

For Information

Legislative Council Panel on Economic Development

Progress Report on the Tai Shue Wan Development Project of Ocean Park

Purpose

This paper briefs Members on the design and development progress of the Tai Shue Wan (TSW) Waterpark Development (the TSW Project) of Ocean Park.

Background

2. Following the completion of its Master Redevelopment Plan (MRP)¹ in July 2012, the Ocean Park has embarked on the TSW Project to further enhance the Park's overall appeal and tourist receiving capacity, and to facilitate the general public to revisit the fun of waterpark.

3. The Government and the Ocean Park Corporation (OPC) solicited the support of the Panel on Economic Development of the Legislative Council (LegCo) for the TSW Project and its funding arrangements in March 2013. The LegCo Finance Committee (FC) subsequently approved the proposal to provide a Government loan to the OPC for taking forward the TSW Project in May 2013 (FCR(2013-14)11). The FC noted that the Government loan amount to be provided to the OPC would be capped at \$2,290 million with a view to containing the Government's financial exposure in relation to the TSW Project. It also noted that the Government would provide no further funding support to the OPC even if the project cost eventually exceeded the loan amount so approved, and the OPC would be required to sort out the matters in an appropriate and satisfactory manner without undermining the scale of and expected level of guest experience offered by the TSW Project as originally proposed. In addition, the OPC should seek to re-finance all its Government loans (including the Government loans for the MRP and the TSW Project) in 2021, upon full repayment of its commercial loans for the MRP, so that the Government's overall financial exposure to the OPC can be minimized as far as possible.

¹ On completion of the MRP, the Ocean Park has added many new attractions, such as Aqua City, Rainforest, Polar Adventure, etc. and turned the local theme park into a world-class, must-see marine-themed attraction for tourists.

Project Design

4. Following the approval of the LegCo FC for providing the Government loan for the TSW Project, the OPC appointed an architectural consultant to undertake detailed design for the TSW Project. During the detailed design stage, the consultant refined and enhanced the preliminary conceptual design of the waterpark in response to the local views, and briefed the District Development and Environment Committee of the Southern District Council on the waterpark's new design.

5. The OPC points out that the TSW Project is entirely different from other traditional waterparks. Under the new design, both the indoor and outdoor zones are built on hillsides. The waterpark also adopts a design of mimics cascading pools and features more greening elements. While the iconic design makes the waterpark a landmark in itself, it also blends seamlessly into the surrounding natural landscape and minimizes the visual impact on the local communities. On the other hand, the new design takes out the steel framework required for supporting large building structure as proposed in the concept plan, which helps enhance the cost-effectiveness of works, improve natural ventilation and reduce energy consumption. The spatial arrangement of the new design ensures that visitors may enjoy a panoramic sea view from most areas of the waterpark, both indoors and outdoors, and a most memorable experience from the point they purchase tickets at the entrance to the thrilling rides on various platforms. The original and enhanced designs for the waterpark are at the Annex.

6. Under the new design, the following facilities and attractions are provided on a series of terraced indoor and outdoor platforms:

- (a) As the entry level, Level 1 provides a drop-off area and vehicular access. It also accommodates the main lobby, changing and locker rooms, back-of-house facilities, food and beverage (F&B) and retail outlets.
- (b) The indoor part of Level 2 features more F&B outlets and a few back-of-house facilities, along with plunge pools for rides, an indoor lazy river and a wave rider. The outdoor part consists of a wave pool, a lazy river, pool decks, and a landscape deck with cabanas.
- (c) Level 3 is the top building level which houses an indoor children's play zone, a toddlers pool and an indoor wave pool. There is also an infinity pool and a landscape deck with cabanas in the outdoor area.

7. In drawing up the detailed design, the construction cost has been one of the considerations of the OPC and its consultant. In this connection, they have strived to trim the costs for architectural details while preserving the enhanced design concept. The OPC has also hired an independent quantity surveying expert to review the construction cost. The total project cost with the enhanced detailed design is estimated to be around \$2,900 million.

Latest Funding Arrangements

8. The loan amount provided and the maximum financial exposure taken by the Government for the TSW Project have been capped at \$2,290 million. In view of the latest project estimate, the OPC is required to sort out the matters in an appropriate and satisfactory manner on its own. Therefore, on top of the loan provided by the Government, the OPC has made an arrangement of \$650 million to fund the new requirement of project budget. Apart from this, the \$5,550 million funding for the MRP was sourced from (a) a general commercial loan with all the assets of the Ocean Park pledged as collateral; (b) a commercial loan with the Government as guarantor; and (c) a Government loan. In this connection, the OPC has also obtained an offer from a commercial bank for a commercial term loan of \$2,750 million (Commercial Term Loan) to refinance all its outstanding commercial loans for the MRP.

9. Under the OPC's latest funding arrangement, the ranking of the Commercial Term Loan is equivalent to that of the existing commercial loans for the MRP while the loan of \$650 million is equivalent to that of the two Government loans for the MRP and the TSW Project² which are both subordinated to the commercial loans. With this funding arrangement, apart from the security over OPC's bank accounts maintained with the commercial bank concerned, the OPC no longer needs to pledge all other assets of the Park as collateral but can redeploy its current assets more flexibly. The Government will also be relieved of its obligations as the guarantor for the OPC's commercial loan and hence reduce its financial exposure to the OPC.

10. The latest funding arrangement does not affect the principle and consistency of the Government loan arrangement previously approved by the LegCo FC for the TSW Project, and it will not undermine the Government's financial interest. The OPC remains obliged to repay the Government loans for the MRP and the TSW Project as originally scheduled, and seek to re-finance in 2021 the outstanding Government loans as mentioned in paragraph 3 above.

² Under the terms of the Government loans for the MRP and the Project, the two loans are subordinated in ranking to the commercial loans for the MRP.

11. The Government's financial consultant has examined the OPC's latest funding arrangement. Having considered the financial consultant's analysis and the funding arrangement as mentioned in paragraphs 9 to 10, the Government approved the OPC to adopt the aforementioned funding arrangement so as to facilitate the OPC's waterpark development.

Project Progress

12. The OPC's contractor has commenced the foundation works and site formation works of the TSW Project in accordance with the latest detailed enhanced design. In order to ensure that the proposed project quality will be achieved, the OPC has adjusted the completion date of the TSW Project to the second half of 2018.

Tourism Commission
Commerce, Industry and Tourism Branch
Commerce and Economic Development Bureau
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Design of the Tai Shue Wan Waterpark

Enhanced Design of the Tai Shue Wan Waterpark



Original Conceptual Design of the Tai Shue Wan Waterpark

