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28 May 2020

Clerk to the Finance Committee
Legislative Council Secretariat
Legislative Council Complex
1 Legislative Council Road
Central
Hong Kong
(Attn: Ms Anita Sit)

Dear Ms Sit,

Thank you for your email of 27 May 2020 attaching the email from Hon Chu Hoi-dick with questions on the Finance Committee (“FC”) paper of FCR(2020-21)15. Regarding the questions raised by Hon Chu Hoi-dick, please find our reply as follows -

In making appointments to the Board of the Ocean Park Corporation (“OPC”), the Government mainly takes into account a candidate's ability, expertise, experience, integrity, and commitment to public service. The appointment of Board Members bears no relationship with matters related to the loans of Ocean Park. The Board of the OPC also has an established mechanism for preventing and handling actual or potential conflict of interest.

Papers submitted to the Legislative Council Panel on Economic Development (“the Panel”) and the FC are prepared by the Commerce and Economic Development Bureau, and they did not go through any process of “validation” by the Board of the OPC.

As set out in the paper (CB(4)254/19-20(01)) we submitted to the Panel in January this year, back then the OPC was already in talks with the

commercial lender about refinancing the commercial loans. If the one-off endowment for the implementation of the Strategic Repositioning Plan (“SRP”) was approved, the OPC was confident that its existing commercial loans could be refinanced, with their repayment deferred to Financial Year (“FY”) 2028-29, and be eventually repaid with the revenue generated from the SRP.

Nonetheless, as elaborated in the FC paper FCR(2020-21)15, the commercial viability of the SRP is now in doubt due to the coronavirus disease 2019 pandemic and thus the Government has to rethink the future of the Park. At this juncture, without the SRP and any new funding for development, deferring the repayment of the commercial loans becomes impossible. Hence, we need to seek funding for the Park covering the repayment for the commercial loans which are due soon so as to avoid depleting the cash of Ocean Park rendering it unable to settle its liabilities to various creditors including the lending bank, contractors/ suppliers, and employees etc. and resulting in liquidation.

Over the years, the repayment of principal and interest has posed challenges to OPC’s operations. In the current funding application submitted by the Government, the \$3,090 million for the repayment of commercial loans and related financing costs includes \$3,070 million to repay commercial loans which are due soon, related interest of \$9.194 million, and financing costs for interest rate swap contracts of \$11.33 million. We are not in the position to disclose the interest rates of the commercial loans as they are matters under commercial agreements between the OPC and the commercial lender.

Yours sincerely,



(Anson Lai)
for Commissioner for Tourism