

**立法會**  
**Legislative Council**

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seen by the Administration)

Ref : FC/1/1(27)

**Finance Committee of the Legislative Council**

**Minutes of the 28<sup>th</sup> meeting**  
**held at Conference Room 1 of the Legislative Council Complex**  
**on Tuesday, 19 May 2020, from 10:47 am to 12:46 pm**

**Members present:**

Hon CHAN Kin-por, GBS, JP (Chairman)  
Hon CHAN Chun-ying, JP (Deputy Chairman)  
Hon James TO Kun-sun  
Hon LEUNG Yiu-chung  
Hon Abraham SHEK Lai-him, GBS, JP  
Prof Hon Joseph LEE Kok-long, SBS, JP  
Hon WONG Ting-kwong, GBS, JP  
Dr Hon Priscilla LEUNG Mei-fun, SBS, JP  
Hon Paul TSE Wai-chun, JP  
Hon Claudia MO  
Hon Steven HO Chun-yin, BBS  
Hon Frankie YICK Chi-ming, SBS, JP  
Hon WU Chi-wai, MH  
Hon YIU Si-wing, BBS  
Hon Charles Peter MOK, JP  
Hon CHAN Chi-chuen  
Hon CHAN Han-pan, BBS, JP  
Hon LEUNG Che-cheung, SBS, MH, JP  
Hon Kenneth LEUNG  
Hon Alice MAK Mei-kuen, BBS, JP  
Dr Hon KWOK Ka-ki  
Hon KWOK Wai-keung, JP  
Hon Dennis KWOK Wing-hang

Hon Christopher CHEUNG Wah-fung, SBS, JP  
Dr Hon Fernando CHEUNG Chiu-hung  
Dr Hon Helena WONG Pik-wan  
Hon IP Kin-yuen  
Hon Elizabeth QUAT, BBS, JP  
Hon POON Siu-ping, BBS, MH  
Ir Dr Hon LO Wai-kwok, SBS, MH, JP  
Hon CHUNG Kwok-pan  
Hon Alvin YEUNG  
Hon Andrew WAN Siu-kin  
Hon CHU Hoi-dick  
Hon Jimmy NG Wing-ka, BBS, JP  
Dr Hon Junius HO Kwan-yiu, JP  
Hon LAM Cheuk-ting  
Hon Holden CHOW Ho-ding  
Hon SHIU Ka-fai, JP  
Hon SHIU Ka-chun  
Hon Wilson OR Chong-shing, MH  
Hon YUNG Hoi-yan, JP  
Dr Hon Pierre CHAN  
Hon LUK Chung-hung, JP  
Dr Hon CHENG Chung-tai  
Hon KWONG Chun-yu  
Hon Jeremy TAM Man-ho  
Hon Vincent CHENG Wing-shun, MH, JP  
Hon Tony TSE Wai-chuen, BBS  
Hon CHAN Hoi-yan

**Members absent:**

Hon Tommy CHEUNG Yu-yan, GBS, JP  
Hon Jeffrey LAM Kin-fung, GBS, JP  
Hon Starry LEE Wai-king, SBS, JP  
Hon CHAN Hak-kan, BBS, JP  
Hon WONG Kwok-kin, SBS, JP  
Hon Mrs Regina IP LAU Suk-ye, GBS, JP  
Hon Michael TIEN Puk-sun, BBS, JP  
Hon MA Fung-kwok, SBS, JP  
Hon Martin LIAO Cheung-kong, GBS, JP  
Dr Hon CHIANG Lai-wan, SBS, JP  
Hon HO Kai-ming  
Hon Tanya CHAN

Hon CHEUNG Kwok-kwan, JP  
Hon HUI Chi-fung  
Hon LAU Kwok-fan, MH  
Hon Kenneth LAU Ip-keung, BBS, MH, JP

**Public officers attending:**

Ms Alice LAU Yim, JP	Permanent Secretary for Financial Services and the Treasury (Treasury)
Mr Raistlin LAU Chun, JP	Deputy Secretary for Financial Services and the Treasury (Treasury) 1
Mr Mike CHENG Wai-man	Principal Executive Officer (General), Financial Services and the Treasury Bureau (The Treasury Branch)
Mr Edward YAU Tang-wah, GBS, JP	Secretary for Commerce and Economic Development
Miss Eliza LEE Man-ching, JP	Permanent Secretary for Commerce and Economic Development (Commerce, Industry and Tourism)
Mr Joe WONG Chi-cho, JP	Commissioner for Tourism, Commerce and Economic Development Bureau
Mr Anson LAI Yat-ching	Assistant Commissioner for Tourism 2, Commerce and Economic Development Bureau

**Other persons attending:**

Mr Leo KUNG Lin-cheng, GBS, JP	Chairman, Board of Ocean Park Corporation
Mr LAU Ming-wai, GBS, JP	Deputy Chairman, Board of Ocean Park Corporation
Mr Matthias LI	Chief Executive, Ocean Park Corporation

**Clerk in attendance:**

Ms Anita SIT	Assistant Secretary General 1
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**Staff in attendance:**

Miss Queenie LAM  
Miss Mandy POON

Senior Legislative Assistant (1)2  
Legislative Assistant (1)1

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Action

**Item 3 — FCR(2020-21)9**

**HEAD 152 — GOVERNMENT SECRETARIAT : COMMERCE  
AND ECONOMIC DEVELOPMENT BUREAU  
(COMMERCE, INDUSTRY AND TOURISM  
BRANCH)**

**Subhead 000 Operational expenses**

**Subhead 700 General non-recurrent**

**New Item "Funding Support to the Ocean Park Corporation"**

**LOAN FUND**

**HEAD 274 — TOURISM**

**Subhead 121 Loan for the Ocean Park Redevelopment Plans**

**Subhead 122 Loan for the Ocean Park's Tai Shue Wan Development  
Project**

The Finance Committee ("FC") continued the discussion on item FCR(2020-21)9.

Role and operation of Ocean Park

2. Ms YUNG Hoi-yan, Ms Alice MAK and Mr Abraham SHEK expressed the following views on Ocean Park:

- (a) Ocean Park had compared less favourably with similar parks overseas, mainly due to its lack of new attractions and failure to sustain popularity among the people of Hong Kong;
- (b) there was a dire need to critically re-examine the role and operation of the Park, such as whether it should operate as a self-financing body or a publicly-funded infrastructure; and
- (c) where necessary, the statutory remit of Ocean Park should be revised in order to reinforce its role as a major public recreational and educational park grounded in nature and conservation.

3. Mr KWONG Chun-yu, Mr Andrew WAN, Mr LEUNG Yiu-chung and Prof Joseph LEE stated their views and concerns as follows :

- (a) the proposed funding of \$5.4 billion was hardly justifiable as there was no concrete plan to assure members of the future sustainability of Ocean Park;
- (b) there was every likelihood that the Administration would need to revert to FC with further funding proposals to support OPC;
- (c) over the years, Ocean Park had neglected its fundamental role as a public recreational and educational park for Hong Kong; and
- (d) the Park lacked unique local characteristics of sufficient appeal to visitors.

4. In response, Secretary for Commerce and Economic Development ("SCED") and Deputy Chairman, Board of Ocean Park Corporation ("DC, B of OPC") advised that:

- (a) the Park's unique role as a public recreational and educational park grounded in nature and conservation would remain intact;
- (b) to fulfil its mission and stay financially viable, the modus operandi of the Park might require changes, such as exploring the feasibility of joint ventures with other entities, changing the charging mode etc;
- (c) while the total attendance of the Park fluctuated, local visitors remained at a stable level of 2 to 2.6 million (including some 640 000 persons benefiting from various concessionary offers) a year, and would continue to be a major target group of the Park;
- (d) the option of repositioning Ocean Park as an adventure-themed resort with diversified amusement rides might no longer be viable due to high costs, changes in visitor profiles and the impact of the global pandemic;

- (e) while a critical re-think on its way forward was needed, Ocean Park still presented tremendous development potentials; and
- (f) to be able to pursue the future development of the Park, it was necessary to help OPC stay afloat.

5. Regarding concerns about Ocean Park's educational and conservational role, Chief Executive, Ocean Park Corporation ("CE,OPC") highlighted that:

- (a) the Ocean Park Academy Hong Kong had organized educational programmes which had been participated by over 1 million local students;
- (b) in recent years, Ocean Park further expanded its education work and had been actively involved in promoting STEM/STEAM education for students, as well as conservation education for kindergartens;
- (c) in 2019, the Ocean Park held its first International STEAM Education Conference in Asia; and
- (d) the park had never ceased to strengthen in-park activities to promote conservation awareness among visitors.

6. Mr Christopher CHEUNG and Mr LEUNG Yiu-chung were concerned whether OPC had proactively reviewed the operation of Ocean Park prior to the current proposal. SCED responded that:

- (a) well aware of rising challenges, OPC had embarked on a repositioning exercise as early as 2018 which culminated into the Strategic Repositioning Plan ("SRP") and the relevant Panel was briefed accordingly on 20 January 2020; and
- (b) having regard to Members' concerns about SRP and the onslaught of COVID-19 leading to the closure of Ocean Park since 26 January 2020, SRP would not be pursued.

7. Mr WONG Ting-kwong said that while Members of the Democratic Alliance for the Betterment and Progress of Hong Kong were yet to decide on their stance, he would support the current proposal for the following reasons:

- (a) similar to the business sector, Ocean Park bore the brunt of the Occupy Central Movement and persistent violence which resulted in an unprecedented drop in visitors;
- (b) the winding-up of OPC and the liquidation process would take years to complete and at considerable costs, to the detriment of all parties concerned; and
- (c) on balance, the proposed funding could enable Ocean Park to sustain operation for one year and create the window for the Government to conduct the re-think exercise to chart the way forward for the Park's rebirth.

8. Dr Junius HO indicated that he would support the proposal with utmost reluctance, and stated his views and suggestions as follows:

- (a) it was necessary for OPC to fulfil its obligations to repay the commercial loans;
- (b) the insolvency of OPC would have far-reaching implications for Hong Kong;
- (c) the Management and the Board of OPC should be reformed as they lacked sufficient commitment in operating the Park;
- (d) some of the amusement park facilities of Ocean Park might be reprovisioned to Hong Kong Disneyland, thereby creating a synergy effect; and
- (e) suitable amendments should be introduced to the Ocean Park Corporation Ordinance (Cap. 388) ("OPCO") so that the development potentials of the existing 91-hectare site could be maximized.

9. Mr SHIU Ka-chun and Dr KWOK Ka-ki cast doubt on the proposed funding and stated the following views:

- (a) most young people no longer perceived Ocean Park as Hong Kong's home park, but a tourist destination catering for Mainland visitors;
- (b) attendance of Ocean Park was on the decline and the Park had lost its popularity among local visitors; and

- (c) many other entities such as Queen's Pier were also part of Hong Kong's collective memory, but very little importance had been attached to them.

10. Mr LUK Chung-hung said that Members of the Hong Kong Federation of Trade Unions had not yet reached a stance on the funding proposal. As Hong Kong was an international city, he would not agree that Ocean Park should operate exclusively for Hong Kong people.

11. On concerns about guest experience and visitor profiles, Chairman, Board of OPC advised that:

- (a) group tour visitors stood at about 3.44 million (46% of the total attendance) in the Ocean Park financial year ("FY") 2014-15, resulting in big crowds and long queues at some attractions;
- (b) as a result of efforts to de-emphasise group tours as a major visitor component, these visitors dropped to 1.83 million (32% of the total attendance) in FY 2018-19;
- (c) the number of free independent travellers ("FIT") visiting the Park rose from 1.23 million (17%) in FY 2014-15 to 1.3 million (23%) in FY 2018-19;
- (d) as the in-park spending of FIT visitors was higher than that of group tour visitors, it was envisaged that increased number of FIT visitors could make up for revenue loss resulting from the reduced number of group tour visitors;
- (e) despite an annual budget of only \$200 million on capital expenditure and heavy loan exposure, OPC had spared no effort to diversify and enhance guest experiences and cater for changes in visitor profiles; and
- (f) the unforeseeable catastrophic impact of COVID-19 pandemic, including the emphasis on social distancing, had called for a critical re-think on all aspects of the Park.

12. Ms Elizabeth QUAT found it difficult to support the proposal at this juncture and suggested that the Administration should withdraw the item and re-submit a more concrete proposal. Ms QUAT and Mr Steven HO expressed the following views:



- (a) emotional attachment to Ocean Park and the welfare of employees and animals appeared to be the only reasons why members should support the current proposal;
- (b) no assurance had been given on the future positioning of Ocean Park, especially how its role in education and conservation would be strengthened;
- (c) while violent protests persisted, the drop in inbound visitors would likely continue;
- (d) the public had little confidence in the Management and Board of OPC as it lacked foresight in leading the Park to cope with upcoming challenges; and
- (e) timely amendments to OPCO had not been made to provide OPC with greater flexibility in operating the Park.

13. In this connection, SCED and DC, B of OPC explained that:

- (a) Ocean Park was not a profit-making enterprise and had all along fulfilled its mission in education and conservation through initiatives such as voluntary animal rescues and conservation work in collaboration with the Agriculture, Fisheries and Conservation Department, and educational programmes for secondary schools, primary schools and kindergartens;
- (b) various concessionary offers amounting to some \$300 million each year were provided to the people of Hong Kong;
- (c) OPC had been taking proactive initiatives in tandem with market changes, such as tapping Southeast Asian markets, promoting the Park among local people to increase the frequency of visits and boosting the per capita spending of park visitors;
- (d) in 2018, OPC had embarked on the major repositioning exercise leading to SRP, in which development options taking advantage of the Park's unique edges had been explored; and

- (e) action would be taken to amend the relevant legislation after the way forward of Ocean Park had been concluded by the rethink exercise.

14. Mr Tony TSE stated his views and concerns as follows:

- (a) the Administration's paper lacked sufficient information, thereby prompting a lot of questions from members;
- (b) the current proposal had been submitted to FC for urgent handling but members could only opt between approving the funding or letting OPC go bust in June 2020;
- (c) the Administration/OPC had not been proactive in addressing the problems facing Ocean Park since 2014; and
- (d) he had little confidence in the efficacy of the proposed \$5.4 billion in providing a solution for Ocean Park.

15. In reply to Mr LUK Chung-hung about the economic benefits brought about by Ocean Park, SCED said that in FY 2018-19, the additional spending of all Park visitors in Hong Kong amounted to over \$7.6 billion, from which economic benefit exceeding \$3.9 billion was generated.

16. Regarding Prof Joseph LEE's concern about per capita spending in the Park, SCED advised that the said spending stood at \$196.8 in FY 2009-10, which increased to around \$268 in FY 2015-16 and around \$293 in FY 2017-18.

#### Animals kept by Ocean Park

17. Mr KWONG Chun-yu was concerned about the well-being of the animals currently kept by Ocean Park if OPC became insolvent. In response, CE, OPC said that:

- (a) the welfare of over 7 500 animals from some 400 species would be threatened if OPC went bust; and
- (b) while OPC would make every effort to find new homes for the animals, there would be practical difficulty in identifying reputable zoological institutions which would have the capacity or resources to look after them all.

18. Ms Elizabeth QUAT reiterated her concern about animal welfare and expressed her objection to staging live animal shows in the Park.

The Government rethink exercise and related issues

19. On the provision of \$19.89 million for establishing the Ocean Park Review Unit ("OPR Unit") to undertake the rethink exercise, Mr Christopher CHEUNG enquired about its composition and work. Mr WONG Ting-kwong, Mr LUK Chung-hung and Mr Abraham SHEK queried the need for engaging consultants, as the expertise might be readily available in the Government and OPC.

20. Assuring members that every effort would be made to control expenditure, SCED and Commissioner for Tourism advised that:

- (a) the OPR Unit would be a multi-disciplinary special duty team comprising a total of nine civil service/non-civil service staff tasked to conduct the re-think on all aspects of Ocean Park while two civil service posts would be created for implementation of the monthly disbursement mechanism of funding to OPC; and
- (b) \$6 million of the proposed provision was earmarked for engaging external professional support.

21. Mr Tony TSE sought update on the Tai Shue Wan Development Project ("TSW Project"), which had experienced delay and cost overrun. SCED confirmed that part of the proposed funding would be used to settle the cost for completing the Project. While the Project was expected to be completed within this year, its commissioning would await the outcome of the rethink exercise, taking into account the possible operating cost as well as the impact of the COVID-19 pandemic.

Financial situation of Ocean Park

22. Mr CHUNG Kwok-pan stated his views and suggestions as follows:

- (a) as winding-up would not be in the interest of both the lending and borrowing parties, OPC should make the best effort to negotiate with its creditors for loan restructuring or extending the repayment period; and
- (b) during such extended period and with government funding to support the operation of Ocean Park pro tem, the

Government should complete the re-think exercise and propose a viable forward plan.

23. Mr LUK Chung-hung asked whether other options had been explored, such as negotiating repayment terms with the Bank of China (Hong Kong) Limited, seeking funding from Hong Kong Jockey Club and generating revenue from advertisements. Mr Andrew WAN enquired on feasible ways to maintain a balanced budget if Ocean Park operated predominantly as a public recreational and educational park.

24. In response, SCED and DC, B of OPC advised that:

- (a) as its cash reserve was quickly depleting, OPC would become insolvent in June 2020 without new funding support;
- (b) prior to submitting the current proposal, OPC had already explored all feasible options with different creditors;
- (c) negotiation with creditors for better repayment terms would continue after funding approval and any savings achieved would be returned to the Government;
- (d) in addition to cost-cutting measures, OPC had launched initiatives such as organizing festive events and an array of promotions to boost revenue; and
- (e) changes to land use conditions and/or legislation would be considered to provide more operating flexibility to the Park and to maximize its development potentials.

25. On the implications of the insolvency of OPC, SCED said that:

- (a) FC's approval would need to be sought to write-off the outstanding government loans extended to OPC;
- (b) over 2 000 employees of the Park would lose their jobs and arrangements for the animals were uncertain; and
- (c) creditors might embark on the liquidation procedure to wind up OPC, at which point the Government would lose the initiative to determine the way forward of the Ocean Park.

26. Mr CHU Hoi-dick expressed objection to the funding proposal, and sought explanation on the following:

- (a) details of the two commercial loans for financing the Ocean Park Redevelopment Plans and TSW Project, as well as the revolving loan facility;
- (b) whether the expected backing by the Government was one of the reasons that OPC was able to obtain commercial loans of over \$2.6 billion in 2016 when its attendance started to decline; and
- (c) why the cost over-run of TSW Project had not been dealt with earlier on.

27. SCED and DC, B of OPC responded that:

- (a) OPC was seeking legal advice on whether the terms and conditions of the commercial loans could be disclosed;
- (b) it was the commercial decision of the lending institution to grant loans having regard to its assessment of OPC's prospect at that time; and
- (c) until recently, OPC had been able to achieve a positive EBITDA (earnings before interest, taxes, depreciation and amortization) for its financial performance.

28. The meeting ended at 12:46 pm.