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Clerk to Panel on Economic Development
(Attn.: Ms. Shirley CHAN)
Legislative Council Complex
1 Legislative Council Road
Central, Hong Kong
(Fax: 2840 0269)

19 August 2020

Dear Ms. CHAN,

**Panel on Economic Development
Follow-up to meeting on 22 June 2020**

I refer to your letter of 23 June 2020 regarding the follow-up item arising from the discussion at the above meeting under the agenda item on “Update on Hong Kong Disneyland Resort (“HKDL”)”. Having consulted the management company of HKDL, we provide our response as follows.

HKDL is currently facing a very challenging operating environment amidst the coronavirus disease 2019 (i.e. COVID-19) pandemic and the related travel restrictions which have severely affected the tourism industry worldwide. In Hong Kong, overall visitor arrivals plunged by over 90% year-on-year to 3.5 million in the first seven months of 2020, and the drop was as significant as over 99% during April to July 2020 compared with the prior year. With almost no tourists coming to Hong Kong amidst the COVID-19 pandemic, HKDL’s business has been severely impacted.

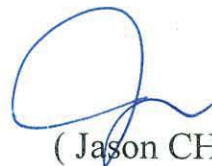
In response to the unfavourable market conditions, the management company of HKDL has kept under constant review the strategies for HKDL’s operation and development. In fact, since the tourism downturn from the second half of 2019, HKDL has implemented swiftly prudent cost management measures, such as renegotiation of vendor contracts, reduced and reallocated market resources, as well as encouraging clearance of paid leave and participation in the one-day-per-week unpaid leave arrangement by all staff.

After its five-month closure since late January 2020 due to the COVID-19 epidemic, HKDL’s theme park re-opened in mid-June 2020 and focused on

enticing local visitation initially. However, the theme park has suspended operation again in mid-July 2020 in compliance with the statutory requirement in view of the resurgence of local COVID-19 confirmed cases since early July 2020. While the COVID-19 development has posed significant uncertainties to HKDL's operation and business planning, the management company would continue to spare no efforts in driving HKDL's business forward with suitable strategies, including targeted marketing and sales initiatives, cost containment measures, as well as launching new offerings at opportune junctures to stimulate visitation.

As the COVID-19 pandemic is still developing and HKDL's theme park is currently under temporary closure, it is expected that the pandemic would continue to take its toll on HKDL's business in the near term. It is now premature to conclude an assessment of the impact of the pandemic on HKDL's financial situation after the pandemic has subsided. That said, when the pandemic is contained with border controls returning to normal and tourism market recovering gradually, HKDL should be able to bring its business back on track progressively by leveraging on its new offerings, effective marketing and sales strategies for different source markets, as well as the Government's re-launch efforts for the tourism sector. According to the established practice, we would report on HKDL's business performance, including park attendance, to the Panel on Economic Development during the annual update on HKDL.

Yours sincerely,



(Jason CHAN)

for Commissioner for Tourism

c.c.

Hon CHUNG Kwok-pan (Chairman of the Panel on Economic Development)
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