

# MAKING A SPLASH

Once near collapse and threatened by Disneyland, Ocean Park has been reinvigorated by a building programme and a new focus on events. [Alex Frew McMillan](#) interviews the man behind its revival

Photography by Colin Beere





## Success ingredient

**R**unning a theme park has its moments, as Ocean Park's Matthias Li Sing-chung will tell you. A typical work day starts with a stroll past Aqua City, the vast aquarium attraction that, as of the start of this year, greets visitors as they enter the park. At its heart is the Grand Aquarium, which houses 5,000 fish darting about a 24 million litre tank – the world's ninth largest.

So on a recent summer's day, Li and some of the 3,600 visitors that the aquarium can accommodate every hour are marvelling at the scalloped hammerhead shark, eagle ray, manta ray, Napoleon wrasse and school of tuna that populate the tank. The sight of a diver checking out the condition of the fish only seems to add to the interest from the spectators, many of them chattering in Mandarin and checking out snapshots on the glow of their digital camera screens.

"Working in an amusement park is fun," Li, the park's chief financial officer and deputy chief executive, says with a smile, a sunny touch that often warms his normally careful demeanour. "It's not business alone." Another of the perks is touring the world's other amusement parks to keep tabs on the competition – and search for inspiration.

But it's also a challenge to make the figures work for Ocean Park, where Li has overseen the finances for the last 17 years. From near-collapse during the Asian financial crisis and the SARS epidemic, the park has gone through a multibillion-dollar expansion and is posting record attendance figures.

It has required a flexible mindset from a man who cast off his father's artistic background to enter the world of corporate banking. He'll admit he's often making it up as he goes along for a non-profit that still takes a very for-profit approach to most of its endeavours.

"For a finance person to be able to make a contribution, you have to broaden your





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perspective,” Li, 54, says. “My philosophy is to be more open-minded and reach out for different things beyond finance. There’s no defined approach to running a theme park.”

### Toronto sojourn

Li’s father, Li Fung-kung, was an artist, painting traditional *shan shui* (mountain and water) and watercolour pictures of natural subjects, mainly flowers and birds. Several of his works are on display in the Hong Kong Museum of Art, in the section on paintings from China’s southern provinces.

But Li never intended to follow in his footsteps, having seen how his father struggled financially. He admits he didn’t have a knack with the paintbrush and says he always had his sights set on the business world.

“I can’t even write well – my calligraphy is terrible,” he says with a brush of his hand. “You can’t make a living at art, so I had to go into business.”

After graduating from high school in Hong Kong, Li decamped for Canada, where he studied commerce. He gained a bachelor’s degree at the University of Toronto, before immediately doing an MBA at the same school – hustling through that course in a year.

His first job came with Arthur Andersen in Toronto, where he was licensed as a chartered accountant. But he left after two and a half years to join the Bank of Montreal, where he worked in corporate and international banking.

That job frequently brought him back to Asia, where he began working with central banks and sovereign wealth funds, including the Government of Singapore Investment Corp. and the Brunei Investment Agency. He would make a sweep of the region at least two to three times a year to visit those clients.

It was on such a trip that he happened to pick up a Saturday copy of the *South China Morning Post* and thumb through the classified section. When he saw that Ocean

Park was looking for a finance director, he decided to apply. He had married his high-school sweetheart, May Li Wai-yin, and they had two daughters – and no family ties keeping them in Canada.

“The kids were starting to grow, so I liked to bring them back to Asia, so they could be exposed to Asia,” he recalls. Now fully grown, they’ve taken after their dad in going into the professional field, one working in banking and the other as a lawyer.

Li became a member of the Hong Kong Institute of CPAs in 1996.

### Expansion gamble

Li’s role has morphed into what’s now titled chief financial officer and deputy chief executive, but it’s always been essentially the same – heading the finance section of a business that’s part amusement park, part zoo, part education and conservation body.

One of his main initiatives has been to boost the park’s annual attendance. That was running at only 2.6 million when Li joined 17 years ago. After posting 5.1 million visitors in the 2009-10 fiscal year, the park will come close to six million visitors for the fiscal year that just ended in June – Although the final number needs to be audited and presented to the Legislative Council, most likely in November.

The biggest gamble the park has undertaken is the HK\$5.5 billion expansion that it embarked on in 2005. It felt the huge capital expenditure was vital if the park was to compete with Hong Kong Disneyland as well as the increasing number of amusement parks in the mainland.

The government, which owns 51 percent of Disneyland, is actually competing against itself at Ocean Park. Ocean Park opened in January 1977 on land donated by the government, with HK\$150 million in construction funding from the Hong Kong Jockey Club. The Jockey Club then turned over its operations to the Ocean Park Corp., a not-for-profit statutory body that answers to the Legislative



Council, in 1987. The corporation had the late Sir Gordon Macwhinnie, the Institute's founding president, as its chairman.

Hong Kong Disneyland broke ground in 2003 and opened in 2005. It was the fastest construction of any Disneyland resort. That forced Ocean Park to take stock.

"This park needed to review where we could be and do a lot of strategic soul searching," Li recalls. Options as drastic as moving or even shuttering the park were considered. "We were asking whether the park would no longer serve any function at all and we looked at other cases to benchmark against internationally. After all this we decided to expand the park."

But with only about HK\$200 million in cash on hand there was no way such lavish spending would have been supported by commercial loans alone. Instead, the park had to go cap in hand to LegCo, which approved a HK\$1.4 billion subordinated loan from the government, as well as guaranteeing another HK\$1.4 billion loan.

The syndicated loan ended up being taken up by 25 financial institutions around the world. The offering was eventually oversubscribed by three or four times, reflecting the government imprimatur and the fact the park was very conservative in its projections.

It projected for an internal rate of return of more than 14 percent from the expansion and negotiated a 15-year loan from its lenders. The first five years consisted purely of construction, with the loan repaid out of operating profits in the subsequent decade.

Ocean Park now expects to be able to repay the loan ahead of schedule, Li says, by a few years. He says the plain sailing is down to prudent planning. "We took it on the conservative side."

### Rising attendance

Construction began in 2006, with new attraction zones to roll out in eight phases. The most recent additions are Aqua City, which opened in January, and The Rainforest, which opened

on 14 June, a 500-square-metre Amazon-themed exhibit complete with a rafting ride, The Rapids, that promises: "You will get wet – you may get soaked!"

The exhibit, which includes a walk-in aviary, can already claim a number of firsts. The resident green anaconda gave birth in early July to 30 young, the first time the snake has bred in the city. And kinkajous, golden-brown arboreal relatives of raccoons that just love pollen, have been kept in Hong Kong for the first time.

Since the two zones opened in the first six months of the year, visitor numbers have risen by 20 to 25 percent. "So we can see the impact," Li says, validating the expansion gamble. "The key thing in our industry is to drive attendance as the base. Then certainly when you bring people to the park you try to provide a good experience."

There are two phases of the expansion still to come. Thrill Mountain, a roller-coaster ride around the top of one of Ocean Park's peaks, is due to open this December, and is designed to lure more teenage and young adult guests to the park. Polar Adventure opens in the middle of next year, with Arctic and Antarctic animals, shows and attractions – as well as the theme stores and restaurants that accompany every new zone.

With the growth in the park, operating costs have also ballooned. There were only 35 attractions before the expansion, a number that is now approaching 60. The annual operating budget was HK\$400 million before the expansion, but has increased almost 150 percent to close to HK\$1 billion.

### Third prong to strategy

One of Li's main initiatives has been to carve out an events strategy, a roster of annual or one-off attractions designed to draw in extra visitors at certain times of the year.

The inspiration for the strategy came from Knott's Berry Farm, the amusement park in suburban Los Angeles that bills itself as "America's first theme park." Li visited soon



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after he joined Ocean Park, and was wowed by its Halloween event.

At the time Ocean Park had been focusing on its rides. Every new ride cost HK\$60 million to HK\$80 million to complete, had a finite lifespan and required constant maintenance to maintain safety and performance.

Li suggested that instead of building another ride, the capital expenditures, operating expenses and annual depreciation costs over 10 years could be better used.



He suggested transferring an equivalent sum to the marketing budget, which would cover the costs of five or so events each year designed to pull in visitors at specific times when business might traditionally flag.

“That’s purely based on financial logic,” Li explains. “I said, ‘Why don’t you create some soft programmes?’ We never looked back, and now events are our third prong,” together with amusement rides and animal attractions.

The Halloween event made its debut in 2001 and has proved highly successful: Before its introduction, attendance in October was only about 250,000 but is now about 600,000.

The mid-term goal is to build from about six million visitors now to eight million within the next five years. It’s hard to imagine, when you see the double-parked tour buses that line Ocean Park Drive, where they’ll all fit. But the two new zones should add another 20 attractions.

“We have sufficient capacity to entertain a lot more visitors,” Li asserts.

He is confident that Ocean Park can survive in an increasingly crowded playing field. A decade ago there were essentially no aquariums in the mainland and now there are more than a hundred, he notes. But visitors keep coming to Hong Kong and to Ocean Park.

“It depends on how well you run your park,” Li says. “If you run your park well you will continue to prosper.” **A**