing traffic problems to the vicinity. The Tenant should not limit themselves to the internal management of vehicular traffic within the boundary of the KTCT, but should liaise with various transport providers, trade and other relevant parties to ensure the overall smooth transport to and from KTCT.

Hence, it is of utmost importance that effective traffic measures are implemented. Tenderers are required to cover aspects of Passenger Flow and Traffic Management in their Operation and Contingency Plan in the Technical Proposal, which shall be marked in the Technical Assessment in accordance with the Terms of Tender, and shall form part of the Binding Proposals in accordance with the Form of Agreement. Moreover, the Tenant shall develop, prepare and submit a Traffic Management Plan for Landlord's approval in accordance with Clause 13.3(a) of the Form of Agreement. The Traffic Management Plan shall be reviewed annually, or "from time to time as may be required by the Landlord" so as to catch up with unforeseen issues.

Clause 13.3(b) further states that the Tenant shall at its own cost and expense observe, perform and implement the Traffic Management Plan. Clause 12.5(d) includes some transport measures that the Landlord may require (e.g. shuttles to and from designated MTR stations or hotels or ... ,

connecting coaches to the Hong Kong International Airport, ..., limousine service, etc.). While the Landlord will not be liable to payment of cost and expenses so incurred, the Form of Agreement does not prohibit the Tenant to collect fees and charges from other parties, e.g. passengers.

## **KTCT Park and Other Public Space**

**Q10 Referring to Clause 3.5 of the Form of Agreement, can the Tenant refuse to take up the KTCT Park? What will be the “further/additional provisions and/or regulations concerning the KTCT Park” that may be imposed by the Landlord?**

A10 Vide the press release on 24 December 2025, the Government has announced that upon review on the terms and conditions of the tenancy agreement and consultation with relevant stakeholders, in a bid to improve the management of KTCT and enhance operational efficiency, the operator under the next tenancy agreement will, in addition to handling cruise-related matters, be responsible for managing the public space of KTCT, including the podium gardens on the second floor and KTCT Park at the rooftop. Private organisations or non-profit-making organisations can rent the public space of KTCT for organising commercial and other activities to better utilise the space at KTCT, hence bringing in direct revenue as well as increased visitation to KTCT. Under the terms of the Form of Agreement, the Tenant has to take up the KTCT Park as and when required by the Landlord.

As the KTCT Park is currently a public pleasure ground open for public enjoyment, the Government retains the power to impose further/additional provisions and/or regulations concerning the KTCT Park in order to meet views and comments which may be raised by the community nearby. Tenderers should make their own estimate of the benefits, costs and risks brought by this arrangement.

**Q11 Is the Tenant required to permit access to KTCT Park, South Podium Garden, North Podium Garden, Landscaped Deck of North Entrance Building and Colonnade at all times?**

A11 As per Clause 36.3 of the Form of Agreement, access to the KTCT Park, South Podium Garden, North Podium Garden, Landscaped Deck of North Entrance Building and Colonnade should be allowed “at all times during their opening hours”.

**Ancillary Commercial Area (Including Money Exchange Shop) and Baggage Service Counter**

**Q12 What is current tenant mix of the terminal's Ancillary Commercial Area and the current rentals?**

A12 Regarding the current tenant mix, please refer to relevant information available in the public domain, such as the website of the KTCT, or obtain information via other means, such as site walk.

We cannot disclose the rental of the shops as it is commercially sensitive information of the terminal operator.

**Q13 Referring to Clause 9.1(e) of the Form of Agreement, does the Ancillary Commercial Area only permit shops, or will other uses be permitted, e.g. retail, services? Can the Tenant adjust the opening hours of the ancillary commercial areas at roof top of the KTCT?**

A13 "Shops" is a broad term which include banks, restaurants, retails and etc. while other uses may be permitted subject to Landlord's approval.

Shops S-301, S-302 and N-305 on roof level could only be accessed through the KTCT Park, which is currently open from 7 a.m. to 11 p.m. Clause 9.1(e)(iv)(B) of the Form of Agreement therefore requires the Tenant to submit an operation plan to the current management, i.e. Director of Leisure and Cultural Services, in case the Tenant desires to set the opening hours of these shops beyond the current opening hours. After the KTCT Park forms part of the Premises, there is no longer any need to seek approval from the Director of Leisure and Cultural Services in the aforesaid scenario. Moreover, while Clause 9.1(h)(i) of the Form of Agreement requires the Tenant to allow public to use and enjoy KTCT Park between the hours of 7 a.m. to 11 p.m., it does not prohibit the Tenant to open the park beyond the specified hours. There is also no provision in the Form of Agreement that the Ancillary Commercial Area must be closed after 11 p.m.

**Q14 Can the Government clarify the rationale for requiring the Landlord's prior approval and retaining the right to impose additional conditions when subletting or licensing the Ancillary Commercial Area?**

A14 As laid out in the Action Plan on Development of Cruise Tourism, the Government is committed to elevating the function of the KTCT as a cruise terminal for all and making good use of the terminal facilities, including the Ancillary Commercial Area. Moreover, as KTCT is an important Government-built infrastructure, the Government is mindful in upkeeping the image of a world-class cruise terminal of KTCT. The requirement for the Landlord's prior approval for subletting and the ability to impose additional conditions allow the Government to ensure that the commercial activities align with the overall image of KTCT.

**Q15 Regarding the Baggage Service Counter for providing airport check-in and baggage delivery service at Clause 21 of the Form of Agreement, since the service requires co-operation, co-ordination and agreement with the Airport Authority, which is not entirely under the Tenant's control, can the Tenant suspend such service if no agreement can be reached with the Authority?**

A15 The Baggage Service Counter has already been up and running at KTCT. It enables provision of fly-cruise services which is welcomed by cruise lines and cruise passengers. As per the provision of the Form of Agreement, the Tenant should liaise with relevant parties to ensure the continuation of service and its successful operation. As it is one of the action measures, as laid out in the Action Plan on Development of Cruise Tourism, the Tourism Commission will also facilitate in the discussion with the relevant authorities.

**Q16 Referring to Clause 17(d) of the Form of Agreement, can the Tenant offer a lower rent for sub-leasing of Shop G-03 for money exchange services? Can the Tenant provide money exchange service through other means such as machines?**

A16 According to Clause 19.2(a)(i) of the Form of Agreement, save and except the subletting of shop G-03 (i.e. the money exchange shop), each

portion of the Sublet Area must be sublet at full market rent. There is no provision in the Form of Agreement that requires the money exchange shop must be sublet at full market rent.

Clause 17(d) of the Form of Agreement requires shop G-03 must be a money exchange shop as it is located right outside the exit hall of cruise passengers and the actual operational experience of KTCT reflects that money exchange service is required at that location. There is no provision in the Form of Agreement restricting the form of such money exchange service (e.g. physical or by machine).

### **The Extension of a Further Term**

**Q17 Referring to Clause 2.2(d) of the Form of Agreement, will the Tenant have the right of first refusal on the tenancy for the further term of 5 years (New Term)? How will the terms of the tenancy for the New Term be determined? If the Tenant does not accept the terms of the tenancy, can the Landlord offer the tenancy to a third party on more favourable terms?**

A17 The Tenancy Agreement of the subject premises is for a term of 10 years with an option for a further term of 5 years (New Term) on the condition that the Tenant has performed, observed and complied with all the terms and conditions of the Tenancy Agreement to the Landlord's satisfaction as explained under Clause 2.2(d). It is the Landlord's full and unfettered right to grant that New Term as provided in Clause 2.2(f) and at terms and conditions in its sole discretion. After the Landlord has set out the terms and conditions of the new tenancy agreement or the supplementary agreement (as the case may be), the Tenant has the right to lodge acceptance or rejection to the Landlord's Offer.

If the Tenant does not accept the Landlord's Offer within the Offer period, or if the Tenant does not express the desire to take a tenancy of the New Term, or if the Landlord decides not to enter into a new tenancy agreement or supplementary agreement for the new term with the Tenant, the Landlord will process the tenancy agreement in accordance with Government procurement procedures, such as (but not limited to) inviting a new tender for the tenancy agreement.

## **Calculation of Gross Receipt**

**Q18 Referring to Clause 4.3 of the Form of Agreement, can the Tenant's related parties be permitted a discounted rate/licence fee for renting parts of the Premises especially when the Premises is underutilised?**

A18 As a matter of fairness and for the best use of the premises, all parties shall pay full market fee for the renting of the premises. It is also difficult to objectively define whether and when the Premises is underutilised. For the purpose of calculating Gross Receipt, the Landlord shall have the full right to adopt the full market fee assessed by the Landlord, which shall be final, binding and conclusive on the Tenant.

## **Adjustment to the Design/Layout of the Premises**

**Q19 What is the Tenant's right in respect of adjusting the floor area and number of parking spaces, loading spaces and picking up and dropping off spaces and queuing spaces?**

A19 According to Annex III of the Form of Agreement, the Tenant may propose changes to the Floor Area of the areas of the Premises (listed in item (b) therein) within the Cruise Terminal Building but such proposal shall be subject to the prior approval of (i) the relevant Government departments and compliance with relevant legislation, ordinances and regulations and (ii) the Landlord (which approval the Landlord may give or withhold at its sole discretion).

**Q20 Is the Tenant entitled to claim against the Landlord if the latter adjust the design/layout of the Premises and request the Tenant to partially surrender the Premises?**

A20 The Landlord's right to adjust the design/layout and take back part of the Premises are as clearly stated in Clause 33.2 and 35.3(h) of the Form of Agreement. The Government intends to exercise such rights cautiously so as to minimize disruption on normal operation of the terminal.

## **Asset Condition and Maintenance Responsibilities**

**Q21 What is the Landlord's and the Tenant's responsibility in respect of maintenance and repair of Landlord's Provisions?**

A21 The responsibility in respect of maintenance and repair of Landlord's Provisions is divided between the Landlord and the Tenant. Please refer to Clauses 7.1, 23 and 31 of the Form of Agreement.

**Q22 Will the Government provide the details of the Government assets listed in Annex XVII to facilitate the valuation as required in Clause 24.1 in the Form of Agreement?**

A22 Please refer to Clauses 7.1 and 29 and Annex IV for Landlord's Provisions.

In relation to the valuation, the Landlord will facilitate site access prior to the Commencement Date upon the Tenant's request in a reasonable manner and provide the Tenant with required information as far as practical and appropriate.

**Q23 Will the Government advise the condition of the Government assets maintained by the Landlord?**

A23 The items set out in the Landlord's Maintenance Schedule in Annex XIV are maintained by the Landlord with the assistance of relevant Government departments. The Tenant, the Landlord and the Government departments maintain communication in this regard to support the operation of the terminal. Please also refer to Clauses 31 and 7.1 of the Form of Agreement.

**Q24 What is the technical specification of the Seaport Passenger Boarding Bridges? Can the cruise terminal accommodate cruise vessels exceeding 220,000 gross tonnage?**

A24 Relevant technical information of the Seaport Passenger Boarding Bridges e.g. user manual, would be provided to the Tenant for operation.

KTCT is built for the berthing of mega-size cruise ships and is able to berth simultaneously two mega-size cruise ships with a gross tonnage of up to 220,000 tonnes each. Notwithstanding, the berthing of other cruise vessels could be explored on a case-by-case basis upon submission of the relevant technical details.

**Q25 What is the response time for repairing the assets under the Landlord's maintenance?**

A25 The items set out in the Landlord's Maintenance Schedule in Annex XIV are maintained by the Landlord with the assistance of relevant Government departments. The Tenant, the Landlord and the Government departments maintain communication in this regard to support the operation of the terminal. Please also refer to Clauses 31 and 7.1 of the Form of Agreement.

**Q26 Will the Landlord provide access equipment, such as lifting machines, for use by the Tenant, its staff, and/or its contractors to perform tasks at height (both at internal areas and for the exterior of the Premises) that are Tenant's responsibilities (for example, cleaning, maintenance)?**

A26 No. Tenderers should refer to Clause 14 of the Form of Agreement on the requirement of cleansing to be performed by the Tenant, in particular Clause 14.1 which includes, amongst others, requirements about interior of the Premises and Clause 14.4 which includes requirements about exterior of the Premises.

Except for the Landlord's Provisions as set out in Annex IV, the Tenant shall provide assets for operation of the terminal. Please refer to Clause 7.2 and Annex V of the Form of Agreement.

**Q27 Will the Landlord provide record drawings of the terminal to assist the Tenant's preparation of fitting-out proposals?**

A27 Yes. The Landlord will provide relevant record drawings of the terminal as far as practical and appropriate upon the Tenant's request.

## **Financial and Operational Records**

**Q28 Can the current level of fees and charges (such as berthing charges, passenger fees, security charges, terminal handling charges, and any other relevant operational tariffs) be provided?**

A28 We cannot disclose this information of the KTCT as it is commercially sensitive information of the terminal operator.

Please refer to Clause 12.4 of the Form of Agreement for the setting of fees and charges. In particular, Clause 12.4(a) provides that the Tenant has the discretion to decide the levels of dockage fee(s) and passenger fee(s) in accordance with the notes set out in Annex IX.

That said, the new Tenant is not bound by the existing level of fees and charges. Tenderers should make their own assessment on the level of fees and charges to be charged as per the requirements in the Form of Agreement.

**Q29 Will the Government provide the recent maintenance records by the existing terminal operator?**

A29 We cannot disclose the maintenance reports of the existing terminal operator as it involved details of the operator's business operations in fulfilling the existing tenancy requirements.

The scope of the Premises, and hence the relevant maintenance responsibility, in the existing tenancy is not the same as that in the new tenancy. Please refer to Clause 23 and Annex XV of the Form of Agreement for the requirements.

Tenderers may observe the condition of the facilities at the site walk at KTCT to facilitate your consideration.

**Q30 Will the Government provide the recent utility consumption records by the existing terminal operator? What is the charge for District Cooling System payable by the Tenant under the new Tenancy?**

A30 We do not possess the consumption records of the utilities which are paid directly by the existing terminal operator to the supply authorities/utility companies.

There is no capacity charge for the use of district cooling services in respect of the air conditioning system. Please refer to Clause 5.1 of the Form of Agreement for details.

### **Financial Projections**

**Q31 In the Projected Statement of Profit or Loss (Appendix I of the Terms of Tender) and the Projected Statement of Cash Flows (Appendix J of the Terms of Tender), Note 1 clearly stipulates the timeframe for the “gearing up period” (1 December 2026 to 31 May 2028). However, the subsequent columns for the 10-year term are labelled simply as “Term of Tenancy (By Year) 1 to 10” without specifying the exact 12-month period.**

**Would the Government specify whether the tenderers are required to align “Year 1 to Year 10” with a specific 12-month period (e.g. the Government Financial Year or the Contract Year commencing on 1 June 2028), or whether the Tenderers are permitted to base these projections on their own corporate financial year?**

A31 In Appendix I (Projected Statement of Profit or Loss and Other Comprehensive Income for Operation of the Cruise Terminal) and Appendix J (Projected Statement of Cash Flows) of the Terms of Tender, the gearing up period is assumed in Note 1 to be from 1 December 2026 to 31 May 2028, which is assumed to be the date immediately preceding to the commencement date of the Tenancy.

Following the gearing up period, the Term of Tenancy refers to the ten years starting from 1 June 2028.

(Issued on 20 May 2026)