CATCHING THE WAVE AT OCEAN PARK

It was a sunny fall day and Thomas Mehrmann, Chief Executive of Ocean Park Hong Kong had just returned to his office from a visit to Tai Shue Wan (TSW), a site within the Park planned for development. Located in Aberdeen on the south side of Hong Kong island, Ocean Park sat on both sides of Brick Hill (Nam Long Shan) stretching across a site of 879,000 square meters, with Tai Shue Wan sitting on the west side. When Mehrmann came on board in 2004, the outlook for Ocean Park was bleak. The Park had run a deficit from 1998 to 2003, with the exception of a brief rebound in 2002, and Hong Kong Disneyland was due to open in 2005. Disney's entry to the local market meant that Ocean Park had to compete with one of the global leaders in the theme park industry, let alone against growing local and regional competition.

Since Mehrmann took over the helm, he was credited with the successful repositioning of Hong Kong's home grown theme park after Hong Kong Disneyland had opened, and for steering the Park's HK$5.55 billion redevelopment plan. For four consecutive years between 2004 and 2007, Ocean Park had boosted attendance, increased revenue and grew a surplus, paving the way for its self-financed redevelopment.

Tai Shue Wan would be the next major development after 2012. Mehrmann knew that now was the time to evaluate the future of Tai Shue Wan in the context of the larger plan for Ocean Park. Having beaten Hong Kong Disneyland in the world's theme park rankings in 2007, Ocean Park was a brand in its own right. If the HK$5.55 billion[1] redevelopment was for competitive survival, the opportunity presented in Tai Shue Wan development was one of strategic expansion. Mehrmann had to think beyond 2012 to the vision and long term sustainability of Ocean Park. How could the TSW site be used most effectively to contribute to the local and global position of Ocean Park beyond 2012?

Ocean Park
Hong Kong's Home Grown Theme Park

Located on the south side of Hong Kong Island, on 879,000 square meters of land on both sides of Brick Hill (Nam Long Shan), Ocean Park was Hong Kong's home grown marine theme park [see **Exhibit 1**]. Opened in 1977, construction of the Park was funded by the Hong Kong Jockey Club on a site granted by the Hong Kong Government at a nominal premium.[2] Until 30 June 1987, Ocean Park had operated as a subsidiary of the Hong Kong Jockey Club. On 1 July 1987, the Park became a not-for-profit organization, managed by Ocean Park Corporation (OPC) incorporated under the Ocean Park Ordinance. The mandate of OPC, stipulated by the Ordinance, was to manage Ocean Park as a public recreational and educational park and to develop Ocean Park for purposes of recreation or education [see **Exhibit 2**].

30 years after it first opened its gates to the public, Ocean Park had established itself as a major tourist attraction in Hong Kong endeared by tourists and locals alike [see **Exhibit 3**].[3] The mission of the Park was to provide guests with memorable experiences that combined entertainment and education, while inspiring life long learning and conservation, on a self financed basis. Each year, about 30,000 school children in Hong Kong visited the Park to learn about animals. In 2001, the Park's research and conservation efforts on marine mammals and artificial insemination delivered two of the world's first artificially conceived dolphin calves. A male and a female local bred bottlenose dolphin were living with their parents in the Park's Dolphin University.

1 HK$ is pegged to the US$ at US$1 = HK$7.8

2 The Hong Kong Jockey Club is a company limited by guarantee with no shareholders and obtains its net earnings from racing and betting. The money remaining after payment of dividends, prize money, taxes, operating costs and investments to enhance Hong Kong's racing and betting facilities is donated to charitable and community projects. The Hong Kong Jockey Club Charities Trust serves as the vehicle through which all of the Club's charitable donations are distributed and administered.

3 Ocean Park Corporation (27 January 2006), "*Ocean Park Named the Most Loveable Site in Hong Kong*", press release.

Products and Services

Organized around two themed areas: the Headland (measured roughly 725,000 square meters) and the Lowland (measured roughly 154,000 square meters), the Park was connected by a 1.5 km cable car system which offered a panoramic view of the southern part of Hong Kong island and the South China Sea. In early 2005, the Park announced plans for a major redevelopment and the HK$5.5 billion Master Redevelopment Plan (MRP) was later endorsed by the government and implementation was currently underway, scheduled for completion in 2012.

The Headland (renamed the Summit after redevelopment) featured a host of thrill rides including the Abyss Turbo Drop, a screaming free fall from a height of 62 meters. Visitors could also enjoy performances by dolphins and sea lions at the Ocean Theatre and learned more about marine life from the Atoll Reef, the Chinese Sturgeon Aquarium and a Sea Jelly Spectacular.

The Lowland (to be renamed the Waterfront after redevelopment) featured one of the major attractions of the Park, a gift of giant pandas to the Hong Kong Special Administrative Region by mainland China, in their Giant Panda Habitat. In Feb 2007, the Park introduced the territory's first and largest of its kind helium balloon ride under the MRP at the newly opened Sky Fair. The 22-meter wide balloons could carry 29 passengers to a height of 120 meters.

Table 1: ENTERTAINMENT AT OCEAN PARK

ATTRACTIONS	SHOWS	THRILL RIDES
Giant Panda Habitat	At Ocean Theatre ▪ sea lions and dolphins At Whiskers Theatre ▪ sea lions ▪ mini bird show At Sky Fair ▪ bird show ▪ acrobatic show	Abyss Turbo Drop
Cable Car		Dragon roller coaster ride
Helium Balloon Ride		Flying Swing
Sea Jelly Spectacular		The Eagle
Pacific Pier		Crazy Galleon pirate ship
Atoll Reef		Ferris Wheel
Chinese Sturgeon Aquarium		Mine Train
Dolphin University		Space Wheel
Ocean Park Tower		Raging River

In addition, the Park also offered "experience" programs such as the Dolphin Encounter, 90 minutes of close interaction with dolphins in a pool. The romantically inclined could choose from a range of settings in the Park for wedding ceremonies or wedding anniversary celebrations.

Ocean Park was served by a 280 space car park at the main entrance and a 55 space car park at the Tai Shue Wan entrance. Access via public transport was available and it was a brief walk from the public bus interchange in Wong Chuk Hang. For overseas visitors, it would take 20 minutes on the Airport Express Train to arrive at Central which was one stop from Admiralty on the mass transit system. From Admiralty, it was only a 30 minute coach ride to the Park.

Key Executives

Allan Zeman, Chairman of the Board, Ocean Park Corporation

Zeman moved to Hong Kong in 1970 and started his garment export business in the same year, and made his first million by the time he was 20.[4] In Hong Kong, he was more widely known for his role in developing the territory's prime nightlife district, Lan Kwai Fong. When Zeman first came to Lan Kwai Fong, the area was a run down periphery of Hong Kong's central business district. But with his business vision and

4 Jung, S. (13 April 2002) Action Central, *South China Morning Post*.

creative energy, he had transformed the area into a place for expatriates to gather in the 1980s. In the years after 1997, when a significant number of expatriates had moved out of Hong Kong, Lan Kwai Fong became a place where the western educated locals and foreigners mingled. "To sustain your products, you need to create excitement and make customers buy it", Zeman said with regard to his Lan Kwai Fong success. "I have created different products in Lan Kwai Fong that draw different people 24 hours a day, from breakfast, brunch, lunch, happy hours, dinner and after dinner."[5]

In 2003, Hong Kong's chief executive Tung Chee-hwa appointed Zeman to be Chairman of the board of Ocean Park Corporation. He had been compared to Richard Branson of the Virgin Group by the local media for his creative business ideas and marketing strategies.[6]

Thomas Mehrmann, Chief Executive, Ocean Park Corporation

When Zeman was appointed Chairman of Ocean Park, he hired Thomas Mehrmann to replace Randolph Guthrie as chief executive. Mehrmann started his theme park career at Knott's Berry Farm[7] in 1977 and from there he worked his way up through the ranks to become vice president of Park Operations and Entertainment. In 1998, he joined Six Flags Marine World[8] in California and later accepted an appointment as vice president and general manager of Warner Brothers Movie World in Madrid in 2000. In Madrid, he had the responsibility for the design, development and construction of the US$380 million Madrid Movie World project, an experience relevant to the revamp of Ocean Park.[9]

"I was brought in to define a master plan for the park," explained Mehrmann in an interview.[10]
When Mehrmann first visited the Park, he immediately saw opportunities which he described as "low hanging fruit" to improve the Park's performance. Mehrmann joined Ocean Park in 2004 and was credited for returning the Park to profitability and raising visitor attendance.

Hong Kong's Tourism Outlook

Strong Record Arrivals

Hong Kong's tourism industry performed strongly in 2007. Government statistics indicated the territory's inbound tourism continued to grow at a healthy rate, receiving 28.17 million visitors in the year, up 11.6% year-on-year [see Table 4.1 in **Exhibit 4**]. Amongst them, more than 60.9% stayed overnight. Total tourism expenditure[11] rose by 16.4% to HK$140.52 billion, inclusive of HK$34.7 billion from passenger international transport expenditure [see Table 5.1 in **Exhibit 5**]. Average hotel occupancy dropped slightly from 87% in 2006 to 86% in 2007 and the average room rate for all hotels increased by 11.4% to HK$1,215.[12]

The top five Asian markets in terms of visitor arrivals were Mainland China (55%), followed by Taiwan (7.9%), Japan (4.7%), USA (4.4%) and South Korea (3.1%).[13] China also led in terms of total spending by overnight visitors, amounting to HK$47.22 billion [see Table 5.2 in **Exhibit 5**]. Overall, about 57% of the destination consumption expenditure of overnight visitors went to shopping, with hotel bills and meals outside hotels capturing 22.5% and 11.9% respectively [see Table 5.4 in **Exhibit 5**]. Spending on entertainment and tours was minimal at 2.2% and less than 1% respectively.

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5 Hong Kong Institute of Marketing (11 December 2004) "Lan Kwai Fong.Over Two Decades of Success".
6 Crawford, Barclay (31 July 2006) "Mr. Enthusiasm", *South China Morning Post*.
7 Knott's Berry Farm was America's first theme park and the 12th most-visited amusement park in the country.
8 Six Flags Marine World, renamed Six Flags Discovery Kingdom, was a combination of wild life park, theme park, and oceanarium, located in Northern California.
9 Crawford, Barclay (31 July 2006) "Mr. Enthusiasm", *South China Morning Post*.
10 Stein, A, "International Entertainment's His Game," California State University, Fullerton, http://www.fullerton.edu/50/spotlight/mehrmann., accessed 4 September, 2008
11 Total tourism expenditure referred to total spending by incoming tourist to Hong Kong.
12 Hong Kong Tourism Board (2007), *A Statistical Review of Hong Kong Tourism 2007*.
13 Ibid.

According to the Hong Kong Tourism Board, the average overnight visitor to Hong Kong in 2007 was female, aged 39, married, came to Hong Kong for vacation and had been to Hong Kong more than once.[14] Of the many tourist attractions in Hong Kong, Victoria Peak was the most popular, followed by the open air market (Ladies market) and the Avenue of the Stars, "a salute to eminent Hong Kong film workers for their devoted contribution to local and world theatres".[15] Ocean Park ranked fourth amongst the top five attractions in 2007 [see **Exhibit 3**].

The Mainland Chinese Visitor

Contributing the majority of Hong Kong's total arrivals in 2007, China continued to be the largest single source of visitor arrivals to the territory. Out of the 15+ million visitors in 2007, 8.6 million travelled as individual travelers without joining a packaged tour[16], and 55% of the total mainland arrivals were from across the border.[17] In 2007, they contributed a total of HK$47.22 billion to Hong Kong's economy. Although the per capita spending of this group grew by 10.4% to HK$5,193 in 2007, compared to the US, Europe and the Australia, Chinese visitors' per capita spending fell short [see Table 5.3 in **Exhibit 5**]. The majority of mainland visitors came to Hong Kong for a single purpose – shopping, and they cared very little about hotel accommodation and the exotic and expensive dining experiences offered by Hong Kong [see Table 6.1 in **Exhibit 6**]. Even amongst the Asian visitors, mainland Chinese recorded exceptionally high spending on shopping relative to other markets.

The average Chinese visitor spent less than 3% of their total expenditure on tour and entertainment, indicating limited interest in "paid attractions" or "paid entertainment". For the 6+ million mainland visitors who traveled to Hong Kong on package tours, Ocean Park was often included on their itinerary. Compared to Ocean Park (at HK$208 for adult, HK$103 for children), Hong Kong Disneyland (at HK$350 for adult and HK$250 for children at peak days) was more expensive.

Enhancement of Hong Kong's Tourism Infrastructure

For decades, shopping and dining were Hong Kong's major propositions as a tourist destination. The same might still be true considering its largest group of visitors from the mainland spent the bulk of their expenditure, 72.6%, on shopping [see Table 6.1 in **Exhibit 6**] in 2007. Hong Kong was keen to boost the territory's tourist appeal and position Hong Kong as a must-visit city.[18] Popular tourist attractions included Victoria Peak with a panoramic view of Hong Kong's Victoria harbor, two theme parks (Hong Kong Ocean Park and Hong Kong Disneyland), the nightly light and sound show 'A Symphony of Lights' and the world largest seated outdoor bronze Buddha statue at Po Lin Monastery, to name a few.

Since the economic downturn during the outbreak of Severe Acute Respiratory Syndrome (SARS) in 2003, the government had made significant investments towards enhancement of some of the territory's key infrastructures. The building of Hong Kong Disneyland, in which the Hong Kong Government was a major shareholder, was a precursor to this strategic initiative. The Disney theme park was officially opened in September 2005, and according to the Hong Kong Tourism Commission, it marked "a new era for tourism in Hong Kong and helps Hong Kong reposition itself as a premier destination for family tourists."[19]

Between 2004 and 2007, major infrastructure and enhancement projects included:

- Hong Kong Wetland Park (opened May 2006), Hong Kong's first major green tourism facility aimed at attracting one million nature lovers annually.
- Ngong Ping 360 (opened September 2006), a 20 minute cable car ride and Ngong Ping Village, a new attraction designed to highlight the cultural and religious tradition of Ngong Ping, situated on the Hong Kong's largest island, Lantau Island.

14 Ibid.
15 Avenue of the Stars, company website, http://www.avenueofstars.com.hk/eng/home.asp, retrieved 10 September, 2008.
16 These visitors travelled under the Individual Visit Scheme (IVS) which was introduced by the mainland Chinese government in 2002 to revitalize the economy of Hong Kong.
17 Hong Kong Tourism Board (2007), *A Statistical Review of Hong Kong Tourism 2007*.
18 Hong Kong government (2007), Hong Kong Year Book 2007.
19 Tourism Commission, Major Tourism Projects, Hong Kong Disneyland, http://www.tourism.gov.hk, accessed 10 September 2008.

- Tsim Sha Tsui Promenade Beautification Project (complete), an initiative aimed at giving the Tsim Sha Tsui waterfront a major facelift and bringing the harbor closer to pedestrian access for appreciating views of the Victoria Harbor and introducing more alfresco dining facilities along the harbor front.
- Stanley Waterfront Improvement Project (complete), to enhance the attraction and to enrich the experience of local and overseas visitors with the construction of a new public pier and promenade, as well as improvement of street lighting and street furniture.

Over and above these initiatives, the government continued to capitalize on Hong Kong's appeal as a tourist destination by committing to the building of a new cruise terminal at the former airport. At a local level, a Tourism District Enhancement Program aimed at improving the tourist appeal of select local neighborhoods had its eyes on Aberdeen, a traditional fishing village on the southern side of Hong Kong Island, in close proximity to Ocean Park.

Aberdeen Tourism Project[20]

The brief for the proposed Aberdeen Tourism Project was to re-design the Aberdeen area to reflect Aberdeen's heritage as a traditional fishing village. The proposal under review by the government included key features:

- Redevelop the Aberdeen harbor under the theme of "Fisherman's Wharf";
- Enhance the use of traditional sampans as a means of water transport to shuttle between Aberdeen, Ap Lei Chau and Ocean Park ;
- Develop exhibition facilities based on the theme of traditional fishing harbor.

The Project was under public consultation and review and the government's intention was to commence development in 2009, target for completion in 2012 in order to maximize the tourism prospects brought by the redevelopment of Ocean Park.

The Global Theme Park Industry

The World Travel & Tourism Council predicted the industry's worldwide revenue to grow by 4% annually over the next ten years through 2018.[21] The amusement and attractions segment was expected to contribute to the industry's growth, "fueled by expansion in nations throughout the Middle East, Asia and elsewhere." [22] Visitation to attractions around the world had record growth in 2007. PricewaterhouseCoopers anticipated consumer spending on global theme parks to rise by 5% annually through 2012 – resulting in a more than $30 billion USD industry.[23]

Around the world, the United States had the most mature theme park market, led by Disney in the 50's and 60's, and reaching maturity in the 1980s. Europe and Asia were in a rapid growth phase with strong growth forecast for the next 10 years. Asia was characterized by mixed markets, with Japan exhibiting signs of maturity and markets such as India, Thailand, Singapore, Malaysia and Indonesia showing fast growth. In the Middle East the United Arab Emirates was moving quickly, emerging as a powerful force in the theme park industry.

In 2005 there were an estimated 362 theme parks in the world, with 35% in Asia and 31% in the US and Canada generating 606 million visits worldwide.[24] The US had about 40 large scale parks with annual attendance over one million, with 55 moderate scale parks with attendance between 500,000 and one million. Europe had 19 major attractions with attendance over one million, and 45 moderate scale

20 Tourism Commission, Major Tourism Projects, Aberdeen Tourism Project, http://www.tourism.gov.hk, accessed 10 September 2008.
21 IAAPA (30 June 2008), Prepared remarks of Charlie Bray, President and CEO of IAAPA at the International Executive Institute for the Attractions Industry, www.iaapa.org/pressroom/executivespeeches/BuenosAires08.asp, accessed 20 August, 2008.
22 Ibid.
23 Ibid.
24 Clave, S. Anton (2007). The Global Theme Park Industry, CABI, Cambridge, Massachusetts.

attractions with attendance between 500,000 and one million. The European industry was about one third the size of the U.S. industry in revenue, contributing total revenues of US$1.5 billion and 70 million visitors. In Asia, there were over 125 facilities with more than 500,000 visitors. From 2000 to 2005, Asian theme park visitors grew from 188 million to 233 million and from 34.5% to 38.4% of worldwide visitations and per park revenue stood at US$39.56 million in 2005, about 5% below the world average [see **Exhibit 7 and Exhibit 8**].

Trends in Theme Park Development

The theme park industry had been steadily globalizing for the past 25 years following growth in regions of increasing urbanization, rising leisure time and discretionary income. The US-Canada market was highly developed, concentrated in the hands of a few operations such as Walt Disney Company, Six Flags, and Universal Studios which were diversifying and expanding internationally. Europe had yet to reach maturity and the industry was repositioning to adjust to the urban patterns, consumption patterns and differences in disposable income. In Asia and the Pacific there was intense but regional expansion, with significant growth in China.

The future of theme parks was a mix of global and local strategies. While Disney and Six Flags pursued direct developments and franchise arrangements, international theme parks were being developed by corporate conglomerates, not the Disney's and Six Flags, in association with local governments. Local governments could create an economic environment that would attract investors to invest in major leisure and entertainment attractions. Local investment also injected the voice of community into the identity of the parks. In Asia, localization played an important role, leaving few themed developments by franchise players. Many parks were developed by corporate conglomerates with government sponsorships, including Hong Kong Disneyland.

Competition amongst theme parks was looking globally for leisure time and tourism dollars. Increasingly, theme parks were an important factor in how tourists chose destinations. Locally, shopping malls were moving into areas of amusement and entertainment to keep shoppers in the mall, some attracting international tourism. Mega-malls were integrating entertainment features such as ice rinks, roller coasters and entertainment centers. Even sophisticated home entertainment systems competed for leisure time, keeping people at home and away from outings to the parks. Parks were responding in their design to shift perceptions from "a day at the park" to "a week at the park". This meant competing with other tourist destinations and establishing themselves as reliable extended stay destinations to attract repeat visitors.

As the traditional family base was decreasing in developed markets, parks had to reach for wider demographic segments, targeting select market segments. Multi-segmentation strategies were necessary to attract the family base, older visitors, singles, ethnic groups and other segments.

Theme Park Strategies

To expand the customer franchise, there was a shift towards theme parks with country/regional themes, theme parks as part of larger mixed-used destination projects, greater visitor participation and interaction, use of simulation and virtual reality, greater water orientation, and all-weather operations in artificial environments.[25]

Themed environments used elaborate set designs, special effects, colorful figures applied throughout parks to draw visitors into another time and place. "People can't seem to get enough of experiences that truly surround you and make you feel as if you're in a certain place or time."[26] Splendid China in Shenzhen, China across the border from Hong Kong had a theme developed around Chinese cultures. Disney used a global model, an extension of the American theme park.

25 Jones, Clive B. and Robinett, J. (1999). "The future of theme parks in international tourism." Economics Research Associates, Accessed online at http://www.hotel-online.com/Trends/ERA/ERARoleThemeParks.html on Sep 15, 2008.

26 Robinson, J. Clark. Innovative trends in the Global Amusement Industry. Recreation Management. Accessed online at http://www.recmanagement.com/200501gc01.php on Sep 12, 2008.

Technology was increasingly applied throughout park operations to enhance rides through animation and simulations, increase attractions visited per day, and reduce waiting times for rides. Disney had introduced Fast-Pass, a smart card that assigned set boarding times, reducing waiting times by almost 40 minutes for some rides.[27]

Multi-segmentation was applied to broaden the appeal of theme parks and in increasing the use of the park assets. Seasonality was always a factor in park utilization. By hosting celebrations for holidays such as Christmas, New Years, summer breaks and ethnic-specific events parks could increase appeal to specific local groups.

Waterparks were a proven theme, with many parks placing full scale waterparks next to hard rides. Equally, multi-purpose entertainment centers with specialty restaurants, sports facilities, theaters, stages and shows were a part of this trend. By shifting activities indoors, parks could remove weather and seasons as a factor and guarantee the quality of the park experience.

Joint ventures and strategic alliances became popular in the late 1990's, usually pursued for bringing together parks and entertainment. Rank Organization PLC (owns Universal Studios Florida) joined with MCA to build Universal City Florida. MCA formed a strategic alliance with Dream Works SGK to gain benefits from movie rights. Time Warner and MAI had joined to benefit from the trend of theme parks emerging as a key component of international tourism.

Theme Parks in Southern China

Market Landscape

Ocean Park was one of the longest serving theme parks in this part of the world. Since its opening in 1977, the Park had served over 85 million visitors. In 2007, Ocean Park had another record year, achieving 4.92 millions in visitor attendance, beating its international peer Hong Kong Disneyland by two places in the Asia and Pacific Rim ranking [see **Exhibit 9**]; and five places in the World's Top 25 Theme Parks ranking.[28] The Top 10 Asian/Pacific Rim theme parks together achieved a total attendance of 65.8 million, down from 2006.[29] The shortfall in attendance was contributed not only by Hong Kong Disneyland, but also by Lotte World in South Korea which was undergoing renovation. The downturn was compensated by significant growth achieved by two other players in China: Ocean Park in Hong Kong and Happy Valley in Shenzhen [see **Exhibit 9**]. Elsewhere in Asia, Disney's two theme parks in Japan continued to dominate, achieving a combined attendance of 26.3 million. Ocean Park, ranked 16th and Hong Kong Disneyland, ranked 21st were the two theme parks from China on the World's Top 25 listing in 2007.

Given the changing demographics, rising consumption of the urban population, the five day work week, China was tipped to be one of the fastest growing markets for themed entertainment. The country's own theme park industry was gearing to meet this demand. "The main problems of Chinese theme parks are their limited recreational value, given their passive nature and scarce theming (most only managed to get average stays of between two and four hours), in addition to under-maintenance, access difficulties for visitors, little reinvestment, unsafe/insecure conditions and low quality."[30]

Development of theme parks had centered around the Pearl River Delta region of Hong Kong, Macau, Zhuhai, Shenzhen and in key cities such as Shanghai and Beijing. Within the delta region, the Overseas Chinese Town Group (OCT) of Shenzhen and Chime-Long Group of Panyu, Guangzhou were two established players. And over in Macau, within a 50 minute high-speed ferry ride from Hong Kong, development of tourism infrastructure projects in support of the gambling industry was blooming.

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27 Ibid.
28 Themed Entertainment Association (2007), Themed Entertainment Association/Economics Research Associates Attraction Attendance Report 2007
29 Ibid.
30 Clave, S. Anton (2007). The Global Theme Park Industry, CABI, Cambridge, Massachusetts.

Key Players on the Mainland

The Overseas Chinese Town (OCT) Group

Established in 1985, the OCT Group was a state-owned enterprise engaged in three principal businesses: real estate/hotel development and operation; operation of tourism and related cultural industries, and manufacturing of electronic and packaging products.[31] The company was one of the early pioneers in themed entertainment in China. In the early 1990s, riding upon the slogan of "Let the world understand China, and Let China understand the world", the OCT Group built a Chinese theme park cluster which included three themed attractions: Splendid China, China Folk Culture Village and Shenzhen Window of the World.[32] In 1998, the Group added the Happy Valley theme park and formed China's largest theme park cluster in Shenzhen.

Splendid China was a theme park featuring a multitude of scenic attractions of China in miniature format. Covering an area of 300,000 square meters, the park was built according to the geographic distribution of some 82 national scenery/sites at a 1:15 ratio. It boasted the world's largest miniature garden.

China Folk Culture Village was a tourist attraction assembling a representation of Chinese folk arts and cultures. Occupying an area of 200,000 square meters, the park consisted of 25 villages and carried exhibits of the customs and cultures of some 56 regions.

Windows of the World was located at Shenzhen Bay, built on a site of 48,000 square meters. Themed areas in the park were organized according to geographic regions such as Asia, the Atlantic, Europe, Africa and America. Since its opening in 1994, the park had received 31.5 million visitors.[33]

In 2006, the OCT Group expanded the "Happy Valley" franchise and Beijing Happy Valley theme park was opened in the capital city. The expansion extended the Group's management expertise and operating model across China. Meantime, construction of Shanghai Happy Valley theme park was in full swing, scheduled for opening sometime in 2009.

More recently, the Group entered the eco-tourism market with the construction of the **OCT East ecological resort** in the eastern part of Shenzhen. A combination of eco-tourism and real estate development, OCT East consisted of three themed attractions: Knight Valley, Tea Stream Valley and Wind Valley, providing the Chinese community with elements of green tourism, leisure vacation and outdoor sports and recreation. Phase two of OCT East development was under way, scheduled for opening in 2008.

In October 2007, OCT announced its Shenzhen theme park cluster had, as a whole, received its 100 millionth visitor.[34] Happy Valley theme parks alone recorded 3.23 million visitors in 2007 and ranked 9th in the Top 10 Amusement Theme Parks in Asia and Pacific Rim for 2007 [see **Exhibit 9**].[35]

The Chime-Long Group

The Chinese theme park company called themselves "the world class tourist kingdom" which was in a way reflective of the magnitude of the Group's business [see **Exhibit 10**]. Located in Panyu district of Guangzhou, just about two hours ride by coach from Hong Kong, the Chime-Long Group operated a wide range of tourist facilities from restaurant, hotel to golf driving ranges, together with a theme park kingdom. The Group also served "as a demonstration base for the Chinese Cultural Department, and as a Science

31 Information display on company website, www.chinaoct.com, accessed 10 September 2008.
32 Information display on company website, www.chinaoct.com, accessed 10 September 2008.
33 Information displayed on company's website, www.szwwco.com, accessed 10 September, 2008.
34 Information display on company website, www.chinaoct.com, accessed 10 September 2008.
35 Themed Entertainment Association (2007), Themed Entertainment Association/Economics Research Associates Attraction Attendance Report 2007.

Education Base for the Guangdong Province."[36] There were five main themed attractions under the tourist kingdom:

Xiangjiang Safari Park (opened in 1997) claimed to be China's largest safari park. Home to over 20,000 animals of 450 species, including Giant Pandas, Polar Bears, Koalas, and a vast collection of African animals, monkey species, and other Asian animals, it was the only zoo on the mainland to display Koalas and the only zoo in the world to display koala twins.

Guangzhou Crocodile Park (opened in 2004) claimed to be the largest crocodile farm in the world, covering over 330 acres and was home to more than 100,000 crocodiles. The crocodile farm aimed to educate people on the plight of wild crocodiles, the benefits of farmed crocodile breeding and crocodile farming processes.

Chime-Long International Circus (opened in 2005) claimed to be the world's largest permanent circus. The troupe included performers from Russia, Africa, America, Columbia, Kazakhstan and China.

Chime-Long Paradise (opened in 2006) had over 70 rides, including the 10-loop roller coaster featured in the Guinness Book of Records and the Giant Frisbee, the largest ride of its kind in the world. In addition, Chime-Long Paradise was home to the world's largest water stunt show featuring an international cast, an American Lumberjack show, and Asia's largest 4D theatre.

Chime-Long Water Park (opened in 2007) boasted the world's largest wave pool, the world's first Boomerango ride, the world's longest lazy river, and some of the world's fastest speed slides.

Chime-Long Water Park had a very strong opening year achieving over 1.4 million visitors and occupied third position in the Top 20 Water Parks in the World (2007).[37] At the end of the same year, the International Association of Amusement Parks and Attractions (IAAPA) gave Chime-Long Water Park the "2007 Must-see Water Park" award.

Both theme park companies were located within Guangzhou/Southern China and geographically, they were just as convenient for mainlanders as they were for Hong Kong residents. Taking into consideration that few families owned a car or would drive to a holiday destination, Chime-Long launched a door-door transportation service to shuffle visitors directly to their Park. Recognizing visitors' needs for accommodation while spending more than a day visit to the park, Chime-Long opened a hotel within the Safari park.

Chime-Long had competitively priced admission to meet China's living standard. Adult admission to the Water Park alone was Rmb 180, the Safari Park was Rmb 150, the Circus was Rmb 150 and admission to Paradise was Rmb 170.

The other key player, the OCT Group, had a business model integrating themed tourism with real estate giving the Group an edge over other theme park operators by creating an overall integrated experience for visitors. The Group's interests were held by three public companies listed in Shenzhen and Hong Kong and were financially strong compared to other private enterprises. A recent diversification into eco-tourism was likely to attract some of the 55% of Ocean Park's visitors who came from from Southern China.

Indirect Competition from Macau

For decades, Macau had been referred to as the "Eastern Monte Carlo" or "Vegas of the East". Since the former Portuguese colony returned to Chinese sovereignty as a Special Administrative Region, the government made a move to liberalise the city's gaming industry and additional licenses were granted to two Las Vegas based gaming companies: Wynn Resorts (Macau) Ltd and Galaxy Casino Company Ltd.[38] In

36 Information displayed on the company's website, www.chimelong.com, accessed 10 September, 2008.
37 Themed Entertainment Association (2007), Themed Entertainment Association/Economics Research Associates Attraction Attendance Report 2007.
38 Macau Government Tourism Office, www.macautourism.gov.mo, accessed 10 September, 2008.

no time, there were some 30 casinos distributed throughout the former Portuguese enclave. In 2007, Macau served 27 million visitors, with 55% coming from mainland China and some 30% from Hong Kong [see **Exhibit 11**].

Strictly speaking, there were no theme parks in Macau. The closest was Fisherman's Wharf opened in January 2006. Built along the waterfront, in close proximity to the Macao Cultural Centre, the Wharf offered a combination of themed entertainment, rides and dining. Its main features were replicas of historical architecture from around the world. In December 2006, the company announced plans for an expansion, adding an opera house and four hotels with a total of 1,000 rooms over the next two years. Owing to its limited rides and few entertainment attractions, the theme park appeal of Fisherman's Wharf was lacklustre.

A travel destination in itself, the opening of The Venetian Macau posed indirect competition to the theme parks in Southern China. The Venetian boasted a number of impressive statistics such as some 600,000 square feet of gambling space, 3,000 hotel suites, acres of swimming pool, 850,000 square feet of shopping, a 15,000 seat showroom and a 1.2 million square feet convention center. The mega-resort also hosted the performance group Cirque du Soleil in Macau. With all the facilities, gaming and entertainment, Macau presented itself as a strong contender for the meetings, incentives, conventions, exhibition (MICE) business in the Pearl River Delta region.

Competition at Home: Hong Kong Disneyland

Hong Kong Disney theme park was a joint venture between the government and the Walt Disney Company, US. The project consisted of a theme park, resort hotels, and retail, dining and entertainment facilities. In 2005, phase one of the joint venture was complete and Hong Kong Disneyland opened amidst a lot of fanfare and an equal dose of criticism in the media. It was joined by two new hotels – Hong Kong Disneyland Hotel and Disneyland's Hollywood Hotel, and together they offered some 28,000 square meters of retail, dining and entertainment facilities.

The local administration saw the Disney theme park as a strategic infrastructure project that would position Hong Kong as a family tourist destination.[39] Located at Penny Bay on Lantau Island, the Park was served by the special railway Disneyland Resort Line, connecting Hong Kong's mass transit railway system from Sunny Bay station [see **Exhibit 12**]. The Park offered one-day ticket priced at HK$295 per adult, HK$210 per child on a regular day, going up to HK$350 and HK$250 respectively on a peak day.

The park was organized into four themed lands based on stories of fantasy, adventure, space and Americana, featuring a host of attractions and thrill rides.

Table 2: ENTERTAINMENT AT HONG KONG DISNEYLAND

FANTASYLAND	TOMORROWLAND
▪ It's a Small World ▪ Mickey's PhilharMagic ▪ Golden Mickey at Disney's Storybook Theatre ▪ Fantasy Gardens ▪ Adventures of Winnie the Pooh ▪ Sleeping Beauty Castle ▪ Mad Hatter Tea Cups ▪ Cinderella Carousel ▪ Dumbo the Flying Elephant ▪ Fantasyland Railroad Station ▪ Sword in the Stone ▪ Snow White Grotto ▪ Street Entertainment	▪ Space Mountain ▪ Buzz Lightyear Astro Blasters ▪ Stitch Encounter ▪ Autopia ▪ Orbitron ▪ UFO Zone ▪ Street Entertainment

39 Hong Kong government (3 November, 1999), Transcript of Press Conference on Hong Kong Disneyland Project.

ADVENTURELAND	MAIN STREET, USA
▪ Demon Jungle ▪ Adventureland Haunted Trail ▪ Festival of the Lion King ▪ Jungle River Cruise ▪ Tarzan Island ▪ Liki Tikis ▪ Street Entertainment	▪ Main Street Haunted Hotel ▪ Glow in the Park Halloween Parade ▪ High School Musical: Live! ▪ Muppet Mobile Lab ▪ Disney in the Stars ▪ Disney on Parade ▪ Animation Academy ▪ Main Street Vehicles ▪ Hong Kong Disneyland Railroad ▪ Main Street Entertainment

Revitalization of Ocean Park[40]

When the Asian financial crisis hit Hong Kong in 1997, it sent Ocean Park into deficit for four consecutive years from fiscal 1998 to fiscal 2001 [see **Exhibit 13**]. In fiscal year 2002, the Park returned to profitability, recording a surplus of HK$15.3 million and a 21% increase in attendance, reaching 3.4 million [see Exhibit 13 and **Exhibit 14**]. In May 2002, faced with a poor economic outlook and the imminent opening of Disneyland, the government ordered the formation of a Task Force for the Redevelopment of Ocean Park and the Tourist Attractions in Aberdeen.[41]

Back on the mainland, in response to Hong Kong's plummeting economy, the Chinese government launched the Individual Visit Scheme (IVS), lifting restrictions on mainlanders' visit to Hong Kong. The scheme allowed mainlanders from approved cities to travel to Hong Kong in an individual capacity. The scheme brought a flux of mainlanders to Hong Kong, and Ocean Park, long a Hong Kong icon in China, benefitted from the growth in visitors in 2001-2002 [see **Exhibit 14**].

However, Ocean Park suffered another set back in 2003 when the city struggled with an outbreak of the Severe Acute Respiratory Syndrome (SARS). Attendance fell by about 70% to only a few hundred visitors per day.[42] Consecutive years of deficit, coupled with the heavy blow of SARS threatened Hong Kong's only home grown theme park with the possibility of closure. It became apparent that with competition coming from all fronts, Ocean Park was in dire need of a makeover.[43]

While the government-led Task Force began charting long-term plans for Ocean Park, the administration was also reviewing the leadership at Ocean Park. In 2003, Hong Kong's chief executive Tung Chee-hwa appointed Allan Zeman, to be Chairman of the Board and replaced half of the Board with new members. In 2004, Zeman tapped Mehrmann to replace Randolph Guthrie as Chief Executive.

From Competition to Complementary

Mehrmann joined Ocean Park in February 2004 and was credited with four years of record breaking performance for the Park.[44] Commenting on the impact of Disney's entrance to the local market, Mehrmann recalled, "It led to rethinking and looking at how to remain competitive. How do we complement – that was

40 Part of this section was adapted from: Yim, B. & Loo, G. (2007) "Ocean Park: In the Face of Competition From Hong Kong Disneyland", Asia Case Research Centre, Case 2007_321C
41 Hong Kong government (20 June 2005), "Legco Council Panel of Economic Services, Redevelopment Plans for Ocean Park", Economic Development and Labour Bureau.
42 Ocean Park Corporation (2003), Annual Report.
43 Hong Kong government (20 June 2005), "Legco Council Panel of Economic Services, Redevelopment Plans for Ocean Park", Economic Development and Labour Bureau
44 International Association of Amusement Parks and Attractions (July 2008), "Reinventing Ocean Park", FunWorld.

key; understanding how our differences allow us to complement Disney."[45] Ocean Park made a strategic decision to adopt a complementary position, and avoided head-to-head competition with the US theme park. The Park decided to focus on its local heritage and unique position as a marine theme park with "ocean" and "animal encounters" as its main theme.

While Disney was a fantasy operation based on its movie products and intellectual properties, Ocean Park, with animals and nature, was about reality. The Park began mapping out its future as a world class marine theme park. "We are not trying to 'outdo Disney' but rather complement it," Zeman said. "With Disney, we have to go world class or we will fail."[46] The Park also believed that a focus on animals and marine life would offer something for everybody in the family from the oldest to the youngest.[47]

Under Mehrmann, Ocean Park introduced bigger and better festive events as well as new shows and attractions as a key product strategy to boost attendance.[48] Indeed, the Park's Halloween event had grown from a weekend special event to a month-long event, capturing the screams and scares of many young adults and teenagers in Hong Kong. Their Halloween promotion was so successful that it drew envy from its international peer who decided to steer away from Disney-centric themes in order to compete with Ocean Park. As mentioned earlier, Hong Kong Disneyland recorded a drop in visitor arrivals in 2007 while Ocean Park picked up a healthy 14% increase.

As Chairman of Ocean Park Corporation, Zeman was asked to chair a development group under the government's Task Force, responsible for outlining development needs and preparing the master plan for Ocean Park's new design.

Making of A World Class Marine Theme Park

Ocean Park's vision to be a world class marine theme park was incorporated in a HK$5.55 billion master plan to transform the Park "from a regional to a destination facility".[49] Details of the capital investments involved can be found in **Exhibit 15**. Wholly owned by the Hong Kong Government, the Park had no intention to revise its mandate as a not-for-profit organization after the redevelopment.[50] In its 2007 annual report, the Park reported accumulated surplus of HK$791.8 million. This capital reserve coupled with its commercial success in recent years enabled the Park to pursue the Master Redevelopment Project (MRP) as a self-financed proposal through a combination of government and commercial loans. The Executive Summary on the Repositioning and Long Term Operation Plan of Ocean Park, submitted to Hong Kong's Legislative Council by the Economic Development and Labour Bureau on 27 October 2005 is found in **Appendix 1**.

Under the MRP, the size of the area occupied by attractions at the Park would increase from 300,000 square meters to 438,000 square meters, the number of attractions would double to more than 70, the number of shows would triple to 12, and more than 30 new animal species would be introduced by 2010. The number of restaurants would increase from 7 to 27 and the retail area would more than double to 19,000 square feet.

Redevelopment was planned to be carried out in phases over a six-year period, ensuring that the Park would remain open during construction. The new Ocean Park would be organized into two major areas: the Waterfront and the Summit. New attractions would include an aquarium where guests could dine with (not on) the fishes, an underground train, new thrill rides and a rainforest amongst others [see **Exhibit 16**]. After redevelopment, the Park's daily capacity would increase from 36,300 visitors to 53,600 visitors.

45 Ibid.
46 Chan, C. (19 March 2005) "$5.5b Plan to Revamp Ocean Park Is Unveiled", South China Morning Post.
47 Hong Kong General Chamber of Commerce (24 March 2003) "Ocean Park", http://www.chamber.org.hk/info/member_a_week/member_profile.asp?id=36&P=3&KW=&search_p (accessed 8 October 2006).
48 Ocean Park Corporation (2007), Annual Report.
49 Hong Kong Government (27 October 2005), Legislative Council Brief Redevelopment Plans for the Ocean Park, submitted by Economic Development and Labour Bureau, EDB CB 1/6/2091/02
50 Hong Kong Government (27 June 2005), Legislative Council Panel on Economic Services Redevelopment Plans for the Ocean Park, submitted by Economic Development and Labour Bureau, CB (1) 1855/04-05(03).

Consultants estimated that with the redevelopment annual attendance would increase to more than 5 million by 2010-2011 and more than 7 million by 2021-2022 [see **Exhibit 14**].

The financial feasibility study submitted to the government projected the Park's annual revenue to reach HK$1.3 billion upon completion of the first phase, and would grow to HK$2.1 billion when phase two was complete.[51] The redevelopment was expected to boost Hong Kong's position as a premiere destination for family visitors, and as a catalyst for urban regeneration of the Aberdeen district. In terms of economic benefits to the territory, the Park was expected to contribute 0.5% of Hong Kong's GDP by 2010.

Three Themed Hotels Proposed

The development group led by Zeman proposed three themed hotels to be built within Ocean Park outside of the Park's HK$5.55 billion MRP. Local lawmakers were told that the building of three hotels at Ocean Park would bring 36,800 additional visitors in the first year of operation, and with total quantifiable economic benefits of HK$102 million in 2011, rising to HK$260 million in 2030.[52]

It was reported that Ocean Park would likely call for tenders to build and operate the three hotels in Ocean Park.[53] The same report suggested that "successful tenderers would be allowed to build the hotels and operate them for 20 to 30 years before returning them over to the Park."

Local surveyors commented that the BOT (build operate and transfer) model was rare for hotels.[54] So far, the model had only been adopted for building major transport infrastructures such as highways and tunnels. It was suggested that the BOT model was an attempt by the OPC management to contain risk, given the HK$5.55 billion MRP already underway.[55] Depending on details of the collaboration between Ocean Park Corporation and the bidders, the BOT model might be a setback in terms of "not being able to share in the profits should the hotels turn out to be profitable", one local surveyor said.[56]

According to Zeman, OPC would define the overall theme of the three hotels, but the building cost, actual development and finer details would be decided by the developers.[57] If a land premium would be incurred as a result of change in land use, Zeman confirmed that the premium would be the responsibility of the developer.[58]

Each of the three hotels was given a special theme, aimed at a different clientele [see **Exhibit 17**]. The 660-room Ocean Hotel located near the Park's entrance would be a three star hotel, while the 460-room Fisherman's Wharf Hotel near the Park's Tai Shue Wan entrance would be a four star hotel resonating with the atmosphere of a fisherman's wharf. The most up-market of the three would be the 180-room Summit Hotel and Spa which would be a five star deluxe spa resort at the highest point of the Park. Subject to town planning approval, OPC planned to invite expressions of interests and tenders for developing the hotels by the end of 2009 and to commence construction by Q3 2009, aimed at completion in phases by 2011-12.

"There are different ways to increase Ocean Park's income which doesn't require extra investment and also minimizes the possibility of having to raise the admission fee," Zeman justified the building of three hotels within Ocean Park. "Ultimately, we would like to have 50 percent of the revenue from admission fees, 25 percent from food and beverage and another 25% from retail."[59] In fiscal 2006-2007, Ocean Park recorded 73% of revenue from admission, 11% from retail and 13% from F&B [see **Exhibit 18**].

51 Hong Kong Government (December 2005), Legislative Council "Item for Finance Committee", FCR (2005-06)35.
52 Hong Kong government (17 March 2008), "Ocean Park hotels to woo more visitors", Government Information Services Department.
53 Leung, W. (2 November, 2006), "Ocean Park likely to invite hotel tenders", The Standard.
54 Ibid.
55 Ibid.
56 Ibid.
57 Chen, B.(14 January 2008), "Ocean Park plans three themed hotels", The Standard.
58 Ibid.
59 Ibid.

Tai Shue Wan[60]

Tai Shue Wan (TSW), literally translated as "Big Tree Bay", was located on the western side of Brick Hill, southwest of the Lowland (or the Waterfront after redevelopment), facing the Aberdeen channel. It used to be the site of a themed attraction, the Middle Kingdom until Ocean Park's downturn in early 2000 which forced its closure. Due to topographical constraints, there was limited extravehicular activity access between TSW and the Headland. For visitors who entered the Park via the Tai Shue Wan entrance, they could venture up to the Headland via a series of long escalators.

During the initial conception of the MRP, consideration was given to constructing new access roads to locate new attractions and rides in the sloping areas adjacent to the existing escalators between Tai Shue Wan and the Headland. However, both ideas were dropped for fear of its environmental impact on vegetation and on the wildlife/habitat disturbances. The physical constraints of Tai Shue Wan and challenges it posed in relation to the Park's MRP were outlined in the Environmental Impact Assessment (EIA) Study Report, extracted in the following:

> 2.28 Currently there is an existing EVA [Environmental Vulnerability Assessment] access from Tai Shue Wan leading to the Headland area. Owing to topographic constraints, this access, although capable of being used by vehicles, is very steep and with tight bends at certain locations. As shown in the Project Profile submitted to apply for the Study Brief under EIAO [Environmental Impact Assessment Ordinance] in late March 2005 (Application No. ESB125/2005), consideration was given to construct a new access from Tai Shue Wan up to the existing Headland area, as well as to improve the existing Nam Long Shan Road leading to the Headland area. This new access road, however, would have to pass through a densely vegetated valley between Nam Long Sham Road and Shum Wan Road and would require cutting and filling along its route. Also the modification of Nam Long Shan Road by widening could involve some slope works and stabilization works requiring vegetation clearance and wildlife/habitat disturbance. To minimize impact to the vegetation and to preserve its ecological environment as far as possible, the proposal of new access road construction together with Nam Long Shan Road widening has subsequently been removed from the current proposal.
>
> 2.31 When the master layout plan for the expansion and redevelopment was initially conceived, consideration was given to locate new attractions and rides in the sloping areas adjacent to the existing escalators between the Headland area and Tai Shue Wan. This proposal, however, would cause disturbance to the much denser vegetation in the area and require extensive transportation links between the attractions and rides, all located at different elevations due to topographic constraints. In environmental terms, the operation of these transportation links would result in extensive energy consumption throughout each day of operation and hence was not favourable. The idea of further expansion and redevelopment in the sloping areas adjacent to the existing escalators, therefore, was not further pursued.[61]

The variation in gradient between TSW and the Headland had constrained visitors' circulation within the Park's premises. Therefore, the MRP recommended the TSW area to be designated for the development of a hotel (the Fisherman's Wharf Hotel) which would complement the redeveloped Ocean Park and the government's initiative for developing the Aberdeen Tourism Corridor.

Indeed, the consideration to develop Tai Shue Wan was a double-edged sword to Ocean Park. Its dense vegetation was as much an ecological asset to the park as the steep slope with its panoramic view was a liability in terms of development. As Chairman of the development group steering expansion plans for

60 Part of this chapter has been adapted from: Yim, B. & Loo, G. (2007) "Ocean Park: In the Face of Competition From Hong Kong Disneyland", Asia Case Research Centre, Case 2007_321C

61 Hong Kong government (April 2006), Repositioning and Long Term Operation Plan of Ocean Park, Environmental Impact Assessment Study (Final – Issue 2), Volume 1 – Environmental Impact Assessment Report.

Ocean Park and cultivating tourism in Aberdeen, Zeman was reluctant to let go of this asset, as was Mehrmann.

A Future for TSW

Mehrmann estimated the TSW development could support a capital investment around US$500 million[62] but there were many factors to be considered. The TSW site plotted for development measured roughly 162,517 square meters, including the Fisherman's Wharf Hotel [see **Appendix 2**]. If the topographical condition of the site constrained visitors' movement between TSW and the main park, would it make sense to deploy the site as another self-contained themed attraction instead, or should they consider new transportation between TSW and the main park. How should TSW fit with the main park and its theme?

How should TSW fit into the big picture of Ocean Park's long term strategy? The future of themed entertainment looked strong in Asia, a total of 233 millions of visits surpassing the USA-Canada market both in terms of number of visits and in the number of parks in operation [see **Exhibit 7**]. Parks in Asia were also generating higher attendance and higher revenue per park than their European counterparts in 2005 [see **Exhibit 8**].

A strong theme park was also a tourism generator. Elsewhere in the world, Dubai was thriving with investments on mega tourism projects aimed at positioning the city as an international hub of family tourism. In the last decade or so, the city had attracted a lot of attention for its innovative projects integrating real estate and tourism. For example, Dubailand was a mega tourism initiative, covering theme parks to sports academies to wellbeing spas. Dreamworks and Six Flags were among the six theme parks to be built in Dubailand [see **Exhibit 19**]. In addition, Dubai was also home to the first indoor ski resort in the Middle East [see **Exhibit 20**]. Opened in November 2005, Ski Dubai was located in the Kempinski Hotel Mall of the Emirates, occupying an area of 223,000 square meters housing over 400 shops. Increasingly, real estate developers were seeing the inclusion of a themed recreation or attraction to shopping mall as a major draw for shoppers' traffic. While Dubai was on a scale that Ocean Park could not match, it was an interesting source of creative ideas.

Mehrmann reflected on concepts that had been considered - waterparks, multi-purpose facilities, and indoor skiing. Increasingly popular as additions to hard rides, waterparks were showing double digit growth according to the Themed Entertainment Association/Economics Research Associates (TEA/ERA) Attraction Attendance Report.[63] The same report also suggested that "Asia is catching up very quickly, particularly led by Korea and Japan and also China with major indoor/outdoor waterparks forming part of resort destinations." A waterpark of 15,000 to 20,000 capacity was feasible.

Multipurpose entertainment centers - specialty restaurants, sports facilities, theatres, stages and shows - were also designs that would help increase the "stickiness" of visits. Could this be a way to attract shoppers and repeat visitors? A theme park veteran for more than 30 years, Mehrmann was not blind to the logic of "a park goer is a shopper; but a shopper is not necessarily a park goer."[64] Many malls around the world had used skating rinks to attract visitors, including those in Hong Kong. Ice rinks could be convertible to other sports and entertainment facilities. Would ice skating appeal to the international and local market? Dubai had used indoor skiing in a desert as a novelty to attract visitors. An indoor ski hill with capacity of 500 at any time was another possibility.

Mehrmann knew that in the long run Ocean Park had to be situated not just in Hong Kong, but in the context of a rapidly developing China and a changing world. TSW needed a sustainable business model for the future.

He reached for the phone. It was time for some serious creativity.

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62 Ibid.

63 Themed Entertainment Association (2007), Themed Entertainment Association/Economics Research Associates Attraction Attendance Report 2007.

64 Interview conducted on 29 August, 2008 at Ocean Park office.

EXHIBIT 1: LOCATION OF OCEAN PARK



Source: Centamap, http://www.centamap.com, retrieved 10 September, 2008.

EXHIBIT 2: OCEAN PARK CORPORATION ORDINANCE (EXTRACTS)

Section 7 – Establishment of the Board – 30/06/1997

(1) There is hereby established a Board to be called the Board of Ocean Park Corporation.
(2) The Board shall be the governing and executive body of the Corporation and, as such, shall perform all the functions imposed on the Corporation and may exercise all the powers conferred on the Corporation by this Ordinance.
(Enacted 1987)

Section 8 – Membership of the Board - 01/07/1997

(1) The Board shall consist of not less than 7 members appointed by the Chief Executive.
(2) Without prejudice to section 42 of the Interpretation and General Clauses Ordinance (Cap 1), a member shall hold office for a period of not more than 3 years as the Chief Executive may determine, but may from time to time be re-appointed.
(3) Any member may at any time by notice in writing to the Chief Executive resign from the Board.
(Enacted 1987 Amended 59 of 2000 s.3)

Section 17 – Functions of the Corporation - 30/06/1997

The functions of the Corporation shall be -

(a) To manage and control Ocean Park as a public recreational and educational park;
(b) To provide at Ocean Park recreational and educational facilities and other related facilities as it thinks fit;
(c) To develop Ocean Park for the purposes of recreation or education generally in such manner as it thinks fit;
(d) To apply its profits however derived towards the promotion of its functions specified in paragraphs (a), (b), (c).

(Enacted 1987)

Section 18 - Powers of the Corporation - 30/06/1997

Subject to this Ordinance, the Corporation may do all such things as are necessary for, or incidental or conducive to, the better performance of its functions and in particular but without prejudice to the generality of the foregoing, may -

(a) acquire, take on lease, purchase hold and enjoy property, movable or immovable, and sell, let or otherwise dispose of or deal with such property;
(b) enter into any contract;
(c) apply for and receive sponsorships, receive gifts, whether on trust or otherwise, and act as trustee of moneys or other property vested in it on trust;
(d) erect, provide, equip, maintain, alter, remove, demolish, replace, enlarge, improve and keep in repair its buildings, premises, furniture and equipment;
(e) fix and collect fees, subscriptions and charges and specify conditions for the use of facilities and services provided by it;
(f) fix charges to be paid for any trading or advertising in Ocean Park; and
(g) reduce, waive or refund fees, subscriptions or charges fixed in the exercise of its powers under this section generally or in any particular case or class of case.

(Enacted 1987)

Section 25 - Power to borrow money - 30/06/1997

The Corporation may, for the promotion of its functions specified in section 17(a), (b) and (c), borrow money and charge all or any part of its property as security there for, and pay interest on any money so borrowed.
(Enacted 1987)

Section 26 – Accounts and Statement - 01/07/1997

(1) The Corporation shall cause proper accounts to be kept of all its financial transactions and shall cause to be prepared for each financial year a statement of the accounts of the Corporation, which statement shall-
(a) include-
(i) an income and expenditure account and balance sheet; and
(ii) the number of attendances at Ocean Park for that year; and
(b) be signed by the Chairman.
(2) The accounts of the Corporation and the signed statement of accounts shall be audited by an auditor appointed by the Corporation and the auditor shall certify the statement subject to such report, if any, as he thinks fit.
(3) There shall be laid on the table of the Legislative Council not later than 31 December next following the end of the period in respect of which a statement is required to be prepared under subsection (1) or so soon thereafter as the Chief Executive may allow- (Amended 59 of 2000 s. 3)
(a) a copy of the signed and audited statement of accounts together with the auditor's report, if any; and
(b) a report by the Corporation on its activities during that period.

(Enacted 1987)

Section 27 – Investment of surplus funds - 30/06/1997

All funds of the Corporation that are not immediately required shall be invested in such investments as the Corporation thinks fit.
(Enacted 1987)

Source: Hong Kong Government (30 June 1997), CAP 388 Ocean Park Ordinance.

EXHIBIT 3: HONG KONG'S TOP 5 TOURIST ATTRACTIONS (2007)

Hong Kong's Top 5 Tourist Attractions in 2007		
Ranking 2007 (2006)	Places Visited	% of visitors
1 (1)	Victoria Peak	33.4%
2 (2)	Open Air Markets – Ladies Market	24.5%
3 (3)	Avenue of Stars	22.1%
4 (4)	Ocean Park	17.9%
5 (5)	Hong Kong Disneyland	16.8%

Source: Hong Kong Tourism Board (2007), *A Statistical Review of Hong Kong Tourism 2007*.

EXHIBIT 4: HONG KONG INBOUND TOURISM STATISTICS (2005-2007)

Table 4.1 Visitor Arrivals in ('000)				
	2005	2006	2007	Growth (%)
Overnight Visitors	14,773.10	15,821.30	17,153.90	+8.4
Same-day In-town Visitors	8,566.60	9,409.70	10,988.10	+16.8
Cruise-in/Cruise-out Passengers	19.70	20.20	27.30	+35.2
Total	**23,359.40**	**25,251.10**	**28,169.30**	**+11.6**

Table 4.2 Visitor Arrivals in ('000) – By Country						
	2005	% of total	2006	% of total	2007	% of total
The Americas	1,565.40	7	1,630.60	6	1,783.60	6
Europe, Africa and the Middle East	1,725.60	7	1,916.90	8	2,189.40	8
Australia, NZ & S Pacific	620.2	3	667.7	3	757	3
North Asia	1,853.30	8	2,029.90	8	2,200.60	8
South & Southeast Asia	2,413.00	10	2,659.70	11	2,888.10	10
Taiwan	2,130.60	9	2,177.20	9	2,238.70	8
Mainland China	12,541.40	54	13,591.30	54	15,485.80	55
Total	**23,359.40**		**25,251.10**		**28,169.30**	

Table 4.3 Visitors Arrivals in ('000) – By Gender and By Age						
	2005	% of total	2006	% of total	2007	% of total
Breakdown by gender						
Male (%)	12847.67	55	13635.59	54	14929.73	53
Female (%)	10511.73	45	11615.51	46	13239.57	47
Breakdown by age						
0-15 years	1,401.56	6	1,515.07	6	1,971.85	7
16-25 years	2,803.13	12	3,030.13	12	3,380.32	12
26-35 years	6,774.23	29	7,070.31	28	7,887.40	28
36-45 years	6,073.44	26	6,565.29	26	7,324.02	26
46-55 years	3,971.10	17	4,040.18	16	4,507.09	16
56-65 years	1,868.75	8	2,020.09	8	2,253.54	8
66 years & above	700.78	3	757.53	3	1,126.77	4
Total	**23,359.40**		**25,251.10**		**28,169.30**	
SNAPSHOT VIEW						
16-35 years	9,577.35		10,100.44		11,267.72	
0-35 years	10,978.92		11,615.51		13,239.57	

Table 4.4 Visitors Arrivals in ('000) – By Purpose						
	2005	% of total	2006	% of total	2007	% of total
Vacation	11679.7	50	13130.57	52	15493.12	55
Visiting Friends/Relatives	4438.286	19	4545.198	18	5352.167	19
Business/Meetings	5606.256	24	6060.264	24	5633.86	20
En Route	1167.97	5	1262.555	5	1126.772	4
Others	233.594	1	252.511	1	281.693	1
Total	**23,359.40**		**25,251.10**		**28,169.30**	

Table 4.5 Visitor Arrivals in 2007 - Average length of stay (nights)		
2005	2006	2007
3.7	3.5	3.3

Source: Hong Kong Tourism Bureau (2007), *Hong Kong Tourism Statistics in Brief 2007*.

EXHIBIT 5: HONG KONG INBOUND TOURISM EXPENDITURE (2005-2007)

Table 5.1 Total Tourism Expenditure Associated to Inbound Tourism in HK$ (million)				
	2005	2006	2007	Growth (%)
Overnight Visitors	68,888.1	75,925.6	87,867.8	15.7
Same-day In-town Visitors	6,934.8	9,546.5	13,615.3	42.6
Cruise-in/Cruise-out Passengers	55.2	46.2	46.7	1.1
Transit/Transfer Passengers	2,204.9	2,429.2	2,798.5	15.2
Others	1,312.2	1,450.1	1,484.3	
Total Destination Consumption Expenditure	79,395.2	89,397.6	105,812.6	18.4
Passenger International Transportation Expenditure	26,591.0	31,317.0	34,704.0	10.8
Total	**105,986.2**	**120,714.6**	**140,516.6**	**16.4**

Table 5.2 Total Destination Consumption Expenditure in HK$ (million)				
Breakdown by origin	2005	2006	2007	Growth (%)
The Americas	6,554.00	6,768.50	7,640.20	12.9
Europe, Africa and the Middle East	6,778.40	7,567.90	9,005.80	19
Australia, NZ & S Pacific	2,506.30	2,894.60	3,351.10	15.8
North Asia	5,117.60	5,747.70	6,189.20	7.7
South & Southeast Asia	7,780.40	9,036.10	10,313.10	14.1
Taiwan	3,047.40	3,606.60	3,484.70	-3.4
Mainland China	36,569.70	39,679.30	47,215.30	19
Total	**79,395.20**	**89,397.60**	**105,812.60**	**18.50**

Table 5.3 Total Destination Consumption Expenditure Per Capita in HK$				
Breakdown by origin	2005	2006	2007	Growth (%)
The Americas	5,477.00	5,505.00	5,744.00	4.3
Europe, Africa and the Middle East	5,331.00	5,366.00	5,640.00	5.1
Australia, NZ & S Pacific	5,068.00	5,463.00	5,589.00	2.3
North Asia	4,300.00	4,316.00	4,303.00	-0.3
South & Southeast Asia	4,377.00	4,550.00	4,773.00	4.9
Taiwan	4,916.00	5,329.00	5,015.00	-5.9
Mainland China	4,554.00	4,705.00	5,193.00	10.4

Table 5.4 Overnight Visitor Spending in HK$ (million) - All Markets									
By Spend Category	2005	% of total	% Growth	2006	% of total	% Growth	2007	% of total	% Growth
Shopping	36,411.79	52.9	6.5	40,357.14	53.2	10.8	49,825.38	56.7	23.5
Hotel Bills	15,300.68	22.2	24.0	17,916.27	23.6	17.1	19,726.39	22.5	10.1
Meals Outside Hotels	9,726.64	14.1	19.3	10,028.01	13.2	3.1	10,454.15	11.9	4.2
Entertainment	1,520.78	2.2	7.3	1,672.26	2.2	10.0	1,895.90	2.2	13.4
Tours	941.76	1.4	59.8	650.35	0.9	30.9	623.78	0.7	4.1
Others	4,986.43	7.2	17.7	5,301.56	7.0	6.3	5,342.19	6.1	0.8
Total	**68,888.08**	**100.0**	**12.7**	**75,925.59**	**100.0**	**10.2**	**87,867.79**	**100.0**	**15.7**

Source: Hong Kong Tourism Bureau (2007), *Hong Kong Tourism Statistics in Brief 2007*.

EXHIBIT 6: TOURISM EXPENDITURE FROM SE ASIA, TAIWAN AND MAINLAND CHINA (2007)

Table 6.1 Overnight Visitor Spending by Spend Category in HK$ (million) - Mainland China			
	2007	% of total	% Growth
Shopping	34,266.60	72.6	27.9
Hotel Bills	5,009.61	10.6	4.7
Meals Outside Hotels	4,537.33	9.6	2.2
Entertainment	888.19	1.9	19.7
Tours	278.02	0.6	15.3
Others	2,235.55	4.7	6.4
Total	**47,215.30**	**100.0**	**19.0**

Table 6.2 Overnight Visitor Spending by Spend Category in HK$ (million) - Taiwan			
	2007	% of total	% Growth
Shopping	1,882.82	54.0	1.5
Hotel Bills	818.66	23.5	0.6
Meals Outside Hotels	443.56	12.7	11.1
Entertainment	58.13	1.7	46.8
Tours	9.24	0.3	13.2
Others	272.29	7.8	3.8
Total	**3,484.70**	**100.0**	**3.4**

Table 6.3 Overnight Visitor Spending by Spending Category in HK$ (million) - Key SE Asian Markets								
	Singapore	% Growth	Philippines	% of Growth	Thailand	% Growth	Indonesia	% Growth
Shopping	1,079.62	39.2	832.36	27.3	805.59	12.3	763.60	23.6
Hotel Bills	896.15	10.5	507.12	20.6	294.55	3.2	350.26	5.1
Meals Outside Hotels	383.64	14.1	249.75	11.2	178.25	-6.8	164.37	10.8
Entertainment	59.65	19.3	79.12	45.1	30.75	-12.1	30.55	18.5
Tours	9.05	-7.7	29.34	6.4	11.78	-17.3	17.55	12.8
Others	183.15	-0.8	153.38	25.1	106.58	-2.1	92.86	5.2
Total	**2,611.26**		**1,851.07**		**1,427.50**		**1,419.19**	

Source: Hong Kong Tourism Bureau (2007), *Hong Kong Tourism Statistics in Brief 2007*.

EXHIBIT 7: PRINCIPAL MAGNITUDES OF THEME PARKS, 2000-2005

	Number of parks			Number of visits (millions)			Revenue (billion USD)		
	2000	2005	2005 %	2000	2005	2005 %	2000	2005[1]	2005 %
USA-Canada	112	113	31.2	226	229	37.8	6.762	7.133	47.2
Europe	83	92	25.4	101	113	18.6	2.208	2.486	16.4
Asia/ Pacific	119	127	35.1	188	233	38.4	4.416	5.024	33.2
Rest of World	28	30	8.3	30	31	5.1	0.414	0.475	3.1
World	342	362	100	545	606	100	13.8	15.118	100

[1] Estimated figure.

Source: Clave, S Anton (2007), The Global Theme Park Industry, CABI, Cambridge, Massachusetts.

EXHIBIT 8: PRINCIPAL INDICATORS CONCERNING THEME PARKS, 2005[1]

	Visits/Park (millions)	World=100	Revenue/Park ($1000)	World=100	Revenue/ Visit (USD)	World=100
These USA-Canada	2.03	121.6	63,124	151.1	31.15	124.8
Europe	1.23	73.6	27,022	64.7	22	88.2
Asia/Pacific	1.83	109.6	39,559	94.7	21.56	86.4
Rest of World	1.03	64.8	15,833	37.9	15.32	61.4
World	1.67		41,762		24.95	

[1] Estimated figure.

Source: Clave, S Anton (2007), The Global Theme Park Industry, CABI, Cambridge, Massachusetts.

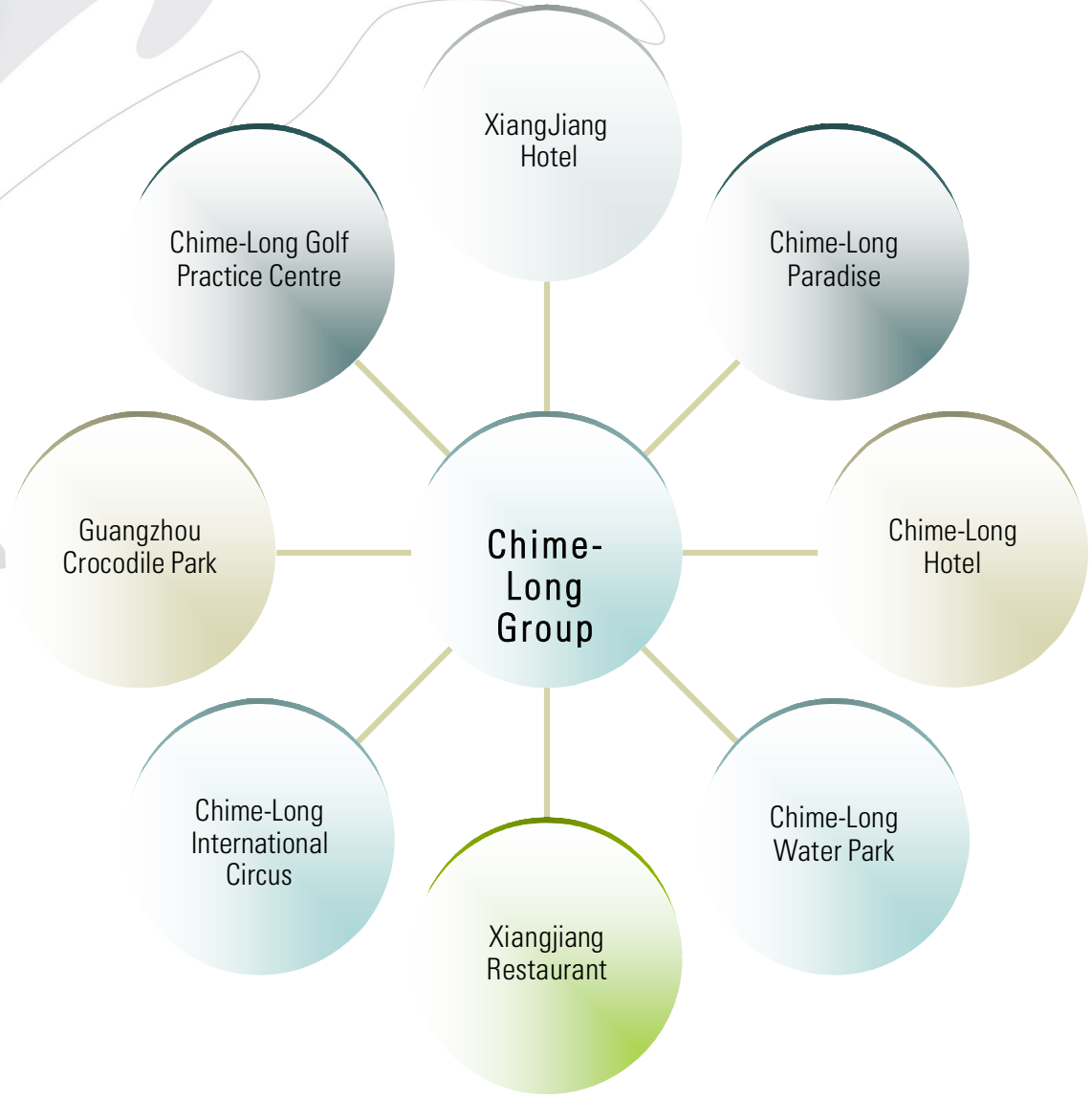
EXHIBIT 9: TOP 10 AMUSEMENT/THEME PARKS - ASIA AND PACIFIC RIM (2007)

Rank	Park and Location	2007 Attendance	% Change
1	Tokyo Disneyland, Tokyo, Japan*	13,906,000	1.5%
2	Tokyo DisneySea, Tokyo, Japan*	12,413,000	2.5%
3	Universal Studios Japan, Osaka, Japan	8,713,000	2.5%
4	Everland, Gyeonggi-Do, South Korea[1]	7,200,000	-4.0%
5	Ocean Park, Hong Kong, China	4,920,000	12.3%
6	Hakkeijima Sea Paradise, Yokohama, Japan*	4,770,000	0.0%
7	Hong Kong Disneyland, Hong Kong, China	4,150,000	-20.2%
8	Nagashima Spa Land, Kuwana, Japan	3,910,000	0.0%
9	Happy Valley, Shenzhen, China	3,230,000	10.2%
10	Lotte World, Seoul, South Korea[2]	2,600,000	-52.7%

[1] Everland attendance does not include Caribbean Bay water park visitation.
[2] Lotte World attendances only includes theme park (adjusted from previous year) – was closed for first half of year (renovations) and re-opened July 1, 2007.
Note: Percent changes for 2007 for certain parks (noted by *) are based on adjusted/updated figures for 2006, thus not directly comparable to published TEA-ERA list for 2006/05

Source: Themed Entertainment Association and Economic Research Associates (2007), TEA-ERA Attraction Attendance Report.

EXHIBIT 10: CHIME-LONG GROUP STRUCTURE



Source: Chime-Long Group, Company data.

EXHIBIT 11: MACAU VISITORS ARRIVALS (2006-2007)

VISITOR ARRIVALS BY PLACE OF RESIDENCE					
Place of residence	Jan.- Dec. 2006		Jan – Dec 2007		% change
	No.	%	No.	%	
GRAND TOTAL	21 998 122	100.00	27 003 370	100.00	22.75
EAST ASIA	*20 750 930*	*94.33*	*25 024 422*	*92.67*	*20.59*
Republic of Korea	162 709	0.74	225 417	0.83	38.54
Mainland China	11 985 617	54.48	14 873 490	55.08	24.09
Hong Kong	6 940 656	31.55	8 176 964	30.28	17.81
Taiwan, China	1 437 824	6.54	1 444 342	5.35	0.45
Japan	220 190	1.00	299 406	1.11	35.98
Others	3 934	0.02	4 803	0.02	22.09
SOUTH ASIA	*41 714*	*0.19*	*64 028*	*0.24*	*53.49*
India	28 903	0.13	45 473	0.17	57.33
Others	12 811	0.06	18 555	0.07	44.84
SOUTHEAST ASIA	*693 374*	*3.15*	*1 179 431*	*4.37*	*70.10*
Philippines	176 246	0.80	256 192	0.95	45.36
Indonesia	68 114	0.31	133 432	0.49	95.90
Malaysia	202 821	0.92	402 121	1.49	98.26
Singapore	126 291	0.57	189 666	0.70	50.18
Thailand	89 448	0.41	140 749	0.52	57.35
Others	30 454	0.14	57 271	0.21	88.06
AMERICAS	*219 610*	*1.00*	*306 324*	*1.13*	*39.49*
Canada	55 242	0.25	78 797	0.29	42.64
United States of America	146 468	0.67	202 165	0.75	38.03
Others	17 900	0.08	25 362	0.09	41.69
EUROPE	*191 002*	*0.87*	*257 335*	*0.95*	*34.73*
Germany	20 769	0.09	26 291	0.10	26.59
France	28 872	0.13	36 364	0.13	25.95
Italy	8 692	0.04	11 787	0.04	35.61
Portugal	13 125	0.06	14 659	0.05	11.69
United Kingdom	57 106	0.26	77 976	0.29	36.55
Others	62 438	0.28	90 258	0.33	44.56
OCEANIA	*84 222*	*0.38*	*134 118*	*0.50*	*59.24*
Australia	72 810	0.33	117 959	0.44	62.01
New Zealand	10 647	0.05	15 353	0.06	44.20
Others	765	0.00	806	0.00	5.36
OTHER AREAS	*17 270*	*0.08*	*37 712*	*0.14*	*118.37*
Africa	13 469	0.06	30 129	0.11	123.69
Middle East	3 735	0.02	7 517	0.03	101.26
Others	66	0.00	66	0.00	-
- Absolute value equals zero					
Source: Public Security Police					

Source: Macau Government Tourist Office (2007), Visitor Arrivals 2007 published on Macau Tourism Industry Net, http://industry.macautourism.gov.mo/, accessed 10 September, 2008.

EXHIBIT 12: LOCATION OF HONG KONG DISNEYLAND



Source: Centamap, http://www.centamap.com, retrieved 10 September, 2008.

EXHIBIT 13: OCEAN PARK CORPORATION: HISTORICAL FINANCIAL RESULTS (1998 – 2007)

Ocean Park Corporation: Historical Financial Results (1998 – 2007)										
Income and Expenditure Account in HK$ millions										
	1997/98	1998/99	1999/2000	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006 /07
Operating Income	314.7	349.6	356.7	349.9	442.4	412.7	520.6	590.3	728.3	845.0
Costs	399.8	382.8	399.5	430.4	427.1	416.8	424.9	470.8	571.8	673.7
Surplus/(Deficit) for the Year Retained	(85.1)	(33.2)	(42.8)	(80.5)	15.3	(4.1)	95.7	119.5	156.5	171.3

Source: Ocean Park Corporation.

EXHIBIT 14: ATTENDANCE OF OCEAN PARK (HISTORICAL AND PROJECTED)

Fiscal Year	Total Visitors (in millions)	% change
1996-1997	3.3	
1997-1998	4.1	24%
1998-1999	3.0	-27%
1999-2000	3.1	3%
2000-2001	2.8	-10%
2001-2002	3.4	21%
2002-2003	3.0	-12%
2003-2004	3.7	23%
2004-2005	4.0	8%
2005-2006	4.3	7%
2006-2007	4.9	14%
Projected figures		
2007-2008	3.4	
2008-2009	4.2	
2009-2010	4.6	
2010-2011	5.0	
2011-2012	5.5	
2012-2013	5.8	
2013-2014	6.1	
2014-2015	6.2	
2015-2016	6.3	
2016-2017	6.4	
2017-2018	6.5	
2018-2019	6.7	
2019-2020	6.8	
2020-2021	6.9	
2021-2022	7.0	

Source: This table has been taken from: Yim, B. & Loo, G. (2007) "Ocean Park: In the Face of Competition From Hong Kong Disneyland", Asia Case Research Centre, Case 2007_321C.

EXHIBIT 15: BREAKDOWN OF OCEAN PARK'S HK$5.55 BILLION MASTER REDEVELOPMENT PLAN

Item	Cost Estimates (HK$ million)	Remarks
Capital Cost	4,525	Include the following: ▪ Demolition (80 million) ▪ Site formation (328 million) ▪ Access roads (132 million) ▪ Infrastructure (304 million) ▪ Facilities at the Summit (1,705 million) ▪ Facilities at the Waterfront (1,237 million) ▪ Funicular system and cable car upgrade (464 million) Area development (230 million)
Contingencies (10% of capital cost)	453	
Animals	160	Include relocation of animals, temporary facilities and new animals
Design and Project Management	362	
Interim Phasing Cost	50	Enabling works and interim facilities to keep the Park opening during redevelopment
Total	5,550	

Source: Hong Kong Government (December 2005), Legislative Council "Item for Finance Committee", FCR (2005-06)35.

EXHIBIT 16: OCEAN PARK'S HK$5.55 BILLION MASTER REDEVELOPMENT PLAN (MRP) – FACT SHEET

Themed Zone or Facilities		Attractions	Rides	Planned Completion
THE WATERFRONT				
1	Sky Fair	Helium Balloon	Yes	Early 2007
2	Temporary Entrance	N/A (guest facility)	N/A	Early 2007
3	Astounding Asia	Asian animals	No	2008
		Exotic Bird Show		
		Nature Trails		
4	Funicular	N/A (transportation)	N/A	2008-2009
5	Entry Plaza	N/A (guest facility)	N/A	2008-2009
6	Lagoon	Night Shows	N/A	2008-2009
7	Aqua City I	Grand aquarium incl shark encounter	Yes	2009
		Underwater restaurant		
8	Aqua City II	Shopping and dining with various attractions	Yes	2009-2010
9	Whiskers Harbour	Many new themed venues for children: rides, animal interactions, birthday area, show area, Toy Store.	Yes	2010
THE SUMMIT				
10	Veterinary Centre	N/A (back of house facility)	N/A	2007
11	Rainforest	Rainforest exhibits with adventure trails and discovery areas along with dynamic and family-oriented ride attractions. Elevated Aviary	Yes	2009
12	Thrill Mountain	High energy ride attractions for young adults, teenagers and thrill seekers	Yes	2009-2010
13	Polar Adventure	Polar animal experiences, shows and attractions	Yes	2010
		Ice Palace		
14	Ocean Dome Stadium	Stadium for marine mammal shows	No	2011
15	Marine World I	Sea Lion Show	Yes	2011
		Dolphin Show		
16	Marine World II	Renovation of Pacific Pier, Ocean Theatre	Yes	2012
17	Cable Car	Renovation	N/A	2012

Source: Ocean Park Corporation.

EXHIBIT 17: PROPOSED DEVELOPMENT PARAMETERS FOR 3 HOTELS IN OCEAN PARK

	Ocean Hotel (3-4 star)	Fisherman Wharf Hotel (4 star)	Spa Hotel (5 star)
Location	New Entry Plaza	Tai Shue Wan	Summit above Tai Shue Wan
No of Floors	17	14	7
No of Rooms	660	460	180
Facilities	▪ Cafeteria ▪ Family dining ▪ Specialty restaurant & bar ▪ Lounge bar ▪ Facilities related to OP	▪ Main dining outlet ▪ Chinese restaurant ▪ Bars & lounges ▪ Promenade, retail, entertainment & dining ▪ Facilities related to OP	▪ Main dining outlet ▪ Specialty restaurant & bar ▪ Spa outlet ▪ Facilities related to OP

Source: Hong Kong Government, Legislative Council Panel on Economic Development (a) Proposed Hotel Development in Ocean Park (b) Some Relevant Information on Hotel Market (17 March 2008), Tourism Commission, Commerce and Economic Development Bureau.

EXHIBIT 18: OCEAN PARK REVENUE BREAKDOWN

Ocean Park Revenue Breakdown

	2007	% of total	2006	% of total
Admission Income	619.3	73%	552	76%
Merchandise Income	91.1	11%	72.9	10%
sales of goods	79.6		64.4	
commission from franchised retail stores	11.5		8.5	
Catering Income	110.7	13%	80.4	11%
sales of food & beverage	104.7		74.8	
commission from franchised food stores	6		5.6	
Others	23.9		23	
TOTAL	**845**		**728.3**	

Source: Ocean Park Corporation (2007), Annual Report.

EXHIBIT 19: DUBAILAND™

FACTS & FIGURES

- DUBAILAND™ is a member of Tatweer and the world's most ambitious tourism, leisure and entertainment project, designed to catalyze the position of Dubai as an international hub of family tourism
- The DUBAILAND™ venture is estimated at AED 235 billion
- DUBAILAND™ will cover an area of 3 billion square feet
- DUBAILAND™ has 7 themes: Theme parks, culture & art, science & planetariums, sports & sports academies, wellbeing & health, shopping & retail and resorts & hotels
- DUBAILAND™ has a total of 45 mega projects
- Projects currently operational include: Autodrome, Polo & Equestrian Club and Al Sahra Desert Resort
- DUBAILAND™ expects a footfall of 40,000 visitors a day and will contribute to attracting 15 million visitors to Dubai by the year 2015.
- The diverse projects under DUBAILAND™ include theme parks, eco-tourism projects, shopping malls, restaurants and residential units that are being developed by UAE, GCC and international investors
- DUBAILAND™ will have a minimum of 55 hotels within its geographical location
- DUBAILAND™ projects a population of 2.5 million people, which includes tourists, workers and residents, once fully operational

PLANNED THEME ZONES IN DUBAILAND
Zone 1. Attractions and Experience World (13.9 km^2)
The Attractions and Experience World will feature a critical mass of themed, large-scale attractions, using the latest technology for thrills and safety. Its largest theme park will act as an anchor, attracting visitors and encouraging the growth of visits to other attractions. It will contain a total of 16 projects (Aqua Dubai, Astrolab Resort, Aviation World, Snowdome (Dubai Sunny Mountain Ski Dome), Dubai Wheel, Dubailand Theme Park, Falcon city of Wonders, Fantasia, Giants World, the Global Village, the Islamic Culture and Science World, Kids World, Legends-Dubailand, Planetarium, Space and Science World, Tourism Park), several of them still at the concept stage.
Zone 2. Themed Leisure and Vacation World (29.7 km^2)
The Themed Leisure and Vacation World will consist of appealing retreats designed to respond to the growing international demand for quality vacation village residences, resort hotels and wellness retreats. It will include several fitness and stress-management-focused facilities and will offer unique creative concepts, such as themed resorts, providing visitors a chance to experience faraway exotic locales without leaving Dubailand. It will contain a total of six projects: Andalusian Resort and Spa, the Indian Theme Resort, LEMNOS Women's World, the Nubian Village, the Silver Street Resort, Thai Express Resort.

Zone 3. Eco-Tourism World (130 km^2)
The Eco-Tourism World will comprise a series of nature and desert-based attractions integrated within their desert parkland surrounds. Its experiential and cultural activities will have broad appeal and its vast number of exquisite and unique offerings will no doubt encourage long stays and repeat visits. It will contain a total of seven projects (Al Barari, Dubai Heritage Village, Life World, Pet Land, Safari Park, Sand Dune Hotel, Tropical Village) in around a third of Dubailand on the outside of the development.
Zone 4. Sports and Outdoor World (32.9 km^2)
The Sports and Outdoor World will include a mix of sporting venues that will incorporate a dynamic program of international rubgy, cricket and other sports tournaments as well as extreme sports activities. It will contain a total of five projects (Dubai Autodrome and Business Park, Dubai Sports City, Extreme Sports World, Golf World, the Plantation Equestrian and Polo Club), four of which have been capitalized. Dubai Sports city is the anchor project, which will encompass four major stadiums set to host international events. Dubai golf city is a themed community with five designer 18-hole golf courses.
Zone 5 and 6. Downtown (1.8 km^2) and Retail and Entertainment World (4.0 km^2)
The Downtown, and the Retail and Entertainment World will be the gateway to Dubailand – a mixed destination offering a variety of retail, dining and entertainment facilities. It will feature popular family entertainment components such as cinemas, bowling, street entertainment, computer-based games centers, themed restaurants and nightclubs. As shopping is one of the essential activities under-taken by tourists on vacation, this world will provide a critical mass of retail facilities providing a wide variety of global brands, but also unique boutiques and discount stores. It includes the Mall of Arabia, which will be the world's largest shopping mall, a City Walk and the Great Dubai Wheel – the world's largest observation wheel. It will contain City of Arabia, Dubai Bazaar, Dubai Outlet City, Restaurant Complex, Teen World, Virtual Games World, including high-rise hotels and a dinosaur-themed theme part called Restless Planet, which will incorporate more than 1000 animatronic dinosaurs, artificial volcanoes and themed rides.

Source: Dubailand (2007) Company information, http://www.dubailand.ae/facts_figures.html accessed 10 September 2008.

Clave, S. Anton (2007). The Global Theme Park Industry, CABI, Cambridge, Massachusetts.

EXHIBIT 20: SKI DUBAI FACT SHEET

Ski Dubai is the first indoor ski resort in the Middle East and offers an amazing snow setting to enjoy skiing, snowboarding and tobogganing, or just playing in the snow. Young or old, there is something for everyone, from the beginner to the snow sport enthusiast. Ski Dubai is a unique mountain-themed attraction that offers you the opportunity to enjoy real snow in Dubai all year round.

An amazing 22,500 square meters covered with real snow all year round.

Ski Dubai has 5 runs that vary in difficulty, height and gradient, the longest run being 400 meters with a fall of over 60 meters. Test your skills on the world's first indoor black run or practice your turns on the gentle beginner slopes. Skiers and snowboarders of all skill levels will enjoy these various slopes and snowboarders can also practice their stunts in the Freestyle Zone. Kids and parents alike will have fun in the huge interactive Snow Park, which at 3000 square meters is the largest indoor snow park in the world.

You don't have to worry about ski clothing or equipment either. Ski Dubai has thought of it all and offers guests the use of winter clothing, ski and snowboard equipment. Your skis will carry you down the slope, and our quad-chairlift and tow lift will promptly carry you back to the top for another run.

You will enjoy our themed restaurants; St Moritz Café at the entrance to Ski Dubai, and Avalanche Café at mid-station, with views of the slope. Our exclusive retail shop, Snow Pro, has expert staff to advise you on your equipment needs and our team of professional Snow School instructors will guide you through the simple, fun process of learning to ski or snowboard.

- 22,500m² covered with real snow all year round – (equivalent to 3 football fields)
- Temperature maintained at a comfortable -1° to -2°
- 85 meters high (approximately 25 stories) and 80 meters wide
- 5 different runs of varying difficulty and length, longest run of 400 meters
- Full capacity of 1500 guests
- Freestyle zone
- Corporate and group bookings
- 3,000m² Snow Park with a snow cavern
- Quad chairlift, tow lift and flying carpets
- Mountain resort theme
- Rental of quality equipment and clothing included in the ticket price
- Qualified professional instructors
- State of the art ticketing system
- Changing areas with locker rental
- Private kids party rooms
- Exclusive retail shop – Snow Pro
- St Moritz Café and Avalanche Café

Source: Ski Dubai, company information, http://www.skidxb.com, accessed 10 September, 2008.

APPENDIX 1

EXECUTIVE SUMMARY ON THE REPOSITIONING AND LONG TERM OPERATION PLAN OF OCEAN PARK

(submitted by Economic Development and Labour Bureau to Legislative Council on 27 October 2005)

APPENDIX 2

SITE MAP OF TAI SHUE WAN

EXECUTIVE SUMMARY

INTRODUCTION

Opened in 1977, Ocean Park has long been established as an iconic attraction visited by both local residents and tourists. To date it has entertained and educated a total of more than 70 million guests. As a result, Ocean Park has become part of the heritage of Hong Kong. However with the opening of Hong Kong Disneyland there is the need to upgrade many of the facilities at Ocean Park and generally to enhance and add to the visitor experience if the Park is to capitalise on the increased visitor numbers that Disneyland is expected to bring to Hong Kong. The intention, therefore, is to transform the 28-year old Park into ***the world's best marine themed attraction.*** The New Ocean Park not only would complement Hong Kong Disneyland and provide a ***"must see"*** experience for any visitor to Hong Kong, but also continue to provide the people of Hong Kong with a ***world class entertainment experience*** with strong conservation and education appeal. It is, of course, important that this be achieved in a way, which is both commercially and financially sustainable, while bringing value to the community.

In June 2003 the Ocean Park Development Group was appointed by the Financial Secretary to oversee the preparation of a detailed proposal relating to the future development and operation of Ocean Park. The objectives of the Group were to maintain the core attributes and the key strengths of the existing Park, while also creating a ***world class "must see" venue*** by introducing an exciting variety of marine based attractions and shows and a wide range of rides catering to all ages and, in particular, targeting the family and younger adults.

The Development Group was led by the Chairman of Ocean Park Corporation and comprised a cross section of Board members, representatives from the management of Ocean Park and senior Government officials. The Group was assisted in its work by consultants from a range of disciplines and the senior management of Ocean Park. The range of skills included theme park masterplanning and design, attraction and show mix, economic assessment and financial viability analysis, cost estimation, legal, engineering and planning and land use.

The Proposal that has been prepared by the Group is comprehensive in nature and covers not only the scope of a new Master Plan but also a Design Concept detailing the nature and range of attractions and shows that will make up the New Park. It also includes independent verification of the business case, professional assessment as to the costs, the technical viability of the scheme, proposals as to the phasing of the works and a review of the organisational and institutional framework under which the Park currently operates. Additionally, the Proposal also identifies changes, subject to further legal and government review, to the existing organisational and institutional framework which might be implemented in the longer term to recognise changed and changing circumstances.

GUIDING PRINCIPLES

The Development Group established at the outset the following guiding principles, which have been observed as part of the preparation of the future plans for Ocean Park, and are set out below:

Ocean Park as a ***"must see"*** attraction: It is the intention that the future Ocean Park will become the ***world's best marine themed park***, which is popular with local residents, is known to all visitors and has a world wide reputation, while still being relevant to the culture it serves.

"Ocean" and "Animal Encounter" as the dominant theme: Marine life and animals are to be maintained as the dominant theme, given the history and strengths of Ocean Park, whilst at the same time ensuring differentiation from Hong Kong Disneyland. Innovative and appealing ways of presenting this theme have been identified. Other themes and destination attractions have been incorporated within the design, based upon the latest trends in international theme park development and the anticipated tastes of target customers.

Day and night activities: The future Ocean Park is to have day and night activities as well as being an all weather attraction. By extending the length of stay of visitors and the operating hours of the Park, the commercial viability of the Park will be enhanced.

Hotel, retail and entertainment elements within the overall development concept: Incorporation of these elements upon a suitable scale will complement the theme park and represent a better utilization of land resources. There is considerable potential to promote the Park as a venue for night time entertainment for local residents and for the holding of corporate functions.

Service of MTR South Island Line: The plans for the New Park will need to take account of the possible construction of the proposed South Island Line and the fact that the redeveloped Ocean Park will be served by the MTR via the Ocean Park Station, if and when the South Island Line proceeds. Care has been taken to ensure that the integration of the Park entrance and the possible MTR Station can take place in the future with minimal disruption.

THE DESIGN CONCEPT (Masterplan attached)

The vision for the New Park is: "***To aspire to be a world leader in providing excellent guest experiences in a theme park environment connecting people with nature***". "Ocean" and "Animal Encounter" will continue to be the themes of the New Park, with an overall strategy of "edutainment" (combining education and entertainment).

A wide range of conceptual designs, developed upon the basis of the vision and the guiding principles, were reviewed and evaluated by the Development Group. After careful consideration in conjunction with the management of Ocean Park, a preferred Design Concept has been identified and a Master Plan based upon this concept has been drawn up, costed and the necessary viability analysis undertaken.

Based upon this Design Concept, it is envisaged that the New Park will be concentrated in two areas, namely at ***The Waterfront***, the former Lowlands, and at ***The Summit***, the former Headland, so as to take advantage of the unique topography of, and spectacular views from, the Park. These two areas would be connected by a proposed funicular system and an upgraded version of the existing cable car system, which is considered to be one of the key attractions of the existing Park that should be retained. The gradient difference between Tai Shue Wan and the Headland is too large to allow satisfactory circulation by park visitors and hence is not recommended for locating park rides and other attractions. However, this area is proposed to be reserved for a hotel development to integrate with the redeveloped Park and to tie in with the Aberdeen Tourism Corridor development scheme.

The proposed New Park will promote environmental awareness, marine conservation and animal protection, particularly through its educational programmes and experience with animals and ecological systems, and by promoting social development in the local communities. The proposed New Park will be divided into a number of zones, each characterised by a unique theme. In addition to "ocean" as the dominant theme, other themed zones will include "rainforest", a polar zone, a mountain zone and completely transformed teen and family zones featuring a broad mix of more than 70 popular rides and attractions such as bobsled roller coasters, 3d/4d simulator, thrill rides etc.. The intention underlying the Master Plan is to transform the Park from a regional to a destination facility capable of satisfying multi-day visitors and the number and quality of rides, shows and attractions is expected to be sufficient to extend the length of each stay in the Park to 8 hours, whilst at the same time catering for the current trend relating to 3-hour trips by tour groups.

COST AND VIABILITY

The cost of the entire works, which will be undertaken in phases to minimise the impact on the existing Park, is estimated at HK$5.55 billion at current prices. This does not include an allowance for the three planned themed hotels which it is considered would significantly increase the attractiveness of the New Park as an overnight destination. Each element has been the subject of rigorous review both from a cost and technical perspective, and it is considered that the figure of HK$5.55 billion represents a realistic forecast of the investment that will be involved. This is supported by an independent economic assessment as to the competitive positioning of the New Park and the financial viability of the proposals, and that review confirms that the business case for the New Park is both robust and sustainable in the short, medium and long term. The patronage and revenue projections, which again have been the subject of independent review, indicate that the project will generate an IRR of 16% without putting any undue strain on the finances or viability of the Park.

FUNDING

Based on the Park's preliminary review of the project with a number of commercial banks, it is envisaged that at least 50% of the funding requirements for the new investment would require government support by way of guarantee of the commercial debt and/or subordinated loan at the outset with the balance to be financed from the commercial market on a stand-alone basis.

ECONOMIC AND OTHER BENEFITS

Ocean Park currently makes a significant economic contribution to the Hong Kong economy and this will continue to be the case with the New Park's total economic impact over a 40 year period, in present value terms, estimated to be HK$133 billion. In addition, the Park benefits the community by raising the international profile of Hong Kong, attracting overseas and Mainland visitors, promoting environmental awareness and protection, through its educational programmes and experiences with animals and ecological systems, and by promoting social development in local communities. In particular, the planned repositioning of the Park will also act as a catalyst for the future economic growth of the southern side of Hong Kong Island and the development of the Aberdeen Tourism Corridor.

IMPORTANCE OF PROPOSED MTR SOUTH ISLAND LINE

The New Ocean Park would benefit significantly from the implementation of the proposed MTR South Island Line in that the new line would afford a convenient and fast means of access direct to the Park from Central. The New Park would in turn help to generate passenger flows to support the future viability of the railway.

At present as many as 800 coaches per day ferry visitors to and from the Park. While the New Park expects significantly increased visitor levels, provision of the MTR South Island Line would result in a reduction in the percentage of visitors that currently travel to the Park by coach and improve the arrival and departure experience. In addition, use of the MTR line would support Government's strategic planning intention of establishing the southern part of Hong Kong Island as the garden of Hong Kong and the development of the Aberdeen Tourism Corridor. Similarly, the opportunity provided by the South Island Line to offer "park and ride" facilities to southside residents would further reduce traffic into Central via the Aberdeen Tunnel.

IMPLEMENTATION

It is considered that the current overall proposals, namely the repositioning of the Park (excluding the three proposed hotels) can, with the necessary cooperation and approval of the various Government Bureaux and Departments, be undertaken within the terms of the existing Ocean Park Corporation Ordinance and Government Leases. However, it will be necessary to expand the area at the current entrance of the Park so as to expand the in-park transportation facilities and enhance the arrival experience and this will involve the grant to Ocean Park of two parcels of Government land currently occupied by the Hong Kong School of Motoring as a driving school and a public transport interchange respectively (plan attached). The latter will be reprovisioned within the new Entry Plaza. It will also be necessary to secure the approval from the Town Planning Board for the rezoning of these two sites from their current G/IC zoning to Other Uses – Ocean Park.

SUMMARY OF THE PROPOSAL

The proposal, which is the result of some 18 months of thorough and extensive diligence, represents the optimum solution for the Park and for Hong Kong. In particular, the proposed Master Plan combines the best of the existing Park with a series of new marine based attractions and rides to create a ***world class*** destination for both local visitors and tourists. By placing many of these attractions on the former Headland, the design maximises on the magnificent views that the Park enjoys and the construction of a funicular link removes the current dependence on the cable car, which cannot operate in bad weather or meet the demands of high attendance days. The inclusion of three hotels within the overall Master Plan will provide the convenience of accommodation for visitors adjacent to the Park but the viability of the business plan is not dependent on the hotels as a source of revenue. Finally the nature and mix of the attractions has been designed to complement rather than compete with the new Hong Kong Disneyland on Lantau and the works will be undertaken in two phases, the first to be completed by the end of 2008 and the second in 2010.

The Task Force, the relevant Government Bureaux and the Ocean Park Board are confident that these proposals not only will secure the long term future of the Park but also will contribute to Hong Kong's status as one of the leading tourist destinations in the region by

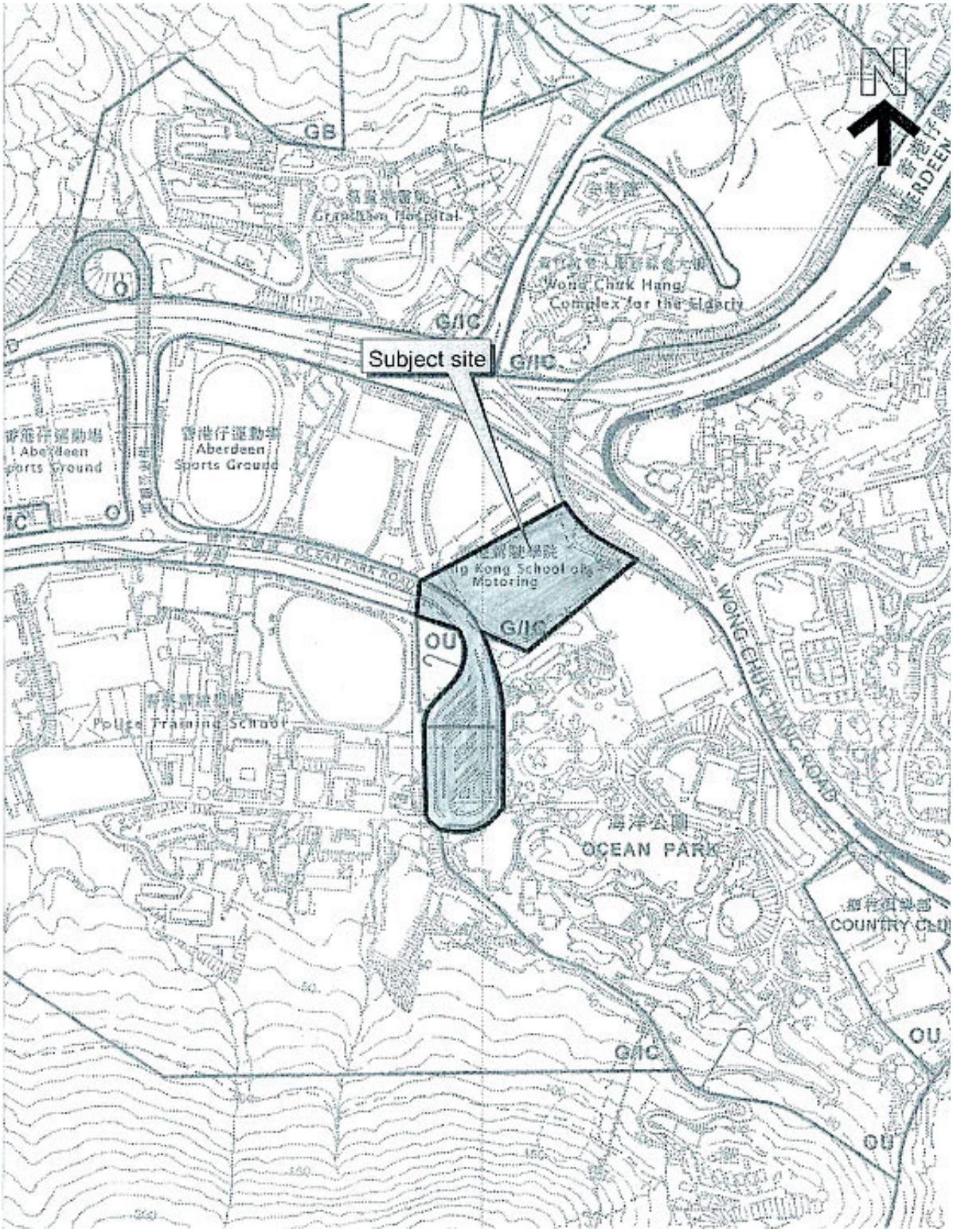
creating ***the best marine theme park in the world.*** The Master Plan also reflects and recognises the importance of continued community involvement and the Park's role in supporting ecological and educational initiatives in Hong Kong. Finally, the plan is both commercially and financially sustainable.


MTR station
Ocean Park Hotel
The Waterfront
(The Lowlands)
Funicular
Cable Car line
The Summit
(The Headlands)
(Scale 1: 7000 0 70 210 420 m)
N
OCEAN PARK
Summit and Waterfront
Masterplan Development
Ocean Park
VERTEX
ROBIN HALL


Entry Plaza
Back of House
Aqua City
Whisker's Harbor
Birds of paradise
N
(Scale 1: 2500 0 25 75 150 m)
OCEAN PARK
Overall Plan
Masterplan Development
The Waterfront
VERTEX
ROBIN HALL
Page:
W/MD/OP01


Back of House
Thrill Mountain
Polar Adventure
The Rainforest
Marine World
N
(Scale 1: 2500 0 25 75 150 m)
OCEAN PARK
Overall Plan
Masterplan Development
The Summit
VERTEX
ROBIN HALL
Page:
S/MD/OP01

Extract from Draft Aberdeen & Ap Lei Chau Outline Zoning Plan



EXTENSION R.B.L. 1020

R.B.L. 1085

Proposed Fisherman's Wharf Hotel Development Site

Tai Shue Wan Area

A
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