

**For discussion
20 January 2020**

**Legislative Council
Panel on Economic Development**

Supporting and Revitalising Ocean Park

**Strategic Repositioning Plan of Ocean Park and
Proposed Financial Arrangements**

PURPOSE

Ocean Park is a major tourism infrastructure of Hong Kong. Due to intense competition in the region and changes in the business environment in recent years, Ocean Park is facing severe financial distress and is in urgent need of financial support from the Government to sustain its operation. In the long term, Ocean Park has to be repositioned through investing in developing, expanding and improving facilities, and keeping abreast with the times so as to enhance its attractiveness as well as competitiveness. This paper briefs Members on the Strategic Repositioning Plan of the Ocean Park Corporation (“OPC”) and the proposed financial arrangements for supporting and revitalising Ocean Park. Support from this Panel is sought for submitting the proposed financial arrangements to the Finance Committee (“FC”) of Legislative Council for approval.

BACKGROUND

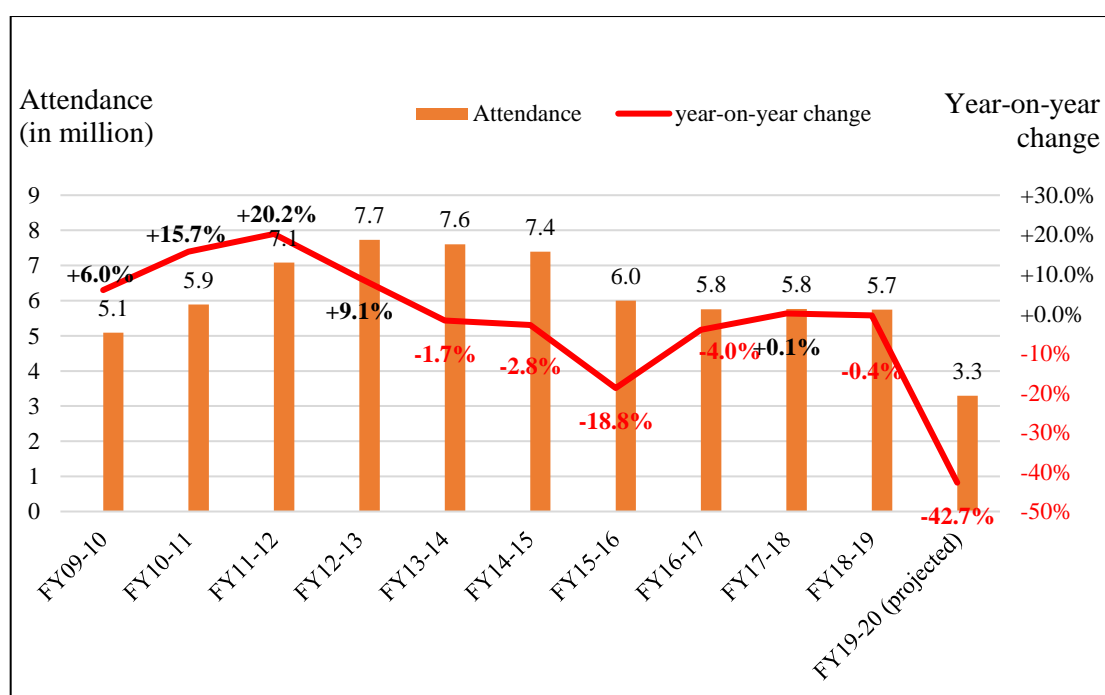
2. Ocean Park was established in 1977. Under the Ocean Park Corporation Ordinance (Cap. 388), Ocean Park is to be managed by the OPC as a public recreational and educational park. The OPC is required to apply all its profits towards the promotion of its statutory functions.

OPERATION AND ATTENDANCE FACING SEVERE CHALLENGES

3. The last major redevelopment project of Ocean Park

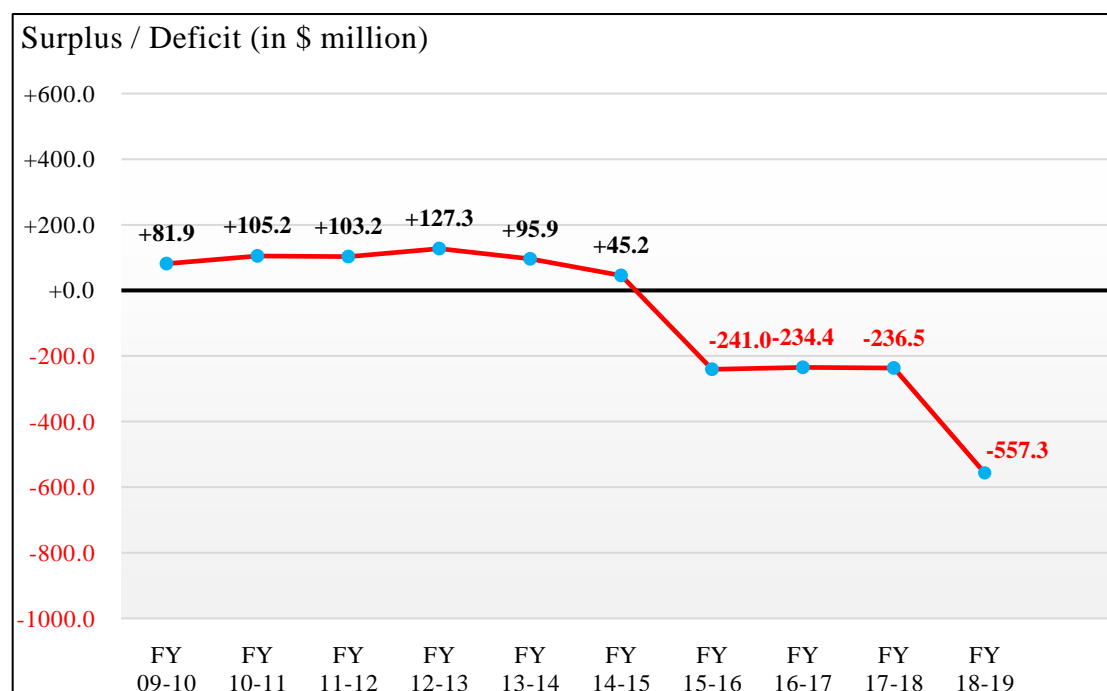
commenced in 2005 and was completed in 2012 which increased the number of attractions from 35 to more than 80. Ocean Park's attendance meanwhile grew steadily and reached a peak of 7.7 million in Financial Year ("FY")¹ 2012-13.

4. Subsequently, competition in the region intensified and with factors such as the lack of new major attractions in the Park, the attendance of Ocean Park dropped to 6.0 million in FY 2015-16. The decline in attendance then decelerated in FY 2016-17, FY 2017-18, and FY 2018-19 and remained at 5.7 million to 5.8 million. Nevertheless, in the second half of 2019, the operation of Ocean Park bore the brunt of the persisting social incidents which led to an unprecedented steep decline in attendance to 1.9 million in July to December, representing a drop of over 30% as compared with the same period in 2018. If this decline in the second half of 2019 continues, it is projected that Ocean Park's attendance in FY 2019-20 would shrink to 3.3 million representing a drop of over 40% as compared with the last financial year. Ocean Park's attendance since FY 2009-10 is illustrated below.



5. In tandem with the continuous decline in the Park's attendance, the OPC has recorded deficits of over \$200 million in successive years since FY 2015-16 and the deficit enlarged to \$557 million in FY 2018-19. Ocean Park is now facing severe operating and financial distress. The financial position of the OPC since FY 2009-10 is as follows –

¹ Financial Year refers to the financial year of the OPC which starts on every 1 July.



6. Based on the latest projection, the OPC would face a cash flow deficit from operations of over \$600 million in FY 2019-20. More pressingly still, it has to meet its imminent repayment obligation for the two commercial loans obtained earlier for financing the Ocean Park Redevelopment Plans² (“MRP Project”) and the Tai Shue Wan Development Project (“TSW Project”). The outstanding repayment for the two commercial loans concerned totals \$2.3 billion in this and the coming financial year (i.e. FY 2019-20 and 2020-21). But OPC, in view of its current financial condition, would not be able to repay these loans. On the other hand, the OPC would also not be able to meet its repayment obligation for the two loans obtained from the Government for the MRP Project and the TSW Project. These two Government loans were approved by the FC on 16 December 2005 and 24 May 2013 respectively³ and their repayment is due to commence by 2021. Currently, although the OPC has already obtained a revolving loan facility of \$1 billion in the private market, if it is unable to obtain any additional financial resources, it is envisaged that the OPC would deplete its cash balance within this year.

² The “Ocean Park Redevelopment Plans” is also referred as the “Master Redevelopment Plan (“MRP”)”.

³ On 16 December 2005, the FC approved a subordinated loan of \$1,387.5 million to the OPC for a period of 25 years at a fixed interest rate of 5% per annum for the OPC to proceed with the MRP Project. On 24 May 2013, the FC also approved a subordinated loan of \$2,290 million to the OPC for a period of 20 years at a floating interest rate, which is equivalent to the interest rate of the Government’s fiscal reserves placed with the Exchange Fund, for the OPC to proceed with the TSW Project. The loan balance (i.e. the sum of principal and capitalised interest) of the Government Loan for the MRP Project and the Government Loan for the TSW Project by end of FY 2020-21 is estimated to be \$2,749 million and \$2,685 million respectively. Repayment shall commence in FY 2021-22 with a repayment period of ten years and 12 years for the Government Loan for the MRP Project and the Government Loan for the TSW Project respectively.

7. In the medium and long term, to gear up for intensifying regional competition, the OPC is in urgent need of new capital investment for constructing new attractions and facilities so as to enhance the Park's attractiveness and competitiveness, thereby ensuring that the Park would achieve a fiscal balance in the long run. Meanwhile, if there is a steady growth in attendance thereby bringing in sufficient revenue to the Park, it could help finance its investment for the future. Only by doing so, the OPC would be able to re-finance its existing commercial loans and defer their repayment or obtain any further financial support from commercial lenders to resolve the current predicament.

SIGNIFICANCE AS HONG KONG'S TOURISM, CONSERVATION AND EDUCATION INFRASTRUCTURE

8. Apart from being a key tourist attraction of Hong Kong, Ocean Park has all along made outstanding achievements in animal conservation and education. Its contributions and importance to Hong Kong are certainly beyond doubt. Moreover, Ocean Park presents tremendous development potential. We therefore consider that financial assistance should be provided to Ocean Park to support its repositioning and for it to tide over the current difficulties. It will enable Ocean Park to revitalise and enhance its attractiveness taking into account the latest changes in circumstances and market needs, and continue to serve the Hong Kong community as well as visitors. Our considerations are set out below –

- (a) With more than 40 years of iconic history, Ocean Park has become a Hong Kong brand cherished by the Hong Kong people. This home-grown theme park in which we take pride has received more than 156 million visitors since its opening in 1977, offering Hong Kong citizens and visitors from afar a great venue for leisure and entertainment.
- (b) According to the estimation by the consultant of OPC, in FY 2018-19, the additional spending of all Ocean Park visitors in Hong Kong amounted to over \$7.6 billion (in 2019 prices) with economic benefit generated from this additional spending exceeding \$3.9 billion (in 2019 prices). The Park currently employs about 2 000 full-time staff members and recruits more than 2 000 part-time workers during festive seasons, creating considerable number of employment

opportunities.

- (c) Ocean Park performs conservation and education functions and has built one of the world's largest zoology education teams, providing rich and diversified educational content and programmes in which nearly a million students have taken part since early 1990s. In 2018, Ocean Park launched the Connecting Students with Nature through STEAM⁴ programme for local schools to make use of the resources and facilities of the Park to carry out educational activities on ecology and STEAM. With Government's funding, the OPC is also establishing a technology-driven and highly interactive STEAM Hub which is expected to be open within next year.

Besides, Ocean Park has gained accreditation for four consecutive five-year terms by the Association of Zoos & Aquariums since 2002. Being the first member outside North America which gained such accreditation and for four consecutive times, Ocean Park is widely recognised by its efforts in animal care. Ocean Park has also been making enormous contributions to scientific research leading to enhanced conservation and animal care. Since 1995, Ocean Park has donated over \$156 million to the Ocean Park Conservation Foundation Hong Kong to fund 501 research projects on giant pandas and many other species. It has also collaborated with various institutions to promote research in conservation and safeguarding biodiversity. OPC's enormous experience in conservation and education can potentially be leveraged to create valuable tourism and conversation experiences for all its visitors.

- (d) Ocean Park, with its geography and topography – located on the hill side of Brick Hill and overlooking the coastal scenery of the Southern District, presents significant development potential for providing attractions exclusive to Hong Kong to its visitors. This unique combination of the Park's topography with key features such as environmental protection, marine conservation and education, together with its home-grown branding, can be a powerful driver on attendance and revenue in face of intensifying regional competition.

⁴ "STEAM" stands for Science, Technology, Engineering, the Arts, and Mathematics.

- (e) Native to Hong Kong, Ocean Park has been fulfilling its social responsibilities and obligations by launching different community initiatives to enable Hong Kong people from all walks of life to enjoy the Park's offerings. These initiatives include concessionary or sponsored admission for Hong Kong residents on their birthdays, Hong Kong residents aged 65 and above, holders of Registration Card for People with Disabilities, students, individuals and members of families receiving assistance from the Comprehensive Social Security Assistance Scheme, educational institutions, and organisations registered with the Social Welfare Department. The number of beneficiaries under these initiatives was close to 640 000 in FY 2018-19 representing an aggregate value to the community equivalent to over \$306 million.

STRATEGIC REPOSITIONING PLAN

9. It is imperative that Ocean Park consolidate and reinforce its existing advantages, including its well-known branding, strengths on education and conservation, as well as unique topography and spectacular natural scenery. Apart from adding new attractions, the existing facilities have to be upgraded and improved in parallel.

10. The OPC has embarked on consultancies on a major strategic repositioning exercise in 2018 and formulated the Strategic Repositioning Plan ("SRP") as a schematic development blueprint.

11. The SRP proposed to reposition Ocean Park into an adventure-themed resort destination grounded in nature and conservation. The core strategy is –

- to take advantage of the Park's unique site and shoreline;
- to incorporate elements of adventure and discovery of the natural environment in every new attraction;
- to develop guest experiences that are fun, individualised and interactive; and
- to create experiences that bring the family together and to provide new thrilling attractions for young adults.

12. The SRP proposed a series of new attractions together with upgrading or refurbishment of existing ones under seven theme zones, namely –

- (a) **Azure Bay:** Complemented by a new entrance turnstile, this theme zone will feature additional water elements creating a sense of escape from the urban area. Signature amusement rides, hillside trails, and other adventure-themed attractions will be developed in this theme zone. A new pier will be built for visitors to board the environmental friendly cruise ferry to shuttle between the New Waterfront and Tai Shue Wan and enjoy the coastal scenery of the Southern District en route.
- (b) **Ocean Square:** This theme zone will be open to the public for free. With a variety of dining and retail facilities, as well as world-class live performances, this theme zone will offer visitors different experiences and unlimited surprises day and night.
- (c) **Discovery Grove:** An all-weather space will be built in this theme zone, providing a range of diversified and exciting attractions to meeting the different needs of families.
- (d) **Ocean's Edge:** This theme zone will capitalise on the unique terrain of the Park. A state-of-the-art self-paced coaster will be built along the cliff to bring new experience for visitors.
- (e) **Pacific Point:** A unique cliffside restaurant enjoying a panoramic sea view of the Southern District will be built in this theme zone.
- (f) **Adventure Valley:** A new exciting hillside racetrack will be featured in this theme area. Powered by gravity, these racing wheelers would be suitable for children to enjoy a race together with their parents. A more challenging racetrack will also be available for thrill-seeking visitors.
- (g) **Explorer's Wharf:** Marine life will be exhibited in this theme zone in an environment resembling a natural habitat.

New self-paced coasters will be introduced in some of the theme zones above to provide exciting and individualised experience for visitors. The mix of amusement rides will be diversified to cater for a broader range of demographics. The proportion of all-weather rides will also be increased to minimise the impact of inclement weather on guest experience.

13. Capitalising on the waterfront setting, the SRP also proposed to introduce a ferry cruise for park visitors shuttling between Deep Water Bay and Tai Shue Wan. This new cruise service will allow visitors to immerse in the scenic view of the coastal landscape of Southern District en route. It will also lighten the operation burden of the existing cable car and Ocean Express.

14. Moreover, Ocean Park will steer away from conventional animal shows and will focus its animal exhibits and displays on environmental protection, marine conservation and education. The animal exhibitory will more resemble the natural habitat and diverse multi-species systems. A new 10 000 square feet education centre is also proposed which will create space for more comprehensive educational programmes and support collaboration with other educational institutions.

15. The attractions in the seven theme zones under the SRP are expected to be completed by phases starting from FY 2023-24 and will be fully completed by FY 2026-27. According to the SRP, over 20 new attractions, including a number of state-of-the-art facilities will be added. Over ten existing popular attractions will be upgraded or re-themed while some existing ones will be demolished. Also, the Park will introduce new services like cruise service to enhance guest experience. When the SRP is fully implemented, the number of attractions in the Park will increase to over 100. Based on initial planning, the timetable for the opening of each theme zone (according to the opening date of the first facility in that zone) is set out below –

Theme Zone	Schedule for Opening*
Explorer's Wharf	2023-24
Pacific Point	
Adventure Valley	
Ocean's Edge	2024-25
Azure Bay	
Ocean Square	2025-26
Discovery Grove	2026-27

*Opening by phases starting from the financial year stated above.

The SRP has been supported by various preliminary technical assessments. The OPC will have to undertake further feasibility and detailed design study at the next stage to ascertain the exact components to be developed and the implementation programme.

16. The OPC projected that after full completion of the SRP, the

attendance⁵ in FY 2027-28 could recover to the level close to that of FY 2012-13 and remain at a comparable level afterwards. The table below summarises the estimated attendance when the new attractions proposed under the SRP start to come on stream –

Financial Year	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
Total attendance (in million)	5.0	5.4	6.0	6.6	7.1	7.5

17. It is envisaged that the SRP could increase the attendance of Ocean Park from 5.0 million in FY 2022-23 to 7.5 million in FY 2027-28 (a growth of 2.5 million) which would increase OPC's revenue from operations. If the above is complemented with adjustments to the repayment arrangements of the two existing Government loans, the OPC would be able to maintain a cash surplus large enough to invest in future redevelopment. The OPC also projected that the value-added contribution of Ocean Park for the coming ten years (starting from FY 2020-21) in total will exceed \$43.8 billion (in 2019 prices) and the number of jobs in term of full-time equivalent generated from the additional spending of Ocean Park visitors would also gradually increase from 3 400 in FY 2020-21 to 11 100 in FY 2029-30.

ASSESSMENT

18. The Government has worked with an independent financial adviser to assess the SRP in terms of its offerings and financial arrangements. The financial adviser pointed out that the SRP is now at an early planning stage, and detailed design and details of the works have to be worked out. But, with the preliminary design and level of details provided by the OPC currently available under the SRP, the project estimate should likely be sufficient to meet the expenditure required. The financial adviser has also examined the projections in attendance, revenue and profitability and considered them reasonable. The financial adviser also considered the methodology and assumptions used in the estimation of economic benefit and finds them to be reasonable and the calculation is largely accurate. The financial adviser believes that it would be difficult for the OPC, under its current financial situation, to obtain sufficient

⁵ To assess specifically the impact of the SRP, this projection figure excludes the anticipated additional attendance to be generated by the all-weather waterpark in the TSW Project. In the overall financial projection of the OPC, the anticipated waterpark attendance however has been taken into account.

commercial loans from the capital market to take forward the SRP and financial support from the Government is therefore needed. The financial adviser considered that for the Government, the financial arrangement currently proposed is the most feasible option in helping the OPC tide over its immediate financial difficulties and achieve long term financial sustainability through implementation of the SRP. Based on the financial projections provided, the financial adviser believes that the successful implementation of the SRP, including the proposed financial arrangement, will allow the OPC to achieve financial sustainability. However, sensitivity analysis indicated that if the major elements of the SRP are not delivered in line with the financial projections, there might be financial pressure on the OPC. The financial adviser therefore reminds the OPC to stringently control, in particular, the capital and operation costs of the Park so as to ensure OPC's financial health.

19. The total cost for implementing the SRP is estimated to be \$10.64 billion in money-of-the-day prices (breakdown at **Annex A**). Under its current financial situation, the OPC does not have the financial resources nor the capacity to obtain such resources from commercial lenders to take forward the SRP. Taking into account that Ocean Park is not only a key tourist attraction of Hong Kong, but also a significant conservation and education infrastructure as set out in paragraph 8 above, the Government considers it necessary to provide the OPC with a financial support package with details set out in the ensuing paragraphs.

PROPOSED FINANCIAL ARRANGEMENTS

20. The proposed financial arrangements comprise two parts: Government loan arrangements and one-off endowment –

Government loan arrangements

21. To provide the OPC with the financial capability to implement the SRP and achieve long term sustainability, we propose to amend the terms and conditions of the two Government loans pertaining to the MRP Project and TSW Project. The existing terms and conditions of these two loans as approved by the FC are at **Annex B**.

22. We propose to defer the commencement date of repayment of the two aforementioned Government loans for eight years from September 2021 to September 2029 while keeping the repayment period unchanged which are ten years (loan for the MRP Project) and 12 years (loan for TSW Project) respectively.

23. In addition, we propose to provide interest waivers for the two aforementioned loans starting from the first day of the calendar month following FC's approval⁶. Based on OPC's projection, if the interest rates for the two loans remain unchanged, the outstanding loan balance would total around \$8,063 million by end of FY 2028-29. According to the analysis by the OPC, the interest of this scale would significantly affect OPC's capability to sustain its business operation and carry out the improvement works under the SRP. By turning the loans interest-free, it would place the OPC at a much firmer financial position to sustain its operation in the long run.

24. The revised terms and conditions of the two Government loans reflecting the proposals above are at **Annex C**. Revenue foregone arising from the revised loan arrangements for the two Government loans is estimated to be around \$2,466 million in 2019 Net Present Value.

Commercial loan arrangements

25. The OPC is now already in talks with the commercial lender about re-financing the commercial loans. With the one-off endowment (see paragraphs 27 to 29) for the implementation of the SRP to drive attendance and revenue, together with the deferral of Government loans and conversion of these loans to interest-free, the OPC is confident that the repayment of the commercial loans can be deferred, and with better loan conditions, until it has sufficient financial resources.

26. OPC envisaged that upon repositioning, it would be able to generate sufficient surplus to fulfil the repayment obligation for all the Government loans by 2041, have adequate cash for regular upgrade and redevelopment of its facilities thereby ensuring the Park's long-term attractiveness, and bring about sufficient revenue for sustaining the Park in the long run making contribution to conservation, education and tourism of Hong Kong without relying on Government's financial support.

One-off endowment

27. We propose that a one-off endowment of \$10.64 billion be provided to the OPC. With this endowment, the OPC will have the necessary resources for implementing the SRP. The OPC will further develop the design and implementation details for taking forward the SRP.

⁶ For instance, if the FC approves the proposal in February 2020, the interest-free arrangement will take effect from 1 March 2020.

28. The one-off endowment not only would be used for the capital expenditure for implementing the SRP which would be incurred in phases, but also would generate the much-needed interest income for the OPC to meet its cash flow requirements. At the same time, having regard to the dire financial situation faced by Ocean Park, if additional revolving loan facility is obtained, significant interest payments will be incurred and Ocean Park could hardly bear such heavy financial burden. We therefore propose allowing the OPC to have the flexibility to make use of a part of the one-off endowment (with a ceiling of \$1.5 billion) to provide short term cash reserve to fund the operation of Ocean Park in the immediate term to prevent it from facing cash shortage and avoid additional interest payments aggravating its financial distress. Based on OPC's projection, even if \$1.5 billion is deployed from the one-off endowment for tiding over its interim cash flow shortage, it should still be able to implement the SRP in full using the total amount of the endowment applied as the attendance and revenue would increase once attractions proposed under the SRP come on stream by phases and the increased revenue can be ploughed back to fund the construction of the remaining facilities of the SRP.

29. At the same time, with the one-off endowment in hand, the OPC would also be in a much firmer position to seek re-financing of its existing commercial loans and deferring their final maturity to FY 2028-29. All these will enable the OPC to tide over the impending financial challenges and prevent it from financial distress and cash flow shortage before the SRP is fully implemented and brings about the surplus as anticipated.

Alternatives considered

30. We have examined whether the OPC can obtain financial support from commercial lenders to sustain its operation and implement the SRP. Given the huge size of OPC's outstanding debts, its impending insolvency, and the current social situation affecting the attendance of Ocean Park, it would be very challenging for the OPC to secure the necessary resources from commercial lenders for implementing the SRP.

31. We have also explored whether another Government loan would be an alternative to the one-off endowment. But in view of the required size of the loan, even if it is interest-free, according to OPC's assessment, it would not be possible for the OPC to repay it within a reasonable time horizon without threatening its long term financial sustainability. Worse still, the repayment of the loan would inevitably

deplete OPC's resources for regular upgrades and redevelopments, thereby undermining its ability to sustain the Park's attractiveness in the changing business environment with intensifying competition. Essentially, it would defeat our purpose of providing a solid ground for the OPC to sustain and develop on its own.

32. Instead of providing resources to the OPC for the SRP, we have considered only providing funding to the OPC to repay its commercial loans. We are of the view that while the OPC may tide over the immediate financial difficulties, it would encounter financial distress again within several years with cash flow problems. It is expected that the OPC would not be able to accumulate the necessary capital to regularly upgrade and redevelop its facilities for developing its business even if it is relieved of its commercial loans and even if its Government loans' repayment is deferred.

33. We have also considered whether the funding could be provided to the OPC by instalments. However, such an arrangement would deprive the OPC of a substantial amount of interest income to be earned from the one-off endowment, which is essential for its sustained operation during this difficult time. At the same time, the OPC would not be able to use part of the one-off endowment to bridge its funding gap in the short term. It is thus not feasible to provide the funding to OPC by instalments.

CONSULTATION

34. The Government will consult the Tourism Strategy Group. The Southern District Council will also be consulted as soon as possible to solicit their views.

WAY FORWARD

35. Members are invited to consider the SRP and the related financial arrangements as set out in this paper. Subject to Members' view, we will submit the proposed financial arrangements to FC for its consideration and approval. We would implement appropriate checks and balances to ensure that the public funds are prudently spent.

36. Subject to FC's approval, the Government will sign an endowment agreement with the OPC to set out the legal rights and

responsibilities of both parties in relation to the provision of the one-off endowment. The Government will also closely monitor and provide necessary facilitation for the implementation of the SRP. In the aforementioned endowment agreement, we will require the OPC to provide to the Government progress reports and audited accounts for the one-off endowment on a regular basis. We will also set up an interdepartmental coordinating committee to be chaired by the Tourism Commission with representatives from relevant works departments for monitoring, facilitating, and providing advice on the implementation of the SRP.

37. Meanwhile, with FC's approval, the OPC will proceed to further feasibility study and detailed design in consultation with relevant Government departments. If complementary public infrastructure works are required outside Ocean Park, we will seek additional funding under the established mechanism.

Commerce and Economic Development Bureau
Tourism Commission
January 2020

Annex A

**Breakdown of Project Cost Estimates for
Strategic Repositioning Plan of Ocean Park**

Item	Cost estimates (\$ million)
Facility	
(i) Site development	1,329.9
(ii) Area development	628.7
(iii) Facility construction	3,426.3
(iv) Ride/show equipment	782.0
Sub total	6,166.9
Design and management cost	1,542.0
Contingencies	766.7
Total (2019 prices)	8,475.6
Total (Money-of-the-day prices)	10,640.0

Enclosure 2 to FCR(2005-06)35

SUBORDINATED LOAN

Amount:	\$1,387.5 Million
Lender:	HKSAR Government
Type:	Term Loan
Purpose:	To finance 25% of the Project Costs
Ranking:	Subordinated
Loan Term/Final Maturity:	25 years
Availability Period:	<ul style="list-style-type: none">- May be drawn at any time within 3 years after completion of loan documentation- To be drawn and used by OPC before the Commercial Loan
Interest:	<ul style="list-style-type: none">- At fixed interest rate of 5% per annum.- To be capitalised at half-yearly interval until the Commercial Loan is fully repaid. Thereafter, payable semi-annually.- Subject to agreement with lending banks, the intended Commercial Loan will be fully repaid after 15 years.
Other fees:	Nil
Repayment:	<ul style="list-style-type: none">- Repayment to commence 3 months after full repayment of Commercial Loan- OPC should always "prepay" the Commercial Loans as far as possible (i.e. when there is idle cash after all the expenses are met)- The total principal of the Loan, together with capitalised interest, to be repaid by equal semi-annual instalments until Final Maturity
Prepayment:	No prepayment until after full repayment of the Commercial Loan. Thereafter voluntary.
Security:	Nil
Documentation:	<ul style="list-style-type: none">- OPC to sign a Loan Agreement with Government- Government to sign a Subordination Agreement with the Commercial Loan Lenders.

Terms and Conditions of the

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

approved by the Finance Committee on 24 May 2013

Enclosure 2 to FCR(2013-14)11

**Proposed terms and conditions
of the Government Loan for the Tai Shue Wan Development Project**

Amount: \$2,290 million

Lender: Hong Kong SAR Government

Type: Term Loan

Purpose: To finance 100% of the project cost

Ranking: Subordinated to all existing commercial and Government loans pertaining to the Ocean Park's Master Redevelopment Plan (MRP)

Loan Term/Final Maturity:

- Loan Term: 20 years
- Final Maturity: 2033
- For the avoidance of doubt, the Government retains the absolute discretion to accept any adjustments to the above loan term and final maturity provided that such adjustments are supported by full and concrete justifications to be provided by the OPC and to the satisfaction of the Government.

Availability Period:

- The loan could be drawn at any juncture within the first three years after completion of the loan documentation.
- The tentative drawdown schedule is as follows –

<u>Financial Year</u>	<u>Drawdown amount</u>
2013/14	\$229 million
2014/15	\$1,145 million
2015/16	\$916 million

Interest:

- At floating rate which is equivalent to the interest rate of the Government's fiscal reserves placed with the Exchange Fund.
- To be capitalized until all the MRP commercial loan has been repaid in 2021.

Other fees: Nil

Repayment: • Repayment to commence after all the MRP commercial loan has been repaid in 2021.

- The fixed repayment schedule^{Note} is as follows (shown as the percentage of the total principal of the Loan) –

<u>Year(s)</u>	<u>% of principal repaid per annum</u>
2021/22 (yr.9)	12.8%
2022/23 (yr.10)	9.0%
2023/24 (yr.11)	7.7%
2024/25 (yr.12)	7.8%
2025/26 (yr.13)	8.3%
2026/27 (yr.14)	5.3%
2027/28 (yr.15)	6.6%
2028/29 (yr.16)	6.9%
2029/30 (yr.17)	8.6%
2030/31 (yr.18)	8.8%
2031/32 (yr.19)	16.6%
2032/33 (yr.20)	1.6%

- For the avoidance of doubt, the Government retains the absolute discretion to accept any adjustments to the above fixed repayment schedule provided that such adjustments are supported by full and concrete justifications to be provided by the OPC and to the satisfaction of the Government.

Pre-payment: Voluntary

Security: Nil

Documentation: • The OPC to sign a Loan Agreement with the Government.
• The Government to sign a Subordination Agreement with the Commercial Loan Lenders for the Ocean Park's MRP.

^{Note} The annual percentage of repayments is generally set within the range of around 7% to 9%. Comparatively, the respective percentages of annual repayment in 2021/22 and 2022/23 (yrs. 9 and 10) and 2031/32 (yr. 19) are higher than the other years due to the availability of cumulated cash from the operation of the Project or completion of repayment of the MRP Government loan as appropriate. The exceptional drop in the percentage of annual repayment in 2026/27 (yr. 14) is mainly due to the periodic increase in capital expenditure of the Ocean Park every 5 years, which results in lower cash support from the Park for the repayment of TSW loan.

Revised Terms and Conditions for
(1) Loan for the Ocean Park Redevelopment Plans and
(2) Loan for the Ocean Park's Tai Shue Wan Development Project

(1) Loan for the Ocean Park Redevelopment Plans

Amount:	\$1,387.5 Million
Lender:	HKSAR Government
Type:	Term Loan
Purpose:	To finance 25% of the Project Costs
Ranking:	Subordinated
Loan Term/Final Maturity:	<ul style="list-style-type: none">- Loan Term: 33 years- Final Maturity: 2038-39
Availability Period:	<ul style="list-style-type: none">- May be drawn at any time within 3 years after completion of loan documentation.- To be drawn and used by OPC before the Commercial Loan.
Interest:	<ul style="list-style-type: none">- At fixed interest rate of 5% per annum until the last day of the month of approval by Legislative Council Finance Committee ("FC"). Interest-free with effect from the first day of the month immediately following the month of approval by FC.- To be capitalised until the last day of the month of approval by FC.
Other fees:	Nil
Repayment:	<ul style="list-style-type: none">- Repayment to commence in 2029-30.- OPC should always "prepay" the Commercial Loans as far as possible (i.e. when there is idle cash after all the expenses are met).

- The total principal of the Loan, together with capitalised interest, to be repaid by equal semi-annual instalments until Final Maturity.

Prepayment: No prepayment until after full repayment of the Commercial Loan. Thereafter voluntary.

Security: Nil

Documentation:

- OPC to sign a Loan Agreement with Government.
- Government to sign a Subordination Agreement with the Commercial Loan Lenders.

(2) Loan for the Ocean Park's Tai Shue Wan Development Project

Amount: \$2,290 million

Lender: Hong Kong SAR Government

Type: Term Loan

Purpose: To finance 100% of the project cost

Ranking: Subordinated to all existing commercial and Government loans pertaining to the Ocean Park's Master Redevelopment Plan (MRP)

Loan Term/Final Maturity:

- Loan Term: 28 years
- Final Maturity: 2040-41
- For the avoidance of doubt, the Government retains the absolute discretion to accept any adjustments to the above loan term and final maturity provided that such adjustments are supported by full and concrete justifications to be provided by the OPC and to the satisfaction of the Government.

Availability Period:

- The loan could be drawn at any juncture within the first three years after completion of the loan documentation.
- The tentative drawdown schedule is as follows –

<u>Financial Year</u>	<u>Drawdown</u>
2013/14	\$229 million
2014/15	\$1,145 million
2015/16	\$916 million

Interest:

- At floating rate (equivalent to the interest rate of the Government's fiscal reserves placed with the Exchange Fund) until the last day of the month of approval by FC. Interest-free with effect from the first day of the month immediately following the month of approval by FC.
- To be capitalised until the last day of the month of approval by FC.

Other fees: Nil

Repayment:

- Repayment to commence in 2029-30.
- The fixed repayment schedule is as follows (shown as the percentage of the total principal of the Loan) –

<u>Year(s)</u>	<u>% of principal repaid per annum</u>
2029-30	12.8%
2030-31	9.0%
2031-32	7.7%
2032-33	7.8%
2033-34	8.3%
2034-35	5.3%
2035-36	6.6%
2036-37	6.9%
2037-38	8.6%
2038-39	8.8%
2039-40	16.6%
2040-41	1.6%

- For the avoidance of doubt, the Government retains the absolute discretion to accept any adjustments to the above fixed repayment schedule provided that such adjustments are supported by full and concrete justifications to be provided by the OPC and to the satisfaction of the Government.

Prepayment:

Voluntary

Security:

Nil

Documentation:

- The OPC to sign a Loan Agreement with the Government.
- The Government to sign a Subordination Agreement with the Commercial Loan Lenders for the Ocean Park's MRP.