

**For tabling at Legislative Council on
22 October 2025**

**Report on the Ocean Park Corporation's Activities and
Administration of the Ocean Park Trust Fund
in Financial Year 2024-2025**

Purpose

This report provides a summary of activities of the Ocean Park Corporation (“OPC”) and administration of the Ocean Park Trust Fund (“the Trust Fund”) during the financial year¹ of 2024–2025 (“the financial year”) pursuant to section 26(3) and 33(3) of the Ocean Park Corporation Ordinance (Cap 388).

Overview

2. In the financial year, OPC recalibrated its vision and mission statements to align with the development strategy for Ocean Park announced in January 2021. As a world-class conservation and education hub, OPC’s vision and mission are as follows:

Vision	A world where we take action to conserve our environment and grow positively with nature.
Mission	OPC is a world-class conservation and education hub. We create fun and meaningful experiences grounded in nature, and complemented by leisure and adventure elements, to foster environmental stewardship.

3. In the financial year, OPC fully discharged and manifested its functions as a public recreational, educational and conservational park, while continuing to take forward the various initiatives under its development strategy. OPC also enhanced its operational efficiency and diversified its revenue streams through different operating models and projects, including partnering with other organisations to take forward new facility development projects and stage large-scale festive events; providing consultancy services and block booking of venues for more enterprises and organisations; organising local study tours for overseas students; introducing new visitor experiences and retail concepts as well as soliciting

¹ “Financial year” in this paper refers to the financial year of OPC which starts on 1 July and ends on 30 June the next year.

sponsorship and donation from like-minded organisations and brands. In addition, OPC continued to manage costs prudently through different measures including rest day adjustments according to seasonal change in visitor attendance, flexible allocation of human resources, streamlining of team structure and size through natural attrition, control of discretionary and non-urgent expenses, etc.

4. Following the birth of the first pair of giant panda cubs “Jia Jia” and “De De” on 15 August 2024, and the arrival of the third pair of giant pandas “An An” and “Ke Ke” gifted by the Central Government to Hong Kong on 26 September 2024, the number of giant pandas under OPC’s care has increased from two to six. Ocean Park has also become the facility outside the Chinese Mainland that houses the largest number of giant pandas. The six giant pandas has not only amplified Ocean Park’s ability to deliver its conservation and education mission, but also connected the park to a broader audience and opened up new opportunities for community engagement, experiential activations, themed offerings and revenue generation.

Conservation

Animal management and wildlife rescue

5. OPC is currently taking care of more than 6 700 animals, encompassing 411 species of which over 70 species are threatened species. With the professional expertise and experience of its veterinary and animal care team, OPC has earned international recognition and trust in the fields of animal conservation, welfare, education, scientific research and recreation.

6. Moreover, in partnership with the Agriculture, Fisheries and Conservation Department (“AFCD”), the Hong Kong Customs and Excise Department and conservation partners, OPC and the Ocean Park Conservation Foundation, Hong Kong (“OPCFHK”) are at the forefront of wildlife rescues and rehabilitation in Hong Kong. Key deliverables during the financial year include:

- (a) OPCFHK continued to join forces with OPC’s veterinary and marine mammal teams to assist AFCD in investigating cetacean stranding cases in Hong Kong waters through the Marine Life Stranding Response team. 30 stranding cases were handled and necropsy were conducted for many animals in the financial year.
- (b) Other rescues and rehabilitation work conducted in conjunction with the authorities or conservation partners for species of high conservation values included 20 big-headed turtles, six Vallarta mud turtles, one green turtle and one hawksbill sea turtle that are classified as “Critically Endangered”; 35 “Endangered” Beale’s eyed turtles; 126 reef fish; 13 horseshoe crabs; and one crocodile, among others.

- (c) In an attempt to halt species decline, minimise threats and improve habitats to ensure long-term species survival, OPC has been actively engaging in the development of species work plans, outlining conservation goals, implementation and monitoring strategies. In the financial year, species work plans were completed for four priority species including the corals, green turtle, Beale's eyed turtle and tri-spine horseshoe crab.
- (d) OPCFHK has been commissioned by AFCD since 2009 to manage the local wild macaques population with the implementation of a contraceptive programme to mitigate human-macaque conflicts. In the financial year, sterilisation was performed on more than 90 macaques in areas such as Kam Shan, Lion Rock and Shing Mun Country Parks. The programme had successfully reduced the birth rate of wild macaques by more than half, from over 60% in 2009 to below 30% in recent years.

Giant panda conservation

7. Since being entrusted in 1999 to take care of the late “An An” and “Jia Jia”, the first pair of giant pandas gifted to Hong Kong by the Central Government, OPC has devoted the best professional resources to the country's giant panda conservation work and make every effort to promote national ecological conservation. Guided by the science-based animal care and veterinary protocols, OPC has become a pioneer in the training for giant panda medical care.

8. In the financial year, OPC proudly achieved its third giant panda world record. With the expert support of the China Conservation and Research Centre for the Giant Panda (“CCRCGP”), OPC’s animal husbandry and veterinary teams helped giant panda “Ying Ying” give birth to two adorable giant panda cubs, “Jia Jia” and “De De”, on the day before the 19th birthday of “Ying Ying”, making her the world’s oldest giant panda under human care to give birth successfully for the first time. Along with the late “Jia Jia” who was once the oldest giant panda living under human care, and the late “An An”, whose longevity remains the world’s longest-living male giant panda under human care, these three world records are solid testaments to OPC’s world-class expertise in conserving precious species and protecting biodiversity.

9. Such expertise also extends into the field of research and knowledge creation. OPC has advanced scientific research and veterinary education on giant pandas by conducting and funding research, developing new diagnostic methods, preserving biological samples from deceased giant pandas, supporting international collaboration and sharing of best practices. Throughout the years, its research team has published multiple academic papers on giant pandas and other species² to promote the development of scientific research.

² OPC has published academic papers covering multiple species’ research, including topics such as giant panda gut microbial diversity and osteoarthritis management. Published in the July 2024 edition of the peer-reviewed *Zoo Biology* journal, the research paper titled “Monitoring the world-oldest zoo-housed male giant panda (*Ailuropoda melanoleuca*): A case-study on pathway utilisation” unveiled how the late “centenarian” giant

10. In addition, OPCFHK has been striving to safeguard Asia's biodiversity through scientific research, capacity building and community education, and designated the giant panda as its flagship conservation species over the years. To date, OPCFHK has supported over 90 research, education and capacity-building projects dedicated to the wild giant panda, with funding surpassing \$30 million. It is currently supporting a new research project led by CCRCGP that aims at deepening the understanding of the adaptation process of the giant pandas being reintroduced to the wild. The study tracks the movement and foraging strategies of released giant pandas over time, and compares their behaviours with their wild counterparts. The findings will refine reintroduction models, ultimately improving future efforts to reintroduce giant pandas and other endangered species into the wild.

Education

The broad spectrum of work

11. OPC is committed to creating value for society through education. In the financial year, OPC organised over 80 educational programmes inside and outside Ocean Park and served more than 450 000 people, representing a year-on-year increase of nearly 50%. Other than educational programmes implemented within Ocean Park, OPC has successfully mobilised students and the public to put conservation into action in the communities. Key projects completed in the financial year include:

- (a) As of 30 June 2025, “the Ocean Park Conservation Alliance” and “Seahorse Rangers” have connected more than 500 schools and 10 000 students and teachers across the city, including 121 kindergartens recruited in the academic year of 2024–2025 with funding support from the Environment and Conservation Fund.
- (b) In the academic year of 2024–2025, OPC recruited 137 Ocean Park Conservation Alliance schools for “the SGREEN Inter-school Recycling Competition”. Combined with the wider “Recycle@School” initiative jointly organised with the Environmental Protection Department, schools recycled over 146 tonnes of recyclables, significantly fostering waste sorting habits from a young age.
- (c) 150 schools actively participated in “the Low Carbon Please! Day” to promote package-free, locally sourced and seasonal food choices, raising awareness of reducing carbon footprints.

panda “An An” interacted with the environment, tracking his activities, movement patterns, and habitat preferences via a novel pathway analysis method developed by the OPC research team.

- (d) 305 “Seahorse Rangers” contributed to the global biodiversity event “City Nature Challenge 2025”. Their efforts resulted in over 6 200 observations and recording of 1 200 species between 25 and 28 April 2025, contributing approximately 30% of the total observers in the city. Hong Kong turned out to achieve a third place globally among 669 participating cities.
- (e) “Mission R”, the conservation advocacy initiative launched by OPC in 2023 with the goal of fostering community collaboration in reversing species extinction trends, delivered strong results during the financial year. Under the three pillars of “Saving Species and Habitats”, “Eat Local” and “Plastic Challenge”, Mission R continued to encourage the public to turn conservation into everyday action:
 - (i) Funded by The Hong Kong Jockey Club Charities Trust and led by “Mission R”, the Jockey Club Marine Plastic Challenge Education Programme removed over 50 000 plastic bottles, 27 000 aluminium cans and nearly 30 tonnes of landfill waste from Victoria Harbour and Aberdeen Harbour in a year through deployment of four solar-powered vessels.
 - (ii) In collaboration with local restaurants, fish farms, farms and retail outlets, OPC hosted various industry events, such as the “Eat Local Kick-off Ceremony cum Business Forum”, to promote the supply and sourcing of local produce and ingredients. In the financial year, it successfully recruited over 220 industry members to foster collaboration and share experience within the industry.
 - (iii) OPC also actively participated in various local agriculture and fisheries events, including “Greentival Green Market”, “Farm and Gourmet Festival” and “FarmFest HK 2025” to promote quality local ingredients, support local agriculture and fisheries, and enhance public awareness on the impact of climate change.
- (f) OPC has also extended its education offerings to the Chinese Mainland and overseas markets. During the financial year, OPC became the first entity outside the Chinese Mainland accredited by the Guangdong Province Study Tour Association as a “Study Tour Base in Guangdong Province”, and by the Guangzhou Study Tour Association as “Fourth Batch of Study Tours Base for Primary and Secondary School Students in Guangzhou”. These achievements have further solidified OPC’s leadership in the conservation and education, and bolstered Hong Kong’s attractiveness as a destination for study tours.

Giant pandas as the ambassadors for promoting education

12. Giant pandas being extremely important educational resource and the most popular animal ambassadors of Ocean Park, they have conveyed conservation messages to over 55 million local and overseas visitors since 1999, inspiring visitors to support ecological conservation. OPC has consistently placed great emphasis on education initiatives themed around giant pandas and actively promoted the initiatives both inside and outside Ocean Park. Examples of promotional initiatives within the financial year include:

- (a) OPC offered as many as 31 giant panda- or Sichuan-related educational activities, representing an increase of over 70% as compared with the last year, for students and the public to strengthen the sense of responsibility for ecological conservation. OPC offered customised learning programmes to students of all ages, enabling them to observe closely the living and eating habits of giant pandas, and understand the conservation challenges facing giant pandas and other animals sharing the same habitats in the wild. Examples include “The PANTastic Footprints” for kindergarten students; “The Beauty in Biodiversity and Growth of Giant Panda” for primary students; and “Bamboo Eaters, and Giant Panda Conservation Diary” for secondary students.
- (b) To foster understanding of nature conservation at the national level and promote cultural exchange, OPC joined hands with the Home and Youth Affairs Bureau to launch the “Youth Internship Programme”. Three internship tours, namely “Youth Internship Programme at Wolong Region of Giant Panda National Park”, “Marine Science Youth Internship Programme in Shandong”, and “Biodiversity Conservation Youth Internship Programme in Wuyishan” were conducted over the summer holiday in 2024, providing 52 Hong Kong youths with the opportunity to gain insights into the career paths of conservation and ecotourism specialists through job shadowing.
- (c) In collaboration with Chung Hwa Book Company (HK) Ltd, OPC supported content creation for the book titled “*Bamboo Dream – The Stories Between Giant Pandas and Hong Kong*”. A portion of the royalties was donated to OPC in support of its giant panda conservation and education work.
- (d) In collaboration with the Greater Bay Area Homeland Youth Community Foundation, a special educational programme on giant pandas was conducted on 29 April 2025. The programme featured observation of giant panda cubs, and a conservation talk, reaching nearly 900 secondary and primary teachers and students.

Immersive Experiences and Commercial Opportunities

Seizing opportunities brought by giant pandas

13. To seize the opportunities brought by the six giant pandas, a wide array of “panda-tastic” experiences was launched in the financial year to attract visitors and generate additional revenues. Major examples include:

- (a) “A Treasured Moment with the Giant Panda Twins”, an exclusive viewing session launched in February 2025, allowing individual and corporate visitors to meet “Jia Jia” and “De De” before Ocean Park opens while bringing additional revenue for OPC as contribution to giant panda conservation.
- (b) A series of edutainment activities were launched to provide giant panda fans with deeper insight into the daily lives of giant pandas and allow them to express their admiration and support for giant pandas through personal creative experiences. Such activities included “the Giant Panda Discovery” where the animal caretakers would guide the participants to visit the back of house of the giant panda habitats; and “the Giant Panda “Poo” Paper Workshop” and “Wowotou Studio” which provided participants with unconventional ways for creative expression, among others.
- (c) To integrate the Hong Kong giant panda family into the daily life of the public, OPC launched its giant panda intellectual property (“IP”), “Panda Friends”, in September 2024. The IP characters reflect the distinct features, personalities and unique charm of each giant panda at Ocean Park, and have been well received by the public. They appear not only at major festive events of OPC, but also as thematic installations in every corner of Ocean Park to bring vibrant and “Instaworthy” photo spots. “Panda Friends” were also featured in an array of activities, from “Panda Wonders: An Illuminated Journey”, the signature multimedia show “Gala of Lights”, “Ocean Park Wondrous Winter Gala and Giant Panda Celebration” to “Giant Panda Pals” and many others.
- (d) With the launch of “Panda Friends” and other official products inspired by the six giant pandas, OPC’s giant panda-themed merchandise has nearly tripled its stock keeping units to more than 600. The sales revenue of the relevant merchandise accounted for 39% of the total merchandise sales revenue in the financial year.
- (e) OPC is actively marketing “Panda Friends” through various channels and forging collaborations with diverse industries and brands. It has partnered with 24 IP licensees as of June 2025 to develop a wide range of products, ranging from plush toys, fashion, food items, jewellery to mobile accessories, phone cards, home decoration products, etc, in collaboration with brands including Casetify, Chow Tai Fook, 1010, CSL, Imperial Patisserie, Maxus,

etc. Besides, large-scale trade events such as the HKTDC International Licensing Show offered platforms for OPC to explore IP partnership opportunities beyond Hong Kong.

14. Furthermore, under the leadership of the Culture, Sports and Tourism Bureau (“CSTB”), OPC actively collaborates with the Hong Kong Tourism Board (“HKTB”), District Offices, public transport companies, business partners as well as influencers in different campaigns to showcase Hong Kong’s charm as Asia’s world city and a premier tourist destination and at the same time attract tourists to visit the giant pandas at Ocean Park. Major events in the financial year include:

- (a) OPC brought the giant panda joy to the city’s major cultural, sports and tourism events. Its “Panda Friends” and “Whiskers & Friends” mascots were seen in major city-wide events such as “PANDA GO! FEST HK”, “Lunar New Year Cup”, “Hong Kong Sevens”, “Kai Tak Sports Park Grand Opening Ceremony”, “Hong Kong International Dragon Boat Races”, “AFC Asian Cup 2027 Qualifiers (Hong Kong vs India match)” etc, extending the craze for giant panda to different corners of the city.
- (b) The strong support of Hongkong Post, the MTR Corporation, and District Offices have enabled locals and visitors to delight in the allure of Hong Kong’s giant pandas. From 3D giant panda mailboxes, stamps and associated philatelic products, specially decorated post offices, themed MTR trains, platforms and stations, bus shelters, minibuses, to district events like Yau Tsim Mong District’s “Panda Light Show” at the Hong Kong Space Museum, and Southern District’s “Ap Lei Chau Hung Shing Culture Festival”, locals and visitors were enticed to explore the diverse and vibrant glamour of Hong Kong together with the giant pandas.
- (c) The official Hong Kong Giant Panda Pages, launched by OPC in August 2024, have garnered 110 million views and 7.6 million engagement across social media, including Instagram, Xiaohongshu, Douyin, etc. The relevant Xiaohongshu and Douyin accounts ranked in the top 1% among all content creators for overall platform performance, with follower growth in the top 2%. The two trending topics, “#Hong Kong Giant Pandas” and “#Hong Kong Panda Twins”, attracted cumulative views of 82 million times, reflecting the success and popularity of the official Hong Kong Giant Panda Pages among both Mainland and overseas users. The trending topics of “#An An and Ke Ke going to Hong Kong” and “#Giant Panda Twins’ Fight” also made their way to the hot topic of the day on Weibo and Xiaohongshu.
- (d) OPC also pushes the exposure of the Hong Kong giant pandas through various channels. OPC has joined hands with Now TV of Hong Kong Telecom to launch “the Panda TV” channel starting from January 2025, the giant pandas also made their debut on iPanda, a multimedia platform created by CCTV.com, in April 2025, captivating both Hong Kong, Mainland and

international giant panda enthusiasts to follow the cute daily life of the Hong Kong giant pandas.

Festive events

15. OPC continued to present an array of festive events in the financial year, showcasing diverse aspects of Ocean Park to various types of visitors through creative and dynamic experiences, while promoting the integration of Chinese and Western culture. Examples of major events include:

- (a) “Summer Splash” was launched in the summer of 2024, featuring an array of daunting acts by top-ranked performers, including acrobatics, extreme cycling, breakdancing, rope skipping, basketball freestyling and Cyr Wheel acrobats, etc.
- (b) Launched in the winter months, “Wondrous Winter Gala” featured an array of unique experiences including the immersive lighting and sensory zone “Panda Wonders: An Illuminated Journey”, “Cubs’ Channel” where visitors could interact and engage with the lovable cartoon “Jia Jia” and “De De” on screen, as well as the dazzling multimedia show “Gala of Lights” in Christmas and Chinese New Year editions, etc.
- (c) As Ocean Park’s annual highlighted event, “Halloween Fest” showcased six haunted houses and ten performances in distinctive styles under the theme of “*Horrors of the Hidden City*”, while “Everyone Trick-or-Treat” allowed visitors to interact with adorable pumpkin monsters.

New Adventure Zone at Upper Park

16. A key initiative of OPC’s development strategy is to identify a professional, experienced and visionary team to design, develop and operate a brand-new adventure zone at the upper park so as to enable Ocean Park to become a world-class conservation and education hub complemented by leisure and adventure elements. On 21 October 2024, OPC announced the award of a build-operate-transfer contract to Shun Tak AJ Hackett Skypark Holdings Limited³ (“STAJ”), under which STAJ would fund the design, development and operation of the new adventure zone.

17. The new adventure zone will fully leverage the natural terrain of the Park’s upper park on Brick Hill and the panoramic views of the South China Sea. The zone will introduce thrilling new experiences such as bungee jumping and ziplining, combined with educational and conservation elements. The zone is expected to increase the Park’s appeal to adrenaline seekers and families and expand Ocean Park’s visitor base. Furthermore, the zone will be operated in coordination with other attractions in Ocean Park, including animal exhibits, Water World, the two Ocean Park hotels and more, to create synergy and provide visitors with

³ STAJ is a joint venture formed by Shun Tak Holdings Ltd and AJ Hackett International.

rich and diversified travel offerings. Preliminary development work of the new adventure zone is progressing smoothly. The zone is expected to open in 2028 as scheduled.

Water World

18. Since its opening to public in September 2021, Water World has experienced many operational challenges, including a diminished visitor enthusiasm from both locals and visitors after the pandemic, the lower attendance during cooler months in autumn and winter, the fierce competition from similar facilities in the Greater Bay Area, etc. After three years of continuous operation and implementation of various revenue generation and cost reduction measures, Water World still recorded a deficit from operations in the financial year. (see paragraph 20(e)(ii) below for details.) Water World took a seasonal break for the first time from mid-October 2024 to mid-May 2025 to conduct maintenance works to keep Water World in good condition. This also enabled OPC to reduce costs and energy consumption during the slack season and thereby enhance operational efficiency. To boost attendance, Water World launched several pre-summer promotions upon its reopening on 17 May 2025, and the “Get! Splash! Tonight!” event over the summer holidays, during which the operating hours were extended until 10pm on designated weekends.

Giving Back to Society

19. OPC is a statutory body established under Section 3 of the Ocean Park Corporation Ordinance (Cap 388) and a registered charitable organisation under Section 88 of the Inland Revenue Ordinance (Cap 112). All revenues generated by OPC are deployed for its statutory functions. In the financial year, OPC continued to make use of its resources and expertise in conservation, education and entertainment to serve the community and foster social inclusion. Major activities undertaken in the financial year include:

- (a) OPC administered various ticketing concessions⁴, reaching 695 000 beneficiaries and generated an equivalent social value of more than \$298 million, allowing Hong Kong citizens from all walks of life to visit the giant pandas and other animal ambassadors at Ocean Park for memorable and meaningful experiences while learning about conservation.

⁴ Including:

- (i) Free admission for children under three years old, Hong Kong residents aged 65 years and above, and holders of Registration Card for People with Disabilities issued by the Labour and Welfare Bureau;
- (ii) Free admission for Hong Kong residents on their birthdays;
- (iii) Sponsored admission for individuals and members of families receiving assistance from the Comprehensive Social Security Assistance Scheme, Social Welfare Department member organisations, Hong Kong residents aged 60 to 64 with a JoyYou Card issued by Octopus Cards Limited; and
- (iv) Special rates for school tours.

- (b) OPC had teamed up with more than 20 prominent non-governmental organisations to proactively reach out to the underserved, presenting them with fun days at Ocean Park and Water World.
- (c) Nurturing the next generations is always a priority for OPC. In the financial year, OPC supported a wide range of city-wide and regional youth development initiatives. Examples include the “National Day Celebratory Activities”, “Strive and Rise Programme”, “Junior Dragon Ambassador cum Asia-Pacific Children’s Exchange Convention”, etc.
- (d) OPC’s volunteer teams contributed a total of 43 527 volunteering hours in support of societal well-being. Missions included the “Brick Hill Biodiversity Survey”, “International Volunteer Day – Horseshoe Crabs Ecological Survey”, “Welcome Green Turtle Back! Beach Cleanup”, “Rise Wise Foundation’s Therapy Dog Experiential Day with SEN Children”, “A Day with Food Angel”, and more.

Financial Situation

20. Benefiting from the ongoing increase in the number of visitors to Hong Kong and the craze for giant pandas, OPC (Ocean Park and Water World) achieved a fourth consecutive year of growth in overall attendance and revenue, and remarkable improvement in business during the financial year. Details are as follows:

- (a) Total attendance rose from 3.14 million to 3.46 million, representing a year-on-year increase of 10%.
- (b) Local and non-local visitors reached 2.21 million and 1.25 million respectively in the financial year, representing year-on-year increases of 9% and 12%. The three source markets recording the highest growth were the United States, Australia and India.
- (c) Total revenue increased by 9% (\$107.1 million) year-on-year to \$1,288.1 million. In-park spending (including pay-as-you-go activities and experiences as well as education activities) increased 35% (\$28.4 million) to \$110.6 million, whereas merchandise revenue was up by 20% (\$29 million) to \$172.5 million. Sponsorship income, and donation funding for conservation and education increased significantly by nearly 50% to \$52.2 million.
- (d) Operating costs for the financial year increased to \$1,525.2 million, representing a slight year-on-year increase of 3% (\$47 million), which is lower than the 9% yearly growth in total revenue. Of the increase in operating costs, over 70% (\$34 million) was conservation and education expenditures.

(e) Including the Government's conservation and education subvention for \$280 million⁶ for the financial year, OPC recorded a surplus from operations (EBITDA) of \$42.4 million. The financial results of Ocean Park and Water World for the financial year are as follows:

- (i) Ocean Park recorded a surplus from operations of \$190.7 million, representing a year-on-year increase of 14% and demonstrating solid progress in business performance. The Government's provision of the annual conservation and education subvention for \$280 million for four years will last until the financial year of 2025–2026. OPC will keep striving to achieve breakeven by proactively exploring and adopting measures for revenue generation and cost containment.
- (ii) Water World recorded a deficit from operations of \$148.3 million. While the deficit has narrowed by nearly 20% as compared with the last financial year, the performance of Water World was still unsatisfactory due to the challenges outlined in paragraph 18 above. OPC will keep Water World's current operation model under continuous review and consider the direction for its long-term development.

21. Driven by strong revenue performance and prudent cash flow management, OPC's bank balance and cash rose by \$37.1 million yearly to \$1,698 million as of 30 June 2025. The financial position of OPC is healthy.

Encl. 1 22. The audited statement of accounts together with the auditor's report on OPC's financial transactions are provided at **Enclosure 1**.

Administration of the Trust Fund

Encl. 2 23. The accumulated net asset values of the Trust Fund increased 6% yearly from \$94.66 million to \$100.69 million in the financial year. The audited statement of accounts together with the auditor's report on all financial transactions of the Trust Fund are provided in **Enclosure 2**.

Forging Ahead

24. Looking ahead, OPC will further leverage its geographic advantage, adjust its operations and make strategic decisions to remain competitive amid the dynamic and competitive environment, with a view to steadily advancing toward the goals of long-term sustainable development and serving the society. At the same time, OPC will progressively take forward different initiatives according to its development strategy, including close

⁶ The Government provides OPC with a time-limited subvention capped at \$280 million per year for four years from the financial years of 2022–2023 to 2025–2026 to support OPC's conservation and education work.

monitoring of the development and completion of the new adventure zone at the upper park, continued strengthening of its conservation and education efforts both inside and outside Ocean Park, and embracing of the opportunities presented by the six giant pandas by launching more innovative "Panda Friends" merchandise and unique experiences, with a view to enhancing the overall experience, hospitality and competitiveness of the resort destination, thereby driving up attendance and revenue, and achieving long-term financial sustainability.

Annual Report

25. The above report serves to meet the requirements of section 26(3) and 33(3) of the Ocean Park Corporation Ordinance (Cap 388). As in the past years, OPC will produce an Annual Report and later send the publication and its online version to the Legislative Council Secretariat. The Annual Report will also be uploaded onto OPC's website for access by the public.

Ocean Park Corporation
October 2025

Enclosure 1

Audited Financial Statements

OCEAN PARK CORPORATION

For the year ended 30 June 2025

OCEAN PARK CORPORATION
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
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**Independent auditor's report
To the Board of Ocean Park Corporation**

Disclaimer of opinion

We were engaged to audit the financial statements of Ocean Park Corporation (the "Corporation") set out on pages 4 to 56, which comprise the balance sheet as at 30 June 2025, and the income and expenditure account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

We do not express an opinion on the financial statements of the Corporation. Because of the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In all other respects, in our opinion the financial statements have been properly prepared in compliance with the Hong Kong Ocean Park Corporation Ordinance (Cap. 388).

Basis for disclaimer of opinion

As described in notes 2.1, 3, 4 and 5 to the financial statements, the Corporation has two cash-generating units ("CGUs"), which are the operations of the Dry Park and the Water World.

As at 30 June 2025, the carrying amount of property, plant and equipment of the Water World amounted to approximately HK\$2,311.2 million (2024: HK\$2,428.2 million), which were measured at cost less accumulated depreciation and impairment.

We were unable to obtain sufficient appropriate audit evidence to support the key assumptions underlying the Water World's business plan, which affect the forecasted revenue and related operating expenses used in the impairment assessment of its property, plant and equipment as at 30 June 2025. A disclaimer of opinion was also issued in our report dated 19 September 2024 on the financial statements for the year ended 30 June 2024 in respect of the impairment assessment of the Water World's property, plant and equipment as at 30 June 2024. As a result we were unable to assess the recoverable amounts of these assets and satisfy ourselves that the carrying amounts of the property, plant and equipment of the Water World of HK\$2,428.2 million and HK\$2,311.2 million, respectively as at 30 June 2024 and 30 June 2025 were free from material misstatement and whether any adjustment to the depreciation for property, plant and equipment of HK\$130.1 million and HK\$126.0 million of the Water World recognised in the income and expenditure account or any impairment of the property, plant and equipment of the Water World for the years ended 30 June 2024 and 2025, respectively, was necessary.

Any adjustments that might have been found necessary in respect of the property, plant and equipment of the Water World as at 30 June 2024 and 30 June 2025 would have a consequential effect on the Corporation's net assets as at 30 June 2024 and 30 June 2025, its net deficit for the year ended 30 June 2024 and 30 June 2025, the related elements making up the statement of changes in equity and statement of cash flows, and the related disclosures thereof in the financial statements.

**Independent auditor's report
To the Board of Ocean Park Corporation**

Basis for disclaimer of opinion (continued)

As at 30 June 2025, the carrying amount of the long-lived assets of the Dry Park amounted to approximately HK\$2,286.0 million (2024: HK\$2,450.0 million), comprising property, plant and equipment of HK\$2,275.1 million (2024: HK\$2,446.2 million) and right-of-use assets of HK\$10.9 million (2024: HK\$3.8 million), which were measured at cost less accumulated depreciation and impairment.

As disclosed in our auditors report dated 19 September 2024 on the Corporation's financial statements for the year ended 30 June 2024, we have previously disclaimed our opinion due to limitation of scope in respect of the Dry Park's reversal of impairment of property, plant and equipment of HK\$275.1 million and right-of-use assets of HK\$0.4 million, and the depreciation for property, plant and equipment of HK\$269.1 million and right-of-use assets of HK\$2.6 million as we were unable to assess and satisfy with the recoverable amounts of the property, plant and equipment and right-of-use assets of the Dry Park as at 30 June 2023 and whether any adjustment to the income and expenditure account for the year ended 30 June 2024 was necessary. Our opinion on the current year's financial statements is also modified because of the possible effect of this matter on the comparability of the current year's figures and the corresponding figures.

Responsibilities of the Board of the Corporation and those charged with governance for the financial statements

The Board of the Corporation (the "Board") is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Ocean Park Corporation Ordinance (Cap. 388), and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intend to liquidate the Corporation or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Corporation's financial statements in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA and to issue an auditor's report. Our report is made solely to you, as a body, in accordance with the Hong Kong Ocean Park Corporation Ordinance (Cap. 388), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

**Independent auditor's report
To the Board of Ocean Park Corporation**

Auditor's responsibilities for the audit of the financial statements (continued)

We are independent of the Corporation in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code.

The engagement partner on the audit resulting in this independent auditor report is Lam Shing Kit (practising certificate number: P08412).

Ernest & Young
Certified Public Accountants
Hong Kong
19 September 2025

OCEAN PARK CORPORATION

BALANCE SHEET

As at 30 June 2025

	Notes	2025 HK\$ million	2024 HK\$ million
NON-CURRENT ASSETS			
Property, plant and equipment	4	4,586.3	4,874.4
Right-of-use assets	5	10.9	3.8
Club debenture	6	3.5	3.8
Total non-current assets		<u>4,600.7</u>	<u>4,882.0</u>
CURRENT ASSETS			
Inventories	7	97.8	85.5
Trade and other receivables	8	58.9	69.9
Current account with Ocean Park Trust Fund	9	0.1	-
Bank balances and cash	10	<u>1,698.0</u>	<u>1,660.9</u>
Total current assets		<u>1,854.8</u>	<u>1,816.3</u>
CURRENT LIABILITIES			
Trade and other payables	11	228.6	233.3
Contract liabilities	12	102.0	72.3
Lease liabilities	13	5.2	2.9
Total current liabilities		<u>335.8</u>	<u>308.5</u>
NET CURRENT ASSETS		<u>1,519.0</u>	<u>1,507.8</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>6,119.7</u>	<u>6,389.8</u>
NON-CURRENT LIABILITIES			
Lease liabilities	13	5.3	0.7
Government loans	14	1,519.2	1,467.8
Interest payable on Government loans	14	714.1	689.9
Deferred income	14	<u>3,172.7</u>	<u>3,248.3</u>
Total non-current liabilities		<u>5,411.3</u>	<u>5,406.7</u>
Net assets		<u><u>708.4</u></u>	<u><u>983.1</u></u>

OCEAN PARK CORPORATION

BALANCE SHEET (continued)

As at 30 June 2025

	Note	2025 HK\$ million	2024 HK\$ million
EQUITY			
Capital fund	15	475.0	475.0
Accumulated surplus		<u>233.4</u>	<u>508.1</u>
Total equity		<u><u>708.4</u></u>	<u><u>983.1</u></u>

The notes on page 11 to 56 are an integral part of these financial statements.

Mr. Paulo PONG Kin-Yee, BBS, JP
Chairman

OCEAN PARK CORPORATION

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2025

	Notes	2025 HK\$ million	2024 HK\$ million
REVENUE	16	1,288.1	1,181.0
Operating costs	17	<u>(1,245.7)</u>	<u>(1,198.2)</u>
Surplus/(deficit) from operations		42.4	(17.2)
Finance costs	19	(0.4)	(0.2)
Other expenses	20	(414.0)	(405.4)
Reversal of impairment of property, plant and equipment	4	34.2	275.1
Reversal of impairment of right-of-use assets	5	<u>0.2</u>	<u>0.4</u>
Net operating deficit		(337.6)	(147.3)
Fair value loss on club debenture	6	(0.3)	-
Investment income	21	<u>63.2</u>	<u>75.7</u>
DEFICIT FOR THE YEAR		<u><u>(274.7)</u></u>	<u><u>(71.6)</u></u>

The notes on page 11 to 56 are an integral part of these financial statements.

OCEAN PARK CORPORATION

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

	2025 HK\$ million	2024 HK\$ million
DEFICIT AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	<u>(274.7)</u>	<u>(71.6)</u>

The notes on page 11 to 56 are an integral part of these financial statements.

OCEAN PARK CORPORATION

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2025

	Capital fund HK\$ million	Accumulated surplus HK\$ million	Total equity HK\$ million
Balance at 1 July 2023	475.0	579.7	1,054.7
Deficit and total comprehensive expense for the year	<u>-</u>	<u>(71.6)</u>	<u>(71.6)</u>
Balance at 30 June 2024 and 1 July 2024	475.0	508.1	983.1
Deficit and total comprehensive expense for the year	<u>-</u>	<u>(274.7)</u>	<u>(274.7)</u>
Balance at 30 June 2025	<u>475.0</u>	<u>233.4</u>	<u>708.4</u>

The notes on page 11 to 56 are an integral part of these financial statements.

OCEAN PARK CORPORATION

STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	Note	2025 HK\$ million	2024 HK\$ million
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flows from/(used in) operating activities	23	<u>71.8</u>	<u>(11.0)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		63.2	75.7
Decrease/(increase) in fixed deposits held at banks with original maturity over three months when acquired		156.4	(152.4)
Purchase/construction of property, plant and equipment		(95.9)	(81.4)
Proceeds from disposal of items of property, plant and equipment		<u>2.7</u>	<u>-</u>
Net cash flows from/(used in) investing activities		<u>126.4</u>	<u>(158.1)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest and other financing costs paid		(0.4)	(0.2)
Repayment of lease liabilities		<u>(4.3)</u>	<u>(2.7)</u>
Net cash flows used in financing activities		<u>(4.7)</u>	<u>(2.9)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		193.5	(172.0)
Cash and cash equivalents at beginning of year		<u>149.9</u>	<u>321.9</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>343.4</u></u>	<u><u>149.9</u></u>

The notes on page 11 to 56 are an integral part of these financial statements.

OCEAN PARK CORPORATION

STATEMENT OF CASH FLOWS (continued)

For the year ended 30 June 2025

	Note	2025 HK\$ million	2024 HK\$ million
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank and in hand	10	100.9	69.9
Fixed deposits held at banks	10	<u>1,597.1</u>	<u>1,591.0</u>
Bank balances and cash as stated in the balance sheet		1,698.0	1,660.9
Fixed deposits held at banks with original maturity over three months when acquired		<u>(1,354.6)</u>	<u>(1,511.0)</u>
Cash and cash equivalents as stated in the statement of cash flows		<u>343.4</u>	<u>149.9</u>

The notes on page 11 to 56 are an integral part of these financial statements.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

1. CORPORATE INFORMATION

Ocean Park Corporation (the "Corporation") is an independent body incorporated in Hong Kong under the Hong Kong Ocean Park Corporation Ordinance (Cap. 388). The address of its registered office and principal place of operation is Ocean Park Corporation, Aberdeen, Hong Kong.

The Corporation's principal activity is to manage and control Ocean Park as a public recreational and educational park.

2.1 BASIS OF PREPARATION

The Corporation incurred a net operating deficit of approximately HK\$651.5 million (2024: HK\$702.8 million) for the year ended 30 June 2025 before reversal of impairment of property, plant and equipment and right-of-use assets, and before netting off with Government Grants as disclosed in note 17(b) to the financial statements. The Board is of the opinion that, taking into consideration of (a) the commitment of the Government of the Hong Kong Special Administrative Region (the "Government") of granting HK\$280 million subvention per financial year from 2022-23 to 2025-26 which will be used to support the operation of the Corporation for settling the Corporation's operating expenditure related to conservation and education initiatives; (b) agreement with the Government to defer the repayment of the Government loans to September 2028 and waiver of the related interest with effect from 1 July 2021 and; (c) future cash flows from operations and continuous development under the future strategy of the Dry Park, the Corporation will have sufficient working capital to meet its financial obligations as they fall due within twelve months from the end of the reporting period. Accordingly, the Board is satisfied that it is appropriate to prepare the financial statements on a going concern basis.

As at 30 June 2025, the carrying amounts of property, plant and equipment and right-of-use assets were approximately HK\$4,586.3 million (2024: HK\$4,874.4 million) and HK\$10.9 million (2024: HK\$3.8 million). For the purpose of impairment assessment, the Board has identified two relevant cash-generating units ("CGUs"), which are the operations of the Dry Park and the Water World. The aforementioned operating deficit before reversal of impairment of property, plant and equipment and right-of-use assets, and before netting off with Government Grants of approximately HK\$651.5 million (2024: HK\$702.8 million) for the year ended 30 June 2025, is an indication that the relevant assets under the operations of the Dry Park and the Water World may be impaired.

For the year ended 30 June 2025

2.1 BASIS OF PREPARATION (continued)

As at 30 June 2025, the carrying amounts of the long-lived assets of the Dry Park amounted to approximately HK\$2,286.0 million (2024: HK\$2,450.0 million), comprising property, plant and equipment of HK\$2,275.1 million (2024: HK\$2,446.2 million) and right-of-use assets of HK\$10.9 million (2024: HK\$3.8 million), and the carrying amounts of property, plant and equipment of the Water World amounted to approximately HK\$2,311.2 million (2024: HK\$2,428.2 million).

When assessing whether any impairment charge or reversal of impairment charge is necessary, the Board considers that the value of these assets, being owned by the Corporation, would be dependent on the implementation of the future strategy for the Dry Park and the Water World, which is expected to provide the Corporation with a more reliable and stable cashflow from operations in the coming years. Following the approval of the Government's funding support for the Dry Park by the Finance Committee of the Legislative Council in March 2021 to support the transformation of the Dry Park for achieving financial sustainability in the long run, the Corporation, together with the Government, have been actively implementing the future strategy. Key progress achieved so far includes completion of the relevant legislative amendments, further reinforcement of conservation and education endeavours inside and outside of the Dry Park, the arrival of two giant pandas An An and Ke Ke from Sichuan and Hong Kong's home grown giant panda twins Jia Jia and De De, the ongoing development of Adventure Zone, which features the creation of an adventure-themed area leveraging on the Dry Park's topography and breath taking landscape etc. It is expected that additional revenue stream will be generated for the Corporation with the implementation of the future strategy. The Corporation will continue its efforts in actively taking forward the different components of the future strategy with a view to transforming the Dry Park into a destination which focuses on conservation and education, grounded in nature, and complemented by adventure and leisure elements to enhance its visitor experience. Looking ahead, the Corporation will continue to proactively explore and try different means and measures to attract more visitors to the Water World and improve its revenue streams, while controlling the costs with prudence.

Based on the aforementioned assessment and valuation performed by an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, relating to the recoverable amounts of the relevant CGUs, reversal of impairment of HK\$34.2 million (2024: HK\$275.1 million) and HK\$0.2 million (2024: HK\$0.4 million) were released for the year ended 30 June 2025 to increase the carrying amounts of property, plant and equipment and right-of-use assets of the Dry Park, respectively, to their estimated recoverable amounts as at 30 June 2025.

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Hong Kong Ocean Park Corporation Ordinance (Cap. 388). They have been prepared under the historical cost convention, except for the club debenture which has been measured at fair value, and are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest million except when otherwise indicated.

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Corporation has adopted the following revised HKFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the revised HKFRS Accounting Standards has had no significant financial effect on these financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Corporation has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Corporation intends to apply these new and revised HKFRS Accounting Standards if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards - Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

For the year ended 30 June 2025

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Except for the amendments to HKFRS Accounting Standards mentioned below, the Board anticipates that the application of all amendments to HKFRS Accounting Standards will have no material impact on the financial statements in the foreseeable future.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Corporation is currently analysing the new requirements and assessing the impact of HKFRS 18 on the presentation and disclosure of the Corporation's financial statements.

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Corporation's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Corporation's financial statement.

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Corporation are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Corporation's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Corporation's financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Corporation are as follows: (continued)

- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Corporation's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Corporation's financial statements.

2.4 MATERIAL ACCOUNTING POLICIES

Foreign currency translation

- (a) Functional and presentation currency
Items included in the Corporation's financial statements are measured using the currency of the primary economic environment in which the Corporation operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Corporation's functional and presentation currency.
- (b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at balance sheet exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income and expenditure account. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Property, plant and equipment

Property, plant and equipment (other than projects in progress) are stated at cost less accumulated depreciation and any impairment losses. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in the income and expenditure account during the financial period in which they are incurred.

Depreciation is calculated to write-off the cost of fixed assets less their residual values over their estimated useful lives as follows:

	Depreciation period
Buildings	10 - 40 years
Plant and equipment	2 - 30 years
Exhibition animals	2 - 15 years

Projects in progress are carried at cost. For qualifying assets, cost includes any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and borrowing costs capitalised in accordance with the Corporation's accounting policy. Projects in progress are not subject to depreciation. Such properties are classified to appropriate category of property, plant and equipment when completed and ready for intended use. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identified cash flows (cash-generating units).

Gains and losses on disposals are determined by comparing proceeds received, if any, with the carrying amount. These are included in the income and expenditure account.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost basis with the exception of catering stock which are calculated using first-in, first-out method. Net realisable value is the estimated selling price in the ordinary course of business, less all cost necessary to make the sale.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 "Revenue from Contracts with Customers". Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in income and expenditure account.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at financial asset at fair value through profit and loss ("FVTPL").

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Club debenture are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in income and expenditure account. The net gain or loss recognised in income and expenditure account is included in the "fair value change on club debenture" line item.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Corporation recognises a loss allowance for expected credit losses ("ECL") on financial assets (including trade and other receivables, current account with Ocean Park Trust Fund and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Corporation's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Corporation always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually. For all other instruments, the Corporation measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Corporation recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Corporation compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Corporation considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Corporation presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Corporation has reasonable and supportable information that demonstrates otherwise.

The Corporation regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Corporation considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Corporation, in full.

Irrespective of the above, the Corporation considers that default has occurred when a financial asset is more than 90 days past due unless the Corporation has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Corporation writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Corporation's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in income and expenditure account.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data and forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Corporation in accordance with the contract and the cash flows that the Corporation expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Corporation recognises an impairment gain or loss in income and expenditure account for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account.

Derecognition of financial assets

The Corporation derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Corporation neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Corporation recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Corporation retains substantially all the risks and rewards of ownership of a transferred financial asset, the Corporation continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in income and expenditure account.

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities including trade and other payables, Government loans and interest payable on Government loans are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Corporation derecognises financial liabilities when, and only when, the Corporation's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Corporation's cash management.

Employee costs

- (a) Salaries, annual bonuses, paid annual leave and the cost to the Corporation of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Corporation. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.
- (b) The Corporation operates two defined contribution schemes, both of which satisfy the provisions of the Hong Kong Mandatory Provident Fund Schemes Ordinance. Contributions to the schemes are recognised in the income and expenditure account as incurred.

Provisions

Provisions are recognised when the Corporation has a present obligation (legal or constructive) as a result of a past event. It is probable that the Corporation will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers

Revenue from contracts with customers

The Corporation recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Except for granting of a licence that is distinct from other promised goods or services, control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Corporation's performance as the Corporation performs;
- the Corporation's performance creates or enhances an asset that the customer controls as the Corporation performs; or
- the Corporation's performance does not create an asset with an alternative use to the Corporation and the Corporation has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

For granting of a licence that is distinct from other promised goods or services, the nature of the Corporation's promise in granting a licence is a promise to provide a right to access the Corporation's intellectual property if all of the following criteria are met:

- the contract requires, or the customer reasonably expects, that the Corporation will undertake activities that significantly affect the intellectual property to which the customer has rights;
- the rights granted by the licence directly expose the customer to any positive or negative effects of the Corporation's activities; and
- those activities do not result in the transfer of a good or a service to the customer as those activities occur.

If the criteria above are met, the Corporation accounts for the promise to grant a licence as a performance obligation satisfied over time. Otherwise, the Corporation considers the grant of licence as providing the customers the right to use the Corporation's intellectual property and the performance obligation is satisfied at a point in time at which the licence is granted.

A contract liability represents the Corporation's obligation to transfer goods or services to a customer for which the Corporation has received consideration (or an amount of consideration is due) from the customer.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Revenue from contracts with customers (continued)

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Corporation's performance in transferring control of goods or services.

As a practical expedient, if the Corporation has a right to consideration in an amount that corresponds directly with the value of the Corporation's performance completed to date (for example, royalty fee income is charged on a monthly basis based on an agreed fixed percentage of franchisee's sale), the Corporation recognises revenue in the amount to which the Corporation has the right to invoice.

The Corporation shall recognise revenue for a sales-based or usage-based royalty promised in exchange for a licence of intellectual property only when (or as) the later of the following events occurs:

- the subsequent sale or usage occurs; and
- the performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied (or partially satisfied).

Taxation

The Corporation is exempt from Hong Kong taxes under Section 88 of the Hong Kong Inland Revenue Ordinance.

Leases

Definition of a lease

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified on or arising from business combinations on or after the date of initial application, the Corporation assesses whether a contract is or contains a lease based on the definition under HKFRS 16 "Leases" at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Corporation as a lessee

Allocation of consideration to components of a contract

For a contract that contains a lease component and one or more additional lease or non-lease components, the Corporation allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Short-term leases

The Corporation applies the short-term lease recognition exemption to leases properties, machinery and equipment and others that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. Lease payments on short-term leases are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

Except for short-term leases, the Corporation recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities.

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Corporation; and
- an estimate of costs to be incurred by the Corporation in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

The Corporation presents right-of-use assets as a separate line item on the balance sheet.

Lease liabilities

At the commencement date of a lease, the Corporation recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Corporation uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Leases (continued)

The Corporation as a lessee (continued)

Lease liabilities (continued)

The lease payments include:

- fixed payments (including in-substance fixed payments) less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be paid under residual value guarantees;
- the exercise price of a purchase option if the Corporation is reasonably certain to exercise the option; and
- payments of penalties for terminating a lease, if the lease term reflects the Corporation exercising an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

The Corporation presents lease liabilities as a separate line item on the balance sheet.

Lease modifications

The Corporation accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

The Corporation accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Corporation allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Government grants, donations and funding

Government grants are not recognised until there is reasonable assurance that the Corporation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in income and expenditure account on a systematic basis over the periods in which the Corporation recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Corporation should purchase, construct or otherwise acquire non-current assets are recognised as a deduction from the carrying amount of the relevant asset in the balance sheet and transferred to income and expenditure account on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Corporation with no future related costs are recognised in income and expenditure in the period in which they become receivable. Government grants relating to compensation of expenses are deducted from the related expenses, other government grants are recognised as income in income and expenditure.

The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rate.

Amounts received or receivable from the Government, Ocean Park Trust Fund and Hong Kong Jockey Club Charities Trust ("HKJC") relating to property, plant and equipment are deducted from the cost of acquisition in arriving at the carrying amount of the assets.

Borrowing costs

Borrowing costs are interest and other costs incurred in connection with the borrowing of funds. These costs are expensed in the income and expenditure account in the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to prepare for its intended use or sale.

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment and right-of-use assets

At the end of the reporting period, the Corporation reviews the carrying amounts of its property, plant and equipment and right-of-use assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of tangible assets and right-of-use assets are estimated individually, when it is not possible to estimate the recoverable amount individually, the Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Corporation compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units.

For the year ended 30 June 2025

2.4 MATERIAL ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment and right-of-use assets (continued)

In allocating the impairment loss, the impairment loss is allocated to the assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

An impairment loss is recognised immediately in profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Corporation takes into account the characteristics of the asset and liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For the year ended 30 June 2025

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Useful lives of property, plant and equipment

In accordance with HKAS 16 "Property, Plant and Equipment", the Corporation estimates the useful lives of property, plant and equipment in order to determine the amount of depreciation expenses to be recorded. The useful lives are estimated at the time the asset is acquired based on historical experiences, the expected usage, wear and tear of the assets, as well as technical obsolescence arising from changes in the market demands or service output of the assets. The Board also performs reviews on whether the assumptions made on useful lives continue to be valid.

Fair value of the government loans

On the date that the government loans are extended and interests are agreed to be waived, the present value of the loans was remeasured. The fair value of the government loans is based on the expected cash flow in the future discounted by an applicable interest rate, taking into consideration of the background and financial position of the Corporation. A degree of judgement is required in establishing the applicable interest rate which this is not directly observable from the market.

Estimated impairment of property, plant and equipment and right-of-use assets

In considering the impairment loss of property, plant and equipment and right-of-use assets, the recoverable amount of the property, plant and equipment and right-of-use assets needs to be determined.

The recoverable amount of the property, plant and equipment and right-of-use assets is the higher of its fair value less costs of disposal and value-in-use. It is difficult to precisely estimate fair value because quoted market prices for these assets may not be readily available. In determining the value-in-use, the Corporation has to use all readily available information in determining expected cash flows generated by the cash-generating unit and then discounted to the net present value. Changing the assumptions in assessing impairment, including the discount rates, the gross profit margin or the revenue growth rate assumptions in the cash flow forecast, could affect the net present value used in the impairment test and as a result affect the Corporation's financial position and results of operations.

As at 30 June 2025, the carrying amounts of property, plant and equipment and right-of-use assets were approximately HK\$4,586.3 million (2024: HK\$4,874.4 million) and HK\$10.9 million (2024: HK\$3.8 million), respectively. For the purpose of impairment assessment, the Board has identified two relevant CGUs, which are the operations of the Dry Park and the Water World. The Corporation incurred net operating deficit before reversal of impairment of property, plant and equipment and right-of-use assets, and before netting off Government Grants of approximately HK\$651.5 million (2024: HK\$702.8 million) for the year ended 30 June 2025, which is an impairment indication that the relevant assets under operation of the Dry Park and the Water World may be impaired.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimated impairment of property, plant and equipment and right-of-use assets (continued)

When assessing whether any impairment charge is necessary, the Board considers that the value of these assets, being owned by the Corporation, would be subject to the implementation of the future strategy for the Dry Park and the Water World, which is expected to provide the Corporation with a more reliable and stable cashflow from operations in the coming years. Following the approval of the Government's funding support for the Dry Park by the Finance Committee of the Legislative Council in March 2021 to support the transformation of the Dry Park for achieving financial sustainability in the long run, the Corporation, together with the Government, have been actively implementing the future strategy. Key progress achieved so far includes completion of the relevant legislative amendments, further reinforcement of conservation and education endeavours inside and outside of the Dry Park, the arrival of two giant pandas An An and Ke Ke from Sichuan and Hong Kong's home grown giant panda twins Jia Jia and De De, the ongoing development of Adventure Zone, which features the creation of an adventure-themed area leveraging on the Dry Park's topography and breath taking landscape etc. It is expected that additional revenue stream will be generated for the Corporation with the implementation of the future strategy. The Corporation will continue its efforts in actively taking forward the different components of the future strategy with a view to transforming the Dry Park into a destination which focuses on conservation and education, grounded in nature, and complemented by adventure and leisure elements to enhance its visitor experience. Looking ahead, the Corporation will continue to proactively explore and try different means and measures to attract more visitors to the Water World and improve its revenue streams, while controlling the costs with prudence.

Based on the aforementioned assessment and valuation performed by an independent professional valuer, Jones Lang LaSalle Corporate Appraisal and Advisory Limited, relating to the recoverable amounts of the relevant assets, reversal of impairment of HK\$34.2 million (2024: HK\$275.1 million) and HK\$0.2 million (2024: HK\$0.4 million) were released to increase the carrying amounts of property, plant and equipment and right-of-use assets of the Dry Park, respectively, to their estimated recoverable amounts.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. PROPERTY, PLANT AND EQUIPMENT

	Buildings HK\$ million	Plant and equipment HK\$ million	Exhibition animals HK\$ million	Projects in progress HK\$ million	Total HK\$ million
COST					
At 1 July 2023	6,375.1	5,328.0	20.8	4.1	11,728.0
Additions	19.7	45.1	0.2	26.4	91.4
Transfer	1.3	18.8	-	(20.1)	-
Disposals and write-off	(6.9)	(64.1)	(0.5)	-	(71.5)
At 30 June 2024	6,389.2	5,327.8	20.5	10.4	11,747.9
Additions	-	36.6	-	53.5	90.1
Transfer	3.5	36.4	-	(39.9)	-
Disposals and write-off	(14.4)	(90.1)	(4.2)	-	(108.7)
At 30 June 2025	<u>6,378.3</u>	<u>5,310.7</u>	<u>16.3</u>	<u>24.0</u>	<u>11,729.3</u>
ACCUMULATED DEPRECIATION AND IMPAIRMENT					
At 1 July 2023	3,010.3	3,787.7	19.3	-	6,817.3
Provided for the year	166.4	232.5	0.3	-	399.2
Eliminated on disposals and write-off	(6.0)	(61.4)	(0.5)	-	(67.9)
Reversal of impairment	(165.9)	(109.0)	(0.2)	-	(275.1)
At 30 June 2024	3,004.8	3,849.8	18.9	-	6,873.5
Provided for the year	165.2	236.0	0.4	-	401.6
Eliminated on disposals and write-off	(9.6)	(84.8)	(3.5)	-	(97.9)
Reversal of impairment	(20.9)	(13.3)	-	-	(34.2)
At 30 June 2025	<u>3,139.5</u>	<u>3,987.7</u>	<u>15.8</u>	<u>-</u>	<u>7,143.0</u>
CARRYING VALUES					
At 30 June 2025	<u>3,238.8</u>	<u>1,323.0</u>	<u>0.5</u>	<u>24.0</u>	<u>4,586.3</u>
At 30 June 2024	<u>3,384.4</u>	<u>1,478.0</u>	<u>1.6</u>	<u>10.4</u>	<u>4,874.4</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. PROPERTY, PLANT AND EQUIPMENT (continued)

CARRYING VALUES

	Total HK\$ million
At 30 June 2025	
Dry Park	2,275.1
Water World	<u>2,311.2</u>
	<u>4,586.3</u>
At 30 June 2024	
Dry Park	2,446.2
Water World	<u>2,428.2</u>
	<u>4,874.4</u>

At 30 June 2025, the Dry Park has significant improvement in net operating deficit for the year ended 30 June 2025 before reversal of impairment of property, plant and equipment and right-of-use assets, and before netting off with Government Funding Support and Conservation and Education Subvention (collectively referred to as “Government Grants”) as disclosed in note 17(b) to the financial statements, the Corporation determined there was indicator that the impairment losses recognised for property, plant and equipment and right-of-use assets of the Dry Park in prior years may have decreased and performed an assessment of recoverable amounts of the property, plant and equipment and right-of-use assets for the Dry Park and estimated their corresponding recoverable amounts based on value-in-use calculations. Based on the assessment on recoverable amount, it was determined that the recoverable amounts of the Dry Park were HK\$2,286.0 million (2024: HK\$2,450.0 million). Reversal of impairment of HK\$34.2 million (2024: HK\$275.1 million) and HK\$0.2 million (2024: HK\$0.4 million), respectively, were recorded on for the property, plant and equipment and right-of-use assets of the Dry Park during the year ended 30 June 2025.

At 30 June 2025, the Water World incurred net operating deficit for the year ended 30 June 2025 before depreciation as disclosed in note 17(b) to the financial statements, the Corporation performed an impairment assessment of the property, plant and equipment of the Water World and estimated their corresponding recoverable amounts based on value-in-use calculations to be HK\$2,317.3 million (2024: HK\$2,482.2 million) and no additional impairment was recognised for the year ended 30 June 2025 and 2024.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

4. PROPERTY, PLANT AND EQUIPMENT (continued)

The recoverable amounts of the items of property, plant and equipment and right-of-use assets are determined based on value-in-use calculation using cash flow projections based on financial budgets covering the remaining useful lives of the respective property, plant and equipment and remaining lease terms of the right-of-use assets. The pre-tax discount rates applied for the cash flow projections of the Dry Park and the Water World were 9.5% (2024: 10.0%).

A summary of reversal of impairment losses recognised during the year are as follows:

	2025 HK\$ million	2024 HK\$ million
Property, plant and equipment - Dry Park	34.2	275.1
Right-of-use assets - Dry Park (note 5)	<u>0.2</u>	<u>0.4</u>
Total	<u>34.4</u>	<u>275.5</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. RIGHT-OF-USE ASSETS

	Leased properties HK\$ million	
As at 30 June 2025		
Carrying amount		10.9
As at 30 June 2024		
Carrying amount		3.8
For the year ended 30 June 2025		
Depreciation for the year		4.3
Reversal of impairment*		(0.2)
For the year ended 30 June 2024		
Depreciation for the year		2.6
Reversal of impairment*		(0.4)
	2025	2024
	HK\$ million	HK\$ million
Expense relating to short-term leases	2.2	1.3
Total cash outflow for leases	6.9	4.2
Additions to right-of-use assets	11.2	3.6

The Corporation leases various leased properties for its operations. Lease contracts are entered into for fixed term of 1 year to 5 years. In determining the lease term and assessing the length of the non-cancellable period, the Corporation applies the definition of a contract and determines the period for which the contract is enforceable. No extension options are included in any of the lease agreements entered by the Corporation.

The Corporation regularly enters into short-term leases for leased properties, machinery and equipment and others. As at 30 June 2025, the portfolio of short-term leases is similar to the portfolio of short-term leases to which the short-term lease expense was related as disclosed in this note above.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. RIGHT-OF-USE ASSETS (continued)

Restrictions or covenants on leases

In addition, lease liabilities of HK\$10.5 million (2024: HK\$3.6 million) are recognised with related right-of-use assets of HK\$10.9 million (2024: HK\$3.8 million) as at 30 June 2025. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

* Details of the reversal of right-of-use assets recognised during the years ended 30 June 2025 and 2024 were disclosed in note 4 to the financial statements.

6. CLUB DEBENTURE

For the year ended 30 June 2025, fair value loss of HK\$0.3 million (2024: nil) was recognised in the income and expenditure account.

7. INVENTORIES

	2025 HK\$ million	2024 HK\$ million
Spare parts	45.9	45.0
Merchandise	40.9	30.3
Catering	6.4	6.0
Consumables	4.6	4.2
Total	<u>97.8</u>	<u>85.5</u>

8. TRADE AND OTHER RECEIVABLES

	2025 HK\$ million	2024 HK\$ million
Trade receivables	26.4	21.7
Prepayments	9.7	7.9
Interest receivables	19.7	37.1
Other receivables	3.1	3.2
Total	<u>58.9</u>	<u>69.9</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

8. TRADE AND OTHER RECEIVABLES (continued)

All trade receivables were less than 90 days past due and details of impairment assessment of trade receivables are set out in note 28(b).

All the carrying amounts of trade and other receivables are denominated in Hong Kong dollars.

The carrying values of trade and other receivables approximate their fair values.

9. CURRENT ACCOUNT WITH OCEAN PARK TRUST FUND

Current account with Ocean Park Trust Fund is unsecured, interest-free, and repayable on demand.

10. BANK BALANCES AND CASH

	2025 HK\$ million	2024 HK\$ million
Fixed deposits held at banks with original maturity over three months when acquired	1,354.6	1,511.0
Fixed deposits held at banks with original maturity of three months or less when acquired	242.5	80.0
Cash at bank and in hand	<u>100.9</u>	<u>69.9</u>
Total	<u>1,698.0</u>	<u>1,660.9</u>

At 30 June 2025 and 2024, bank balances carry interest at prevailing market rates.

The carrying amounts of bank balances and cash are denominated in the following currencies:

	2025 HK\$ million	2024 HK\$ million
Hong Kong dollar	1,581.5	1,656.9
United States dollar	114.0	2.0
Renminbi	<u>2.5</u>	<u>2.0</u>
Total	<u>1,698.0</u>	<u>1,660.9</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

11. TRADE AND OTHER PAYABLES

	2025 HK\$ million	2024 HK\$ million
Trade payables	59.8	45.5
Accrued charges	122.5	140.4
Advance deposits and others	<u>46.3</u>	<u>47.4</u>
Total	<u>228.6</u>	<u>233.3</u>

The carrying amounts of trade and other payables are mainly denominated in Hong Kong dollars.

The carrying values of trade and other payables approximate their fair values.

12. CONTRACT LIABILITIES

	2025 HK\$ million	2024 HK\$ million
Advances from customers	<u>102.0</u>	<u>72.3</u>

As of 1 July 2023, contract liabilities amounted to HK\$48.2 million.

Contract liabilities of the Corporation, which are expected to be settled within the Corporation's normal operating cycle, are classified as current.

Revenue recognised during the year ended 30 June 2025 that was included in the contract liabilities at the beginning of the year was HK\$68.8 million (2024: HK\$46.0 million).

When the Corporation receives advance payment for tickets, merchandise and catering coupons sold for used in a future date, this will give rise to contract liabilities at the start of a contract, until the tickets and coupons are surrendered or have expired. The increase in contract liabilities in 2025 and 2024 was mainly due to the increase in short-term advances received from customers at the end of the year.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

13. LEASE LIABILITIES

	2025 HK\$ million	2024 HK\$ million
Lease liabilities payable:		
Within one year	5.2	2.9
Within a period of more than one year but not more than five years	5.3	0.7
	<u>10.5</u>	<u>3.6</u>
Less: Amount due for settlement within 12 months shown under current liabilities	<u>(5.2)</u>	<u>(2.9)</u>
Amount due for settlement after 12 months shown under non-current liabilities	<u>5.3</u>	<u>0.7</u>

The incremental borrowing rates applied range from 4.40% to 4.81% (2024: 3.70% to 4.81%).

14. GOVERNMENT LOANS

	Gross amount HK\$ million	Deferred income HK\$ million	2025 HK\$ million	2024 HK\$ million
Government loans	3,677.5	(2,158.3)	1,519.2	1,467.8
Interest payable on Government loans	<u>1,728.5</u>	<u>(1,014.4)</u>	<u>714.1</u>	<u>689.9</u>
	5,406.0	(3,172.7)	2,233.3	2,157.7
Deferred income	<u>-</u>	<u>3,172.7</u>	<u>3,172.7</u>	<u>3,248.3</u>
Total	<u>5,406.0</u>	<u>-</u>	<u>5,406.0</u>	<u>5,406.0</u>

	2025 HK\$ million	2024 HK\$ million
Government loans (Note)	<u>3,677.5</u>	<u>3,677.5</u>

The amounts are repayable:

Within one year	-	-
More than one year but not exceeding two years	-	-
More than two years but not exceeding five years	49.8	24.9
More than five years	<u>3,627.7</u>	<u>3,652.6</u>
Amounts due after one year shown under non-current liabilities	<u>3,677.5</u>	<u>3,677.5</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

14. GOVERNMENT LOANS (continued)

Note: With the approval of the Finance Committee of the Legislative Council ("LegCo") on 16 December 2005, the HKSAR Government is committed to provide the Corporation a loan of HK\$1,387.5 million for a period of 25 years (matures in 2031) at a fixed interest rate of 5% per annum on the cumulative outstanding balance. Interest was payable together with the principal amount by instalment from September 2021.

The Corporation is funding the Tai Shue Wan ("TSW") Development project through a number of funding sources including Government loan. With the approval of the LegCo on 24 May 2013, the HKSAR Government is committed to provide to the Corporation a loan of HK\$2,290 million for a period of 20 years (matures in 2033) at floating rate which is determined with reference to the interest rate of the Government's fiscal reserves placed with the Exchange Fund on the cumulative outstanding balance. Interest is payable together with the principal amount by instalment from September 2021. The Corporation has fully drawn down HK\$2,290 million (2024: HK\$2,290 million) of the loan as at 30 June 2025.

With the approval of the LegCo on 19 March 2021, the HKSAR Government agreed to defer the commencement date of repayment of the two government loans to September 2028, extended the repayment period to 31 years and waived related interests with effect from July 2021. On the date that the government loans were extended and interests were agreed to be waived, the present value of the loans was remeasured. The benefits derived from such interest-free government loans represented the difference between the fair value of government loans and the original carrying amount of government loans were recognised as deferred income. It will be released to profit or loss as government grant income and will be deducted from the related finance costs, using effective interest method over the extended repayment period. As at 30 June 2025, the amount recognised as deferred income on balance sheet was HK\$3,172.7 million (2024: HK\$3,248.3 million).

15. CAPITAL FUND

	Donations from The Hong Kong Jockey Club Charities Trust HK\$ million	Contribution from Ocean Park Trust Fund HK\$ million	Total HK\$ million
At 1 July 2023, 30 June 2024, 1 July 2024 and 30 June 2025	<u>450.3</u>	<u>24.7</u>	<u>475.0</u>

The funds of Ocean Park Trust Fund are used to finance the cost of promoting the functions of Ocean Park Corporation as specified in the Hong Kong Ocean Park Corporation Ordinance (Cap. 388).

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. REVENUE

(i) Disaggregation of revenue

	2025 HK\$ million	2024 HK\$ million
Admission income	686.0	659.9
Merchandise income		
- sales of goods	160.7	132.5
- royalty fee income from concession retail operations	11.8	11.0
Catering income		
- sales of food and beverage	229.9	215.4
- royalty fee income from concession food operations	5.4	5.1
In park spending income	110.6	82.2
Royalty fee income from concession hotel operations	13.4	13.9
	<u>1,217.8</u>	<u>1,120.0</u>
Revenue from contracts with customers		
Other income	70.3	61.0
	<u>70.3</u>	<u>61.0</u>
Total	<u>1,288.1</u>	<u>1,181.0</u>
Dry Park	1,202.8	1,051.3
Water World	85.3	129.7
	<u>1,288.1</u>	<u>1,181.0</u>
Timing of revenue recognition		
At a point in time	1,137.8	1,051.9
Over time	80.0	68.1
	<u>1,217.8</u>	<u>1,120.0</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. REVENUE (continued)

- (i) Disaggregation of revenue (continued)
Admission income, merchandise income from the sales of goods and catering income from the sales of food and beverage noted above are stated before deduction for the following donations to Ocean Park Conservation Foundation, Hong Kong ("OPCFHK"):

- (i) HK\$1 per paid admission income to OPCFHK amounting to HK\$2.4 million (2024: HK\$2.2 million);
- (ii) contribution from the sales of panda merchandise items and animal interactive programmes amounting to HK\$2.1 million (2024: HK\$0.7 million); and
- (iii) contribution from the revenue of Tuxedos Restaurant amounting to HK\$1.3 million (2024: HK\$1.2 million).

During the year ended 30 June 2025, the Corporation received HK\$13.7 million (2024: HK\$5.7 million) and recognised donation from The Hong Kong Jockey Club Charities Trust amounting to HK\$16.5 million (2024: HK\$5.3 million) which was recognised as other income noted above.

The Corporation's revenue from contracts with customers was derived solely from its operations in Hong Kong during both years.

- (ii) Performance obligations for contracts with customers

Revenue from admission income

Revenue from admission tickets sold is recognised at the point when tickets are accepted and surrendered by the customer. Revenue from tickets sold for use at a future date is deferred and recorded as contract liabilities until the tickets are surrendered or have expired.

Revenue from annual passes and unlimited entry passes are recognised over time evenly over the period of their validity except for the closure of the park.

Revenue from sales of goods and food and beverage

Revenue from sales of goods, food and beverage is recognised when control of the goods has been transferred, being at the point the customer purchases the goods at the retail store. Payment of the transaction price is due immediately at the point the customer purchases the goods.

Revenue from in park spending

Revenue from in park spending is recognised when control of the goods or services has been transferred, being at the point the customer purchases the goods or utilises the services. Payment of the transaction price is due immediately at the point the customer purchases the goods or utilises the services.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

16. REVENUE (continued)

(ii) Performance obligations for contracts with customers (continued)

Revenue from royalty fee income

Revenue from royalty fee income represents royalty fee for rights to operate in Ocean Park, i.e. sale and distribution of the photographic products and services, sale and distribution of food and beverage and operation of hotels. The royalty arrangements that are based on sale and other measures are recognised by reference to the terms of agreements.

17. EXPENSES BY NATURE

Expenses included in operating costs are analysed as follows:

	2025 HK\$ million	2024 HK\$ million
Cost of inventories sold	170.7	142.5
Employee costs (Note 18)	810.1	767.4
Repairs and maintenance	185.1	198.4
Utilities	130.1	147.4
Advertising and promotion	73.9	78.2
Animals	14.9	11.8
Show and exhibition	47.9	37.9
Auditor's remuneration	1.1	1.4
Donations (Note (a))	6.5	4.8
Insurance	37.3	36.2
Professional fees, office and others	47.6	52.2
	<u>1,525.2</u>	<u>1,478.2</u>
Add/(less):		
Refund of Government Funding Support	0.5	-
Conservation and Education Subvention (Note (b))	<u>(280.0)</u>	<u>(280.0)</u>
	<u><u>1,245.7</u></u>	<u><u>1,198.2</u></u>

Notes:

- (a) This includes donations to OPCFHK amounting to HK\$5.8 million (2024: HK\$4.1 million) as mentioned in note 16 above and administrative support services provided to OPCFHK amounting to HK\$0.7 million (2024: HK\$0.7 million).

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

17. EXPENSES BY NATURE (continued)

Notes: (continued)

- (b) The Legislative Council Finance Committee ("FC") approved the funding support via FC Paper No. FCR(2020-21)103 at its meeting on 19 March 2021 for providing a commitment of granting HK\$280 million subvention per financial year from 2022-23 to 2025-26 to support the operation of the Corporation for settling the Corporation's operating expenditure for conservation and education initiatives ("Conservation and Education Subvention").

During the year ended 30 June 2025, the HKSAR government granted the Corporation and the Corporation recognised HK\$280.0 million under the Conservation and Education Subvention (Note 22(b)) (2024: HK\$280.0 million) to subsidise the Corporation's operating expenses. Such government grant was netted off with the Corporation's operating expenses with the following impact on net operating surplus/(deficit).

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

17. EXPENSES BY NATURE (continued)

Notes: (continued)

(b) (continued)

	2025 HK\$ million	2024 HK\$ million
Net operating deficit before depreciation, finance costs, reversal of impairment of property, plant and equipment and right-of-use assets and netting off Government Grants		
- Dry Park	(88.8)	(112.8)
- Water World	(148.3)	(184.4)
	<u>(237.1)</u>	<u>(297.2)</u>
Finance costs	(0.4)	(0.2)
Depreciation and loss on disposal of property, plant and equipment and right-of-use assets (note 20)	(414.0)	(405.4)
	<u>(651.5)</u>	<u>(702.8)</u>
Refund of Government Funding Support	(0.5)	-
Conservation and Education Subvention	280.0	280.0
Reversal of impairment of property, plant and equipment, net (note 4)	34.2	275.1
Reversal of impairment of right-of-use assets (note 4)	<u>0.2</u>	<u>0.4</u>
Net operating deficit	<u>(337.6)</u>	<u>(147.3)</u>

18. EMPLOYEE COSTS

	2025 HK\$ million	2024 HK\$ million
Salaries, wages and other benefits (Note 22(a))	770.8	724.5
Pension cost - defined contribution plans	<u>39.3</u>	<u>42.9</u>
Total	<u>810.1</u>	<u>767.4</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

19. FINANCE COSTS

	2025 HK\$ million	2024 HK\$ million
Interest costs on lease liabilities	<u>0.4</u>	<u>0.2</u>

During the year ended 30 June 2025, imputed interest costs on government loans of HK\$75.6 million (2024: HK\$72.9 million) was incurred, which has been netted off with the amortisation of deferred income of HK\$75.6 million (2024: HK\$72.9 million) in relation to government loans.

20. OTHER EXPENSES

	2025 HK\$ million	2024 HK\$ million
Depreciation of property, plant and equipment		
- Dry Park	275.6	269.1
- Water World	<u>126.0</u>	<u>130.1</u>
	401.6	399.2
Depreciation of right-of-use assets – Dry Park	4.3	2.6
Loss on disposal of property, plant and equipment	<u>8.1</u>	<u>3.6</u>
Total	<u>414.0</u>	<u>405.4</u>

21. INVESTMENT INCOME

Investment income comprises the following:

	2025 HK\$ million	2024 HK\$ million
Interest income from bank deposits	<u>63.2</u>	<u>75.7</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

22. GOVERNMENT GRANTS

The amounts recognised in income and expenditure account in relation to government grants are as follows:

	Note	2025 HK\$ million	2024 HK\$ million
Refund of Government Funding Support Conservation and Education Subvention	(b)	(0.5) <u>280.0</u>	- <u>280.0</u>
Netted off with operating costs		279.5 <u>(279.5)</u>	280.0 <u>(280.0)</u>
		<u>-</u>	<u>-</u>

The cash flows in relation to government grants are as follows:

	Notes	2025 HK\$ million	2024 HK\$ million
Temporary Job Creation for Private Sector Arrangements	(a)	-	5.0
Refund of Government Funding Support Conservation and Education Subvention	(b)	(0.5) <u>280.0</u>	- <u>280.0</u>
		279.5 <u></u>	285.0 <u></u>
Within operating activities	23	<u>279.5</u>	<u>285.0</u>

Notes:

- (a) During the year ended 30 June 2024, the Corporation received government funding totalling HK\$5.0 million for subsidy related to employee costs for the year ended 30 June 2023.
- (b) During the year ended 30 June 2025, the Corporation received and recognised government funding totalling HK\$280.0 million (2024: HK\$280.0 million) under Conservation and Education Subvention in relation to operating expenses.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

23. NET CASH FROM OPERATING ACTIVITIES

	Notes	2025 HK\$ million	2024 HK\$ million
Deficit for the year		(274.7)	(71.6)
Adjustments for:			
- Depreciation and loss on disposal of property, plant and equipment	20	409.7	402.8
- Depreciation of right-of-use assets	20	4.3	2.6
- Finance costs	19	0.4	0.2
- Interest income from bank deposits	21	(63.2)	(75.7)
- Government grants	22	(279.5)	(280.0)
- Reversal of impairment of property, plant and equipment	4	(34.2)	(275.1)
- Reversal of impairment of right-of-use assets	4	(0.2)	(0.4)
- Fair value loss on club debenture	6	0.3	-
Operating deficit before changes in working capital		(237.1)	(297.2)
Changes in working capital:			
Increase in inventories		(12.3)	(8.4)
Decrease/(increase) in trade and other receivables		11.0	(20.8)
Movement in current account with Ocean Park Trust Fund		(0.1)	(0.1)
Increase in trade and other payables		1.1	6.4
Increase in contract liabilities		29.7	24.1
Receipt of government grants	22	279.5	285.0
Net cash flows from/(used in) from operations		<u>71.8</u>	<u>(11.0)</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

24. COMMITMENTS

Capital expenditure approved at the end of each reporting period but not yet incurred is as follows:

	2025 HK\$ million	2024 HK\$ million
Contracted but not provided for	72.0	63.7
Authorised but not contracted for	<u>67.2</u>	<u>55.0</u>
	<u>139.2</u>	<u>118.7</u>

25. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Corporation's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Corporation's statement of cash flows as cash flows from financing activities.

	Government loans HK\$ million	Interest payable HK\$ million	Lease liabilities HK\$ million
At 1 July 2023	1,418.2	666.6	2.7
Financing cash flows	-	-	(2.9)
New lease entered	-	-	3.6
Imputed interest costs before netting-off with amortisation of deferred income	49.6	23.3	-
Finance costs	<u>-</u>	<u>-</u>	<u>0.2</u>
At 1 July 2024	1,467.8	689.9	3.6
Financing cash flows	-	-	(4.7)
New lease entered	-	-	11.2
Imputed interest costs before netting-off with amortisation of deferred income	51.4	24.2	-
Finance costs	<u>-</u>	<u>-</u>	<u>0.4</u>
At 30 June 2025	<u>1,519.2</u>	<u>714.1</u>	<u>10.5</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

26. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Corporation if the party or the Corporation has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions. Other than those disclosed elsewhere in the financial statements, the Corporation has no other related party transactions during the year.

The members of the Board did not receive any remuneration for both years.

27. ATTENDANCE

Attendance at the Dry Park and the Water World for the year ended 30 June 2025 is 3.21 million visitors (2024: 2.82 million visitors) and 0.25 million visitors (2024: 0.32 million visitors), respectively.

28. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2025 HK\$ million	2024 HK\$ million
Financial assets at amortised cost	<u>1,747.3</u>	<u>1,722.9</u>
Financial assets at FVTPL	<u>3.5</u>	<u>3.8</u>
Financial liabilities at amortised cost	<u>2,392.8</u>	<u>2,324.3</u>

28. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors

The Corporation's major financial instruments include trade and other receivables, current account with Ocean Park Trust Fund, bank balances and cash, club debenture, trade and other payables, government loans, interest payable on government loans, and lease liabilities. Details of these financial instruments are disclosed in respective notes. The Corporation's activities expose it to market risk (including foreign currency risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Corporation's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Corporation's financial performance. The Corporation purchases foreign currency to hedge certain risk exposures.

Risk management is carried out by the Corporation under policies approved by the Board. The Board provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk.

(a) Market risk

(i) *Foreign exchange risk*

The Corporation purchases items internationally and is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from future commercial transactions. The Board has established a policy to require the Corporation to manage this foreign exchange risk against the Corporation's functional currency by acquiring foreign currency at the date the purchase is determined. Foreign exchange risk arises when future purchases are denominated in a currency that is not in Hong Kong dollars.

The Corporation's purchases were principally denominated in United States dollars and Hong Kong dollars. As United States dollars are pegged to Hong Kong dollars, there is no significant impact to the deficit for the year as a result of fluctuations in United States dollars against Hong Kong dollars.

(ii) *Interest rate risk*

The Corporation is also exposed to fair value interest rate risk in relation to the fixed rate bank deposits and fixed rate lease liabilities. However, the management of the Corporation considers the fair value interest rate risk on the fixed deposits is insignificant.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

28. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(b) Credit risk and impairment assessment

The carrying amounts of cash deposits at banks, and trade and other receivables represent the Corporation's maximum exposure to credit risks in relation to the financial assets. Cash and bank balances were placed with banks with external credit ratings of investment grade to mitigate the risk. For trade and other receivables, the Corporation reviews the recoverable amount of each debtor to ensure that adequate provision is made for irrecoverable amounts. The Corporation does not hold any collateral as security. In this regard, the management of the Corporation considers that the Corporation's credit risk is significantly reduced. In addition, the Corporation performs impairment assessment under ECL model on trade and other receivables and current account with Ocean Park Trust Fund individually.

Management assessed the expected loss on trade receivables individually with Lifetime ECL by estimation based on historical observed default rates, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information at the reporting date.

In determining the 12-month ECL for other receivables and current account with Ocean Park Trust Fund, management has made periodic individual assessment on the recoverability, based on historical settlement records, past experience, and also forward-looking information.

As at 30 June 2025 and 30 June 2024, the expected losses rate is insignificant, given there is no history of significant defaults and insignificant impact from forward-looking estimates.

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

28. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Corporation monitors its liquidity reserve (comprising undrawn credit facilities, financial instruments and bank balances and cash) on the basis of expected cash flows.

The table below analyses the Corporation's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Weighted average interest rate %	Less than 1 year HK\$ million	Between 1 and 5 years HK\$ million	Over 5 years HK\$ million	Total undiscounted cash flow HK\$ million	Carry amount at 30 June HK\$ million
<u>At 30 June 2025</u>						
Government loans and interest payable	3.50	-	-	5,406.0	5,406.0	2,233.3
Financial liabilities included in trade and other payables	N/A	159.5	-	-	159.5	159.5
		<u>159.5</u>	<u>-</u>	<u>5,406.0</u>	<u>5,565.5</u>	<u>2,392.8</u>
Lease liabilities	4.44	<u>5.2</u>	<u>6.1</u>	<u>-</u>	<u>11.3</u>	<u>10.5</u>
<u>At 30 June 2024</u>						
Government loans and interest payable	3.50	-	-	5,406.0	5,406.0	2,157.7
Financial liabilities included in trade and other payables	N/A	166.6	-	-	166.6	166.6
		<u>166.6</u>	<u>-</u>	<u>5,406.0</u>	<u>5,572.6</u>	<u>2,324.3</u>
Lease liabilities	4.21	<u>3.0</u>	<u>0.7</u>	<u>-</u>	<u>3.7</u>	<u>3.6</u>

OCEAN PARK CORPORATION

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

28. FINANCIAL RISK MANAGEMENT (continued)

Fair value of the Corporation's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Corporation's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

<u>Financial assets</u>	<u>Fair value at 30 June 2025</u> HK\$' million	<u>Fair value at 30 June 2024</u> HK\$' million	<u>Fair value hierarchy</u>	<u>Valuation technique(s) and key inputs</u>
Club debenture	3.5	3.8	Level 2	Reference to the latest bid price quoted in over-the-counter market.

There were no significant unobservable inputs used in determining the fair value of the above financial assets or liabilities. There were no transfers into and out of Level 2 during the years ended 30 June 2025 and 2024.

The management of the Corporation considers that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the balance sheet approximate their fair value.

29. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 19 September 2025

Enclosure 2

Audited Financial Statements

OCEAN PARK TRUST FUND

For the year ended 30 June 2025

OCEAN PARK TRUST FUND
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2025
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**Independent auditor's report
To the Trustee of Ocean Park Trust Fund**

Opinion

We have audited the financial statements of Ocean Park Trust Fund (the "Fund") set out on pages 4 to 23, which comprise the balance sheet as at 30 June 2025, and the income and expenditure account, the statement of comprehensive income, the statement of changes in accumulated funds and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Fund as at 30 June 2025, and of its financial performance and its cash flows for the year then ended in accordance with HKFRS Accounting Standards as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Ocean Park Corporation Ordinance (Cap. 388).

Basis for opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with the HKICPA's *Code of Ethics for Professional Accountants* (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information other than the financial statements and auditor's report thereon

The Trustee of the Fund is responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report (continued)
To the Trustee of Ocean Park Trust Fund

Responsibilities of the Trustee and those charged with governance for the financial statements

The Trustee of the Fund is responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS Accounting Standards as issued by the HKICPA and the Hong Kong Ocean Park Corporation Ordinance (Cap. 388), and for such internal control as the Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustee is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustee either intends to liquidate the Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Our report is made solely to you, as a body, in accordance with the provision of the Hong Kong Ocean Park Corporation Ordinance (Cap. 388), and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustee.
- Conclude on the appropriateness of the Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

Independent auditor's report (continued)
To the Trustee of Ocean Park Trust Fund

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor report is Lam Shing Kit (practising certificate number: P08412).

Ernest & Young
Certified Public Accountants
Hong Kong
19 September 2025

OCEAN PARK TRUST FUND

BALANCE SHEET

As at 30 June 2025

	Notes	2025 HK\$'000	2024 HK\$'000
CURRENT ASSETS			
Interest receivables	3	606	1,446
Financial assets at fair value through profit or loss	4	7,331	5,418
Bank balances and cash	5	92,806	87,816
Total current assets		<u>100,743</u>	<u>94,680</u>
CURRENT LIABILITIES			
Other payables	6	<u>54</u>	<u>17</u>
Net assets		<u>100,689</u>	<u>94,663</u>
FINANCED BY:			
Accumulated funds	8	<u>100,689</u>	<u>94,663</u>

The notes on page 10 to 23 are an integral part of these financial statements.

.....
Mr. Paulo PONG Kin-Yee, BBS, JP
Chairman

OCEAN PARK TRUST FUND

INCOME AND EXPENDITURE ACCOUNT

For the year ended 30 June 2025

	Note	2025 HK\$'000	2024 HK\$'000
Interest income		3,750	4,109
Dividend income		251	209
Net fair value gain/(loss) on financial assets at fair value through profit or loss		1,913	(338)
Management fees		(54)	(54)
Auditor's remuneration		(22)	(22)
Bank charges		(2)	(1)
Net foreign exchange gain/(loss)		<u>190</u>	<u>(122)</u>
 SURPLUS FOR THE YEAR	 8	 <u><u>6,026</u></u>	 <u><u>3,781</u></u>

The notes on page 10 to 23 are an integral part of these financial statements.

OCEAN PARK TRUST FUND

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
SURPLUS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>6,026</u>	<u>3,781</u>

The notes on page 10 to 23 are an integral part of these financial statements.

OCEAN PARK TRUST FUND

STATEMENT OF CHANGES IN ACCUMULATED FUNDS

For the year ended 30 June 2025

	Accumulated funds HK\$'000
Balance at 1 July 2023	90,882
Surplus and total comprehensive income for the year	<u>3,781</u>
Balance at 30 June 2024 and at 1 July 2024	94,663
Surplus and total comprehensive income for the year	<u>6,026</u>
Balance at 30 June 2025	<u><u>100,689</u></u>

The notes on page 10 to 23 are an integral part of these financial statements.

OCEAN PARK TRUST FUND

STATEMENT OF CASH FLOWS

For the year ended 30 June 2025

	2025 HK\$'000	2024 HK\$'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Surplus for the year	6,026	3,781
Adjustments for:		
Interest income	(3,750)	(4,109)
Dividend income	(251)	(209)
Net fair value (gain)/loss on financial assets at fair value through profit or loss	(1,913)	338
Net foreign exchange (gain)/loss	(190)	122
	<u>(78)</u>	<u>(77)</u>
Operating deficit before changes in working capital		
Changes in working capital:		
Movement in current account with Ocean Park Corporation	<u>37</u>	<u>77</u>
Cash used in operations	(41)	-
Interest received	<u>4,590</u>	<u>4,302</u>
Net cash flows from operating activities	<u>4,549</u>	<u>4,302</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease/(increase) in fixed deposits held at banks with original maturity over three months	44,842	(4,278)
Dividend received	<u>251</u>	<u>209</u>
Net cash flows from/(used in) investing activities	<u>45,093</u>	<u>(4,069)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	49,642	233
Cash and cash equivalents at beginning of year	<u>1,022</u>	<u>789</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>50,664</u></u>	<u><u>1,022</u></u>

The notes on page 10 to 23 are an integral part of these financial statements.

OCEAN PARK TRUST FUND

STATEMENT OF CASH FLOWS (continued)

For the year ended 30 June 2025

	Note	2025 HK\$'000	2024 HK\$'000
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash at bank and in hand	5	698	1,022
Fixed deposits held at banks		<u>92,108</u>	<u>86,794</u>
Bank balances and cash as stated in the balance sheet		92,806	87,816
Fixed deposits held at banks with original maturity over three months when acquired	5	<u>(42,142)</u>	<u>(86,794)</u>
Cash and cash equivalents as stated in the statement of cash flows	5	<u><u>50,664</u></u>	<u><u>1,022</u></u>

The notes on page 10 to 23 are an integral part of these financial statements.

OCEAN PARK TRUST FUND

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

1. CORPORATE INFORMATION

Ocean Park Trust Fund (the "Fund") was established on 1 July 1987 from an endowment of HK\$200 million granted by The Hong Kong Jockey Club (Charities) Limited. The Trustee of the Fund is Ocean Park Corporation, and the funds are used to finance the cost of promoting the functions of Ocean Park Corporation as specified in the Hong Kong Ocean Park Corporation Ordinance (Cap. 388) (the "Ordinance"). The address of its registered office and principal place of operation is Ocean Park Corporation, Aberdeen, Hong Kong.

2.1 STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all HKFRS Accounting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and the Ordinance.

2.2 BASIS OF PREPARATION

These financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss which have been measured at fair value. These financial statements are presented in Hong Kong dollars ("HK\$") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Fund has adopted the following revised HKFRS Accounting Standards, which are applicable to the Fund for the first time in the current year's financial statements.

Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current</i> (the "2020 Amendments")
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants</i> (the "2022 Amendments")
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements</i>

The adoption of the revised HKFRS Accounting Standards has had no significant financial effect on these financial statements.

For the year ended 30 June 2025

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS

The Fund has not applied the following new and revised HKFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Fund intends to apply these new and revised HKFRS Accounting Standards if applicable, when they become effective.

HKFRS 18	<i>Presentation and Disclosure in Financial Statements</i> ³
HKFRS 19	<i>Subsidiaries without Public Accountability: Disclosures</i> ³
Amendments to HKFRS 9 and HKFRS 7	<i>Amendments to the Classification and Measurement of Financial Instruments</i> ²
Amendments to HKFRS 9 and HKFRS 7	<i>Contracts Referencing Nature-dependent Electricity</i> ²
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ⁴
Amendments to HKAS 21	<i>Lack of Exchangeability</i> ¹
<i>Annual Improvements to HKFRS Accounting Standards - Volume 11</i>	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7 ²

¹ Effective for annual periods beginning on or after 1 January 2025

² Effective for annual periods beginning on or after 1 January 2026

³ Effective for annual/reporting periods beginning on or after 1 January 2027

⁴ No mandatory effective date yet determined but available for adoption

Except for the amendments to HKFRS Accounting Standards mentioned below, the Trustee of the Fund anticipates that the application of all amendments to HKFRS Accounting Standards will have no material impact on the financial statements in the foreseeable future.

HKFRS 18 replaces HKAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from HKAS 1 with limited changes, HKFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in HKAS 1 are moved to HKAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, which is renamed as HKAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of HKFRS 18, limited, but widely applicable, amendments are made to HKAS 7 *Statement of Cash Flows*, HKAS 33 *Earnings per Share* and HKAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other HKFRS Accounting Standards. HKFRS 18 and the consequential amendments to other HKFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Fund is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Fund's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Amendments to HKFRS 9 and HKFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Fund's financial statements.

Amendments to HKAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Fund's financial statements.

2.4 ISSUED BUT NOT YET EFFECTIVE HKFRS ACCOUNTING STANDARDS (continued)

Annual Improvements to HKFRS Accounting Standards – Volume 11 set out amendments to HKFRS 1, HKFRS 7 (and the accompanying *Guidance on implementing HKFRS 7*), HKFRS 9, HKFRS 10 and HKAS 7. Details of the amendments that are expected to be applicable to the Fund are as follows:

- *HKFRS 7 Financial Instruments: Disclosures*: The amendments have updated certain wording in paragraph B38 of HKFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing HKFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing HKFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of HKFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Fund's financial statements.
- *HKFRS 9 Financial Instruments*: The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with HKFRS 9, the lessee is required to apply paragraph 3.3.3 of HKFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of HKFRS 9 and Appendix A of HKFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Fund's financial statements.
- *HKFRS 10 Consolidated Financial Statements*: The amendments clarify that the relationship described in paragraph B74 of HKFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of HKFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Fund's financial statements.
- *HKAS 7 Statement of Cash Flows*: The amendments replace the term "cost method" with "at cost" in paragraph 37 of HKAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Fund's financial statements.

2.5 MATERIAL ACCOUNTING POLICIES

Functional and presentation currency

Items included in the Fund's financial statements are measured using the currency of the primary economic environment in which the Fund operates ("the functional currency"). The financial statements are presented in Hong Kong dollars, which is the Fund's functional and presentation currency.

Financial instruments

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are recognised immediately in income and expenditure account.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income are recognised on an effective interest basis for financial assets and are presented as interest income.

Financial assets

Classification and subsequent measurement of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

- the financial asset is held within a business model whose objective is achieved by both selling and collecting contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Impairment of financial assets

The Fund recognises a loss allowance for expected credit losses ("ECL") on financial assets (including interest receivables and bank balances) which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Fund's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

The Fund measures the loss allowance equal to 12m ECL for financial assets, unless when there has been a significant increase in credit risk since initial recognition, the Fund recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Fund compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Fund considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Fund presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Fund has reasonable and supportable information that demonstrates otherwise.

The Fund regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

(ii) Definition of default

For internal credit risk management, the Fund considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Fund, in full.

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider; or
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

(iv) Write-off policy

The Fund writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Fund's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in income and expenditure account.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Fund in accordance with the contract and the cash flows that the Fund expects to receive, discounted at the effective interest rate determined at initial recognition.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Fund recognises an impairment gain or loss in income and expenditure account for all financial instruments by adjusting their carrying amount.

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition of financial assets

The Fund derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Fund neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Fund recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Fund retains substantially all the risks and rewards of ownership of a transferred financial asset, the Fund continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in income and expenditure account.

Financial liabilities

Financial liabilities at amortised cost

Financial liabilities including account and other payables, are subsequently measured at amortised cost, using the effective interest method.

Derecognition of financial liabilities

The Fund derecognises financial liabilities when, and only when, the Fund's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in income and expenditure account.

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and at banks, and short-term liquid deposits with a maturity of generally within three months that are readily convertible into known amounts of cash, subject to an insignificant risk of changes in value and held for the purpose of meeting short-term cash commitments.

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand and at banks, and short-term deposits as defined above, less bank overdrafts which are repayable on demand and form an integral part of the Fund's cash management.

Interest and dividend income

Interest and dividend income is recognised on an accrual basis.

- (a) Interest income from bank deposits and securities is accrued on a time-apportioned basis by reference to the principal outstanding and rate applicable.
- (b) Dividend income from financial instruments is recognised when the right to receive payment is established.

OCEAN PARK TRUST FUND

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

2.5 MATERIAL ACCOUNTING POLICIES (continued)

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Fund takes into account the characteristics of the asset and liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date, except for share-based payment transactions that are within the scope of HKFRS 2 "Share-based Payment", leasing transactions that are accounted for in accordance with HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 "Inventories" or value in use in HKAS 36 "Impairment of Assets".

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

3. INTEREST RECEIVABLES

The amounts are aged less than 30 days and represents interest receivables due from banks.

4. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

The financial assets at fair value through profit or loss held by the independent investment managers at the end of the reporting period are:

	2025 HK\$'000	2024 HK\$'000
Listed unit trust	<u>7,331</u>	<u>5,418</u>

The carrying amounts of the financial instruments are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollars	<u>7,331</u>	<u>5,418</u>

OCEAN PARK TRUST FUND

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

5. BANK BALANCES AND CASH

	2025 HK\$'000	2024 HK\$'000
Fixed deposits held at banks with original maturity over three months when acquired	42,142	86,794
Fixed deposits held at banks with original maturity of three months or less when acquired	49,966	-
Cash at bank and in hand	<u>698</u>	<u>1,022</u>
Total	<u>92,806</u>	<u>87,816</u>

At 30 June 2025 and 2024, bank balances carry interest at prevailing market rates.

The carrying amounts of bank balances and cash are denominated in the following currencies:

	2025 HK\$'000	2024 HK\$'000
Hong Kong dollars	58,081	54,897
United States dollars	<u>34,725</u>	<u>32,919</u>
Total	<u>92,806</u>	<u>87,816</u>

6. OTHER PAYABLE

	2025 HK\$'000	2024 HK\$'000
Current account with Ocean Park Corporation (Note 7)	<u>54</u>	<u>17</u>

The carrying values of other payable approximates to their fair values.

OCEAN PARK TRUST FUND

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

7. CURRENT ACCOUNT WITH OCEAN PARK CORPORATION

	2025 HK\$'000	2024 HK\$'000
Balance payable/(receivable) at the beginning of year	17	(60)
Staff costs paid by Ocean Park Corporation on behalf of the Fund	54	54
Other expenses paid by Ocean Park Corporation on behalf of the Fund	-	1
Payments made during the year	(39)	-
Provision for audit fee by Ocean Park Corporation on behalf of the Fund	<u>22</u>	<u>22</u>
Balance payable at the end of year	<u>54</u>	<u>17</u>

Current account with Ocean Park Corporation is unsecured, interest-free and repayable on demand.

8. ACCUMULATED FUNDS

	2025 HK\$'000	2024 HK\$'000
Endowment granted by the Hong Kong Jockey Club (Charities) Limited	<u>200,000</u>	<u>200,000</u>
Accumulated retained deficits		
- At the beginning of year	(105,337)	(109,118)
- Surplus for the year	<u>6,026</u>	<u>3,781</u>
	<u>(99,311)</u>	<u>(105,337)</u>
- At the end of year	<u>100,689</u>	<u>94,663</u>

9. RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Fund if the party or the Fund has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial or operational decisions. Other than those disclosed elsewhere in the financial statements, the Fund had no other related party transactions during the year.

OCEAN PARK TRUST FUND

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

	2025 HK\$'000	2024 HK\$'000
Financial assets		
Financial assets at amortised cost	93,412	89,262
Financial assets at FVTPL	<u>7,331</u>	<u>5,418</u>
Financial liabilities		
Amortised cost	<u>54</u>	<u>17</u>

Financial risk factors

The Fund's major financial instruments include interest receivables, bank balances and cash, financial assets at fair value through profit or loss and current account with Ocean Park Corporation. Details of these financial instruments are disclosed in respective notes. The Fund's activities expose it to market risk (including foreign exchange risk and price risk), credit risk and liquidity risk. The Fund's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Fund's financial performance.

Risk management is carried out by the Fund under policies approved by the Trustee. The Trustee provides written principles for overall risk management, as well as written policies covering specific areas such as foreign exchange risk.

(a) **Market risk**

(i) *Foreign exchange risk*

The Fund is exposed to foreign exchange risk as the Fund holds financial assets, including financial instruments which are denominated in United States dollars.

As United States dollars are pegged to Hong Kong dollars, there is no significant impact to the deficit for the year as a result of fluctuations in United States dollars against Hong Kong dollars.

(ii) *Price risk*

The Fund is exposed to price risk because investments held by the Fund are classified at fair value through the income and expenditure account. To manage its price risk arising from investments, the Fund diversifies its portfolio in accordance with the limits set by the Trustee.

At 30 June 2025, the Fund's investments consist of one unit trust (2024: one unit trust). If the unit price has increased/decreased by 10% with all other variables held constant, surplus (2024: surplus) for the year would have been HK\$0.7 million (2024: HK\$0.5 million) higher/lower (2024: higher/lower), as a result of increase/decrease of unit price of these investments.

(iii) *Interest rate risk*

The Fund is also exposed to fair value interest rate risk in relation to the fixed rate bank deposits. However, the Trustee considers the fair value interest rate risk on the fixed deposits is insignificant.

10. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(b) **Credit risk and impairment assessment**

The carrying amounts of cash deposits at banks, financial instruments and interest receivables represent the Fund's maximum exposure to credit risks in relation to the financial assets. Cash and bank balances are placed with banks with external credit ratings of investment grade to mitigate the risk. All financial instruments purchased have external credit ratings of investment grade to mitigate the risk. Other receivables are derived from the financial instruments and the credit risk is considered minimal.

In addition, the Fund performs impairment assessment under expected credit losses model upon application of HKFRS 9 on cash deposit at banks, financial instruments and interest receivables individually.

Management assessed the expected loss on cash deposit at banks and interest receivables individually by estimation based on historical observed default rates, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forward-looking information at the reporting date.

As at 30 June 2025 and 30 June 2024, the expected losses rate is insignificant, given there is no history of significant defaults and insignificant impact from forward-looking estimates.

(c) **Liquidity risk**

The policy of the Trustee is to transfer funds only where they comply with the Ordinance and when the Fund has sufficient liquidity. The Fund is not subject to significant liquidity risk as all funds remain invested and its liabilities are minimal.

Other payable is due within 12 months and interest-free.

OCEAN PARK TRUST FUND

NOTES TO FINANCIAL STATEMENTS

For the year ended 30 June 2025

10. FINANCIAL RISK MANAGEMENT (continued)

Fair value measurement

Fair value of the Fund's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Fund's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements are observable.

<u>Financial assets</u>	<u>Fair value at</u>		<u>Fair value hierarchy</u>	<u>Valuation technique(s) and key inputs</u>
	<u>30 June 2025</u>	<u>30 June 2024</u>		
	HK\$'000	HK\$'000		
Listed unit trust classified as financial instruments	7,331	5,418	Level 1	Quoted bid prices in active markets

There were no significant unobservable inputs used in determining the fair value of the above financial assets or liabilities. There were no transfers into and out of Level 1 during the years ended 30 June 2025 and 2024.

11. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Trustee on 19 September 2025