

**Panel on Economic Development**  
**Follow-up to the special meeting on 4 July 2009**

**"Proposed expansion of Hong Kong Disneyland"**

At the above meeting, Panel members raised the following concerns and requested the Administration to provide explanation:

Financial information

- (a) The differences in the total government commitment/expenditure incurred under the Capital Works Reserve Fund for reclamation and other infrastructural works relating to the construction of HKD quoted in CB(1)2144/08-09(02) and FS28/08-09;
- (b) Whether the Administration has made reference to the financial arrangements for other Disneyland theme parks and associated hotels in overseas places;

Disclosure of information

- (c) The Administration should disclose the main operating and financial results of Hong Kong Disneyland (HKD)/Hongkong International Theme Parks Limited (HKITP) in the past three years, including park attendance and the key indicators of financial performance, i.e. income, expenditure and asset as well as investment gains/losses made;
- (d) The Administration should provide information on the projected income and expenditure as well as investment gains/losses in the operation of the expanded HKD, for example, the year when Government's return on its investment would be breakeven;
- (e) All the necessary information made available to the Government by The Walt Disney Company in relation to the financial arrangement and related matters should be provided to Members to enable them to consider the financial proposal;

Calculation of management fee

- (f) Whether it would be in the interest of the public that the management fee payable to the Hong Kong Disneyland Management Limited would be calculated:
  - (i) using the current formula or the proposed performance-linked formula, whichever was lower;

- (ii) using a formula pegged to earnings *after* interest, tax, depreciation and amortization; and
  - (iii) after meeting the pre-set park attendance threshold.
- (g) The Administration should advise on the accounting principles to be adopted in the calculation of depreciation and amortization in relation to the proposed performance-linked formula of management fees of 6.5% of earnings before interest, tax, depreciation and amortization;

Park management

- (h) Experts who are experienced in business operation and financial management should be appointed as members of the Board of Directors of HKITP;

Economic benefits

- (i) Economic benefits brought by HKD in the past three years of operation and the supporting data to justify the Government's assessment should be provided; and
- (j) Further explanation on the substantial difference in the economic assessment of the expanded HKD project and attendance projections made by the The Walt Disney Company (i.e. Case 1A and Case 1B) and the Government (i.e. Case 2).