

Press Release

Redevelopment Plans for Ocean Park

* * * * *

The Executive Council has endorsed the Redevelopment Plans for Ocean Park which aim to turn the 28 year-old Ocean Park into a world-class marine themed attraction.

"The redeveloped Ocean Park will act as a catalyst for urban regeneration of the Southern District and the development of the Aberdeen area as a tourism node," a government spokesman said today (October 27). The redevelopment is expected to bring net quantifiable economic benefits of \$40 billion to \$48 billion over 40 years. On employment creation, the redevelopment project will directly and indirectly generate between 2,600 and 4,000 additional full-time equivalent jobs in the Hong Kong economy upon the opening of Phase I in 2008-09, rising to between 11,300 and 12,800 in 2021-22. "It will complement Hong Kong Disneyland and greatly enhance Hong Kong's attraction as the premier family destination in the region," the spokesman said.

There is a need to redevelop the 28 year-old Ocean Park to enhance its statutory function as a public recreational and educational park, and to maintain its attractiveness to visitors. In May, 2002, the Government set up an interdepartmental "Task Force on Redevelopment of Ocean Park and Tourist Attractions in Aberdeen", chaired by the Financial Secretary, to oversee the planning for the future of the park and the subsequent development of the Aberdeen tourism project. The task force set up a development group, led by the Chairman of the Ocean Park Corporation Board, to take forward the preparation of a detailed proposal relating to the future development and operation of Ocean Park. In February, 2005, the development group submitted the plans to the task force for consideration.

According to the plans, "Ocean" and "Animal Encounter" will continue to be the key themes of the park. The redeveloped Ocean Park will be divided into two major areas – the Waterfront (formerly the Lowland) and the Summit (formerly the Headland), featuring more than 70 distinctive attractions. Under the plans, construction works will be carried out in phases with Phase 1 targeted for completion by the end of 2008 and Phase 2 in 2010. The phased redevelopment programme will allow the park to remain open during the construction period. With the

redevelopment, it is estimated that visitors to Ocean Park will increase from 4 million in 2004/05 to more than 5 million by 2010-11 and more than 7 million by 2021-22.

"The redevelopment cost is estimated to be \$5.55 billion. The Government is prepared to provide support for half of the funding - \$2.775 billion - of which \$1.3875 billion (25% project cost) will be in the form of government guarantee for Ocean Park to secure commercial loans and \$1.3875 billion (25% project cost) as a subordinated loan. The Government will shortly seek the approval of the Finance Committee of the Legislative Council for the proposed funding arrangement," the spokesman said.

The Government commissioned an independent financial adviser to help examine the financial aspects of the plans. The financial adviser concluded that the business plan was viable but Government support was required to enable Ocean Park to secure commercial loans.

"To allow appropriate involvement of the commercial market, the Government will provide a subordinated loan amounts to 25% of the project cost while the remaining part will be sourced from the commercial market. The Government will guarantee repayment of part of the commercial loan up to 25% of the total project cost. Under the proposed funding arrangement, the Government will equally share the loan risk exposure with the commercial market. It will also help Ocean Park secure commercial loan on reasonably advantageous terms," the spokesman said.

The Government has also carefully assessed other aspects of the plans, and concluded that they do not have insurmountable problems in respect of the engineering, technical, lands and planning, transport, or economic aspects. The environmental assessment of the plans is being dealt with in accordance with the Environmental Impact Assessment Ordinance.

Ends/Thursday, October 27, 2005