

**Opening Remarks by Bill Ernest,  
Managing Director of Hong Kong Disneyland  
at the Legislative Council Economic Development Panel Meeting  
(21 December 2007)**

Mr. Chairman and Honorable Members,

Thank you for the opportunity to brief you on the latest development of the Hong Kong Disneyland project and our plan for its future growth.

Let me begin by saying that The Walt Disney Company is committed to our investment in Hong Kong Disneyland, which is our top investment priority in the region. We are determined and confident that the project will be a long-term success for both the people of Hong Kong and for the Company.

Since the Resort's grand opening in 2005, we have received well over 10 million visitors, including over 5 million visitors in the first year of operation and over 4 million in the second. Attendance puts Hong Kong Disneyland within the top 20 theme parks in the world. In working closely with the Government, we are working towards achieving two important goals: serving as a magnet for family tourism and building Hong Kong as a premier international tourist destination. We saw Hong Kong take a higher profile on the world map of tourism, particularly in family tourism, during the past few years. According to the Hong Kong Tourism Board, overnight family visitors to Hong Kong rose by about 16% in 2006 as compared to the previous year. Of these family visitors, 36% brought along their children, a 10 percentage point increase from 2005.

As a start-up business in a new market, we fully appreciate the need to focus on building attendance and making the quality of our product widely known to guests both in the local community and neighboring markets. We are also keenly aware of the challenges brought by the competitive tourism landscapes in Macau and Mainland China that have emerged in recent years. We noted that our second-year attendance was not as satisfactory as we had hoped, due to hyper-consumption in the opening year and the unique seasonality factor in Hong Kong. However, from October (when we began our third year of operation) to date, we have recorded solid growth, with attendance in the quarter ending this month showing a double-digit increase over the same quarter last year. Equally important, by leveraging The Walt Disney Company's experience in the theme park business, we are seeding the foundation for Hong Kong Disneyland's success. To give you a few examples:

- Our ongoing guest surveys have consistently found that over 90% of park and hotel guests are satisfied with their experience at the Resort and intend to visit again.
- Our annual pass program is extremely popular, with more than 110,000 passes sold since it was launched in October last year.
- Our special events—the Haunted Halloween and Sparkling Christmas—have proven to be extremely popular among our guests, especially young adults.
- Our hotel occupancy has continued to increase since last year.

These are encouraging fundamentals that we can build on to grow and develop Hong Kong Disneyland. They have affirmed that we are on the right trajectory to both growth and profitability.

Our goal is to drive visitation and re-visitiation and sustain the momentum of growth. Over the past year, we have heard a loud and clear message from our guests and our travel trade partners on the need for a speedier expansion of the Park. In response to this market feedback, we have set for ourselves both near-term and long-term expansion plans.

In the near-term, apart from rolling out a colorful calendar of events to ensure that every guest at the Park is immersed in an experience that is uniquely Disney, we will open our iconic attraction “it’s a small world” next spring. Throughout 2008, four other entertainment initiatives will also be launched. They include an outdoor performance from the hugely popular film “High School Musical”, “Muppet Mobile Lab”, “Nemo Submarine ‘Turtle Talk’”, and “The Art of Animation”.

In the long-term, I would like to reaffirm that The Walt Disney Company has high confidence in the potential of the Resort and anticipates making additional investments for its expansion to drive future business and development. Our shareholders, The Walt Disney Company and the Government, are in the process of discussing the investment and expansion plans. We will be able to share more information as soon as the shareholders reach an agreement.

I have witnessed the birth and growth of the Resort against a unique market situation and a fast-changing tourism landscape. This has been a remarkable experience for me. I am glad to have my team with me as we rise to the challenges. It is a team with strong local expertise and global experience in theme park operation, a team which has only been in full strength for about six months. If I may be allowed to say so, my experience here reaffirms my staunch belief that we

are more than just a business operation. Hong Kong is our home and with the dedication and devotion of our 5,000 cast members, we are continuing to seed the Disney values of family, friendship and empathy. Our VoluntEARS have contributed 15,000 hours of community service. We reach out to children and elderly alike in our community programs. We are committed to grooming local talent and we embrace social diversity. We have hired over 100 disabled persons since opening, including those under a disability apprenticeship program piloted last year. We have committed to engaging 160 students from the Institute for Vocational Education for internship at full pay every year and have granted 12 scholarships for students at the Academy for Performing Arts in this academic year. So far, 73,000 students in Hong Kong have committed to environmental protection under our Disney Environmentality Challenge program to raise awareness for the environment.

Mr. Chairman and Honorable members, Hong Kong Disneyland belongs to the people of Hong Kong. We are here for the long term, and we sincerely hope to work together with all our partners, the Government, members in this chamber, the travel trade, and our guests to help anchor Hong Kong's position as a premier international tourism destination.

Thank you.