

立法會 *Legislative Council*

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Panel on Economic Development Meeting on 1 April 2025

Background brief on Hong Kong Disneyland Resort

Purpose

This paper provides updated background information on the operation of the Hong Kong Disneyland Resort (“HKDL”). It also summarizes the major views and concerns expressed by members of the Panel on Economic Development (“the Panel”) during past discussions on the subject.

Background

2. HKDL is owned by the Hongkong International Theme Parks Limited (“HKITP”)¹, **a joint venture** between the Government of the Hong Kong Special Administrative Region and The Walt Disney Company (“TWDC”), and is managed by the Hong Kong Disneyland Management Limited (“HKDML”), which is wholly owned by TWDC. At the end of the fiscal year 2023 (“FY23”),² **the Government owned a 52% majority interest in HKITP** and TWDC owned the remaining 48%.

3. The Panel was last updated on the operation of HKDL in FY23 on 2 July 2024. According to the Administration, HKDL continued to face a challenging operating environment in the first five months of FY23 (i.e. October 2022 to February 2023) due to the epidemic and related anti-epidemic measures. **As normal cross-boundary travel started to resume in February 2023**, Hong Kong’s tourism industry began to recover at full speed, bringing a steady return

¹ HKITP operates under the supervision of a Board of Directors, which comprises five Government directors, four Disney directors and two independent non-executive directors.

² The fiscal year of the Hong Kong Disneyland Resort is generally a 52-week or 53-week period with the Saturday closest to 30 September as the last day of the fiscal year. FY23 was a 52-week year, covering the period from 2 October 2022 to 30 September 2023.

of inbound visitors to HKDL alongside the initial phase of inbound tourism recovery. HKDL swiftly reconnected with different source markets, in particular the Mainland as well as Southeast Asian markets which showed stronger rebound.

4. HKDL's park attendance ramped up to 6.4 million in FY23, representing a 87% year-on-year increase in total attendance as well as a record-high annual local attendance (over 4.1 million) since its opening. HKDL's total revenue in FY23 grew by 156% year-on-year to HK\$5.7 billion, which outweighed the 55% growth in operating expenses.³ Details of HKDL's park attendance and hotel occupancy rate since 2005-2006, as well as the revenues and net profit/(loss) of HKITP since 2008-2009 are set out in **Appendices 1 and 2** respectively.

5. The additional spending by all HKDL's visitors (i.e. over and above what would have been spent in the absence of HKDL) was HK\$11.5 billion in FY23. Taking into account both the direct and indirect value-added generated from the additional spending, HKDL brought about HK\$7.1 billion of value-added to Hong Kong in FY23, equivalent to around 0.25% of Hong Kong's Gross Domestic Product. In FY23, HKDL employed on average around 4 970 full-time and 2 050 part-time staff members.

Major views and concerns of Members

6. The major views and concerns expressed by Members at the Panel meeting on 2 July 2024 are summarized in the ensuing paragraphs.

7. Members were pleased with HKDL's strong rebound in financial and business operations in FY23 after the epidemic. Nevertheless, members expressed concerns about HKDL's **overall financial position**, such as when HKDL would be able to achieve profit turnaround, its future return on current assets and financing costs. HKDL indicated that it was optimistic about its outlook. In terms of the liquidity situation, the revolver facility funded by a subsidiary of TWDC had not been withdrawn by HKDL since October 2022 and had been fully repaid in end-December 2023.

8. Some members urged the Administration to **review** with TWDC **the royalty arrangement** and consider **linking the management fees to financial performance**. The Administration advised that the strength of the Disney brand lied in the competitiveness of its intellectual property rights, and the payment of royalties ensured such protection. On the other hand, the arrangement of the

³ The park was opened for 288 days during FY23, vis-à-vis 190 days or FY22 with some 3.5 months of mandatory park closure.

management fees paid to HKDML had been revised in the past, including linking the management fees to the earnings before interest, taxes, depreciation and amortization (i.e. EBITDA) in 2009. Hence, no management fee was required to be paid in case of an EBITDA deficit.

9. Members were concerned about HKDL's **strategy to maintain its competitive edge** in the face of keen competition from new theme parks and tourism facilities in the neighbouring regions. Members also suggested that HKDL **step up its marketing efforts outside Hong Kong** and introduce admission tickets for different time slots, such as the evening session, to **broaden the source of visitors**. Some members urged HKDL to promote activities integrating culture, sports and tourism in the park **leveraging its brand impact**, and to cooperate with Hong Kong airlines. HKDL indicated that preparation had begun for the existing attractions and the new themed area project under its multi-year expansion and development plan to further enhance its appeal. HKDL would also continue to work closely with the tourism trade and partners to implement strategic promotion in the Greater Bay Area and other markets.

10. The Panel noted that the Government and HKITP entered into an Option Deed in 2000 to grant the option for HKITP to purchase **a site of around 60 hectares adjacent to HKDL** for possible expansion. Under the Deed of Restrictive Covenant signed between the Government and HKITP, the use of the site had to comply with the permitted uses as listed in the Covenant. The Administration was requested to provide **the future development plan** of the site.

11. The Administration advised that under the Option Deed, the option right would expire after 24 September 2020 if it was not extended upon agreement by both parties. The Government, having taken into account the economic conditions and worldwide tourism downturn at material time, announced in September 2020 that the validity period of the option right was not extended. In other words, while the joint venture no longer had the option right for the site, the future long-term development of the site still had to comply with the North-East Lantau Outline Zoning Plan, as well as the land use and development requirements under the Deed of Restrictive Covenant. According to the North-East Lantau Outline Zoning Plan, the site was planned for theme park, resort hotel or the related uses. The Deed of Restrictive Covenant had also imposed certain development restrictions, including height and use restrictions, on the future development of the specific area in the vicinity of HKDL to maintain compatibility of HKDL and the surrounding uses and atmosphere.

Latest development

12. The Administration will provide the Panel with an update on HKDL at the

meeting on 1 April 2025.

Relevant papers

13. A list of relevant papers is in **Appendix 3**.

Council Business Divisions
Legislative Council Secretariat
26 March 2025

Appendix 1

Park attendance and hotel occupancy rate of Hong Kong Disneyland Resort

Year*	Actual number of attendance (in million)	Hotel occupancy rate
2005-2006	5.2	N/A
2006-2007	4	N/A
2007-2008	4.5	78%
2008-2009	4.6	70%
2009-2010	5.2	82%
2010-2011	5.9	91%
2011-2012	6.7	92%
2012-2013	7.4	94%
2013-2014	7.5	93%
2014-2015	6.8	79%
2015-2016	6.1	79%
2016-2017	6.2	69%
2017-2018	6.7	75%
2018-2019	6.5	74%
2019-2020	1.7	15%
2020-2021	2.8	21%
2021-2022	3.4	24%
2022-2023	6.4	47%

**The fiscal year starts in October and ends in September of the following year.*

Appendix 2

Revenues and net profit/(loss) of Hong Kong Disneyland Resort

Year*	Revenues (in \$million)	Net profit / (Loss) (in \$million)
2008-2009	2,541 (--)	(1,315)
2009-2010	3,013 (+18.6%)	(718)
2010-2011	3,630 (+20.5%)	(237)
2011-2012	4,272 (+17.7%)	109
2012-2013	4,896 (+14.6%)	242
2013-2014	5,466 (+11.6%)	332
2014-2015	5,114 (-6.4%)	(148)
2015-2016	4,750 (-7%)	(171)
2016-2017	5,118 (+8%)	(345)
2017-2018	6,021 (+18%)	(54)
2018-2019	6,047 (+0.6%)	(105)
2019-2020	1,443 (-76%)	(2,662)
2020-2021	1,716 (+19%)	(2,350)
2021-2022	2,243 (+31%)	(2,071)
2022-2023	5,737 (+156%)	(356)

**The fiscal year starts in October and ends in September of the following year.*

Appendix 3

Relevant papers on Hong Kong Disneyland Resort

Committee	Date of meeting	Paper
Panel on Economic Development	2 July 2024	Agenda Item III: Update on Hong Kong Disneyland Resort Minutes Follow-up paper
Special meeting of the Finance Committee	18 April 2024	Replies to initial questions raised by Legislative Council Members in examining the Estimates of Expenditure 2024- 2025 (Reply Serial No. CSTB258)

Council meeting	Paper
18 March 2020	Question 14 : Issues relating to the novel coronavirus epidemic
28 October 2020	Question 10 : A site originally reserved for the Hong Kong Disneyland
2 December 2020	Question 19 : Supply of land and housing
24 January 2024	Question 16 : Promoting overnight attractions to tourists
21 February 2024	Question 2 : Monitoring publicly-funded commercial projects
26 February 2025	Question 16 : Developing family-friendly tourism

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