Panel on Economic Development
Follow-up Actions to the Meeting on 17 January 2012
Update on Hong Kong Disneyland

This note sets out the supplementary information requested by Members during the discussion on the captioned subject at the meeting of the Panel on Economic Development on 17 January 2012.

(a) Hong Kong Disneyland's (HKD) incomes from related transactions such as the fees it charged for use of its copyrights and patents

2. HKD is only a non-exclusive licensee of Disney intellectual property (such as Disney characters, music, design drawings, etc.). It does not own such property and derives no income from it. Generally speaking, royalties payment (fees paid for use of copyrights and patents) are based on The Walt Disney Company supplying its characters, stories and other intellectual property, which manifest into calculations around revenues primarily generated from the sale of admissions to the theme park, room nights at the hotels, as well as merchandise, food and beverage at the park and hotels.

(b) HKD's accumulated loss as at 1 October 2011 since its opening

3. As agreed in July 2009, HKD started to publicly disclose financial information from Fiscal Year 2009 (FY09). As presented in the previous Annual Business Reviews, HKD's net losses were HK$237 million for FY11, HK$718 million for FY10, HK$1,315 million for FY09 and HK$1,574 million for FY08.

(c) Breakdown of HKD's total revenue in the 2011 financial year at $3,630 million by revenue stream, namely, sale of admissions to the theme park, room nights at the hotels, merchandise, and food and beverage sales at the theme park and hotels.

4. We did not disclose these breakdowns in the FY11 Annual Business Review, but as expected, our most significant contributor to revenue is from admissions to our theme park. From the agreement made in July 2009, key revenue drivers are disclosed in the Annual Business Review.

(d) Details of HKD's depreciation policy

5. HKD's depreciation policy follows Hong Kong's generally accepted accounting principles and the relevant parts of the Hong Kong Financial Reporting Standards. It is also consistent with that for other similar classes of assets and equipment being operated in a theme park and entertainment business. Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives. Leasehold land is amortised on a straight-line basis over the remaining lease term commencing from the operation of the park.

Hong Kong Disneyland
June 2012