

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30TH JUNE, 2022

The directors submit their annual report and audited financial statements of the Council for the year ended 30th June, 2022.

PRINCIPAL ACTIVITIES

The principal activities of the Council in the year ended 30th June 2022 were to serve as a regulatory body of travel agents, which are registered members of the Council, as well as tour escorts and tourist guides in Hong Kong. The Council also collaborated with the Travel Industry Authority to assist the latter to take over the licensing and regulatory functions from the Council upon the full implementation of the new regulatory regime of the travel industry from 1st September 2022. The Council also conducted activities relating to maintaining a high professional standard within the industry and protecting the interests of travellers and the industry.

RESULTS

The results of the Council for the year ended 30th June, 2022 are set out in the statement of profit or loss and other comprehensive income on page 7. The state of affairs of the Council as at 30th June, 2022 is set out in the statement of financial position on page 8 and 9.

SHARE CAPITAL

The Council is limited by guarantee and does not have a share capital.

MEMBERS

The roll of members as at 30th June, 2022 is as follows:

Association Members	Ordinary Members	Affiliate Members
8	1,605	61

BOARD OF DIRECTORS

The directors who held office during the year and up to the date of this report were:

Mrs. HSU Wong, Gianna	- Chairman
Mr. TAM Kwong Shun, Tommy	- Deputy Chairman
Mr. TSE Kam Shan, Ricky	- Deputy Chairman
Mr. WU Keng Hou, Ronald <i>MH</i>	- Hon. Secretary
Mr. LO Kai Pong, Roy <i>MH</i>	- Hon. Treasurer
Ms. CHOI Ying Ching Gloria	Appointed on 13 th December 2021
Mr. CHUI Ting Pong	
Mr. LEUNG Kwong Hing, Fred	
Mr. LEUNG Tin Lung, David	
Mr. LEUNG Yiu Lam, Paul <i>MH</i>	
Mr. LO Manuel	Appointed on 26 th November 2021
Mr. NG Hi On <i>MH</i>	
Mr. SO Tsz Yeung	
Ms. TANG Man Wai, Karen	Retired on 25 th November 2021. Appointed on 1 st October 2022
Ms. WONG Sok Man	
Mr. WONG Tze Wing, Jonathan	
Mr. YIP Hing Ning	Appointed on 25 th November 2021
Mrs. CHAN WONG Shui, Pamela* <i>BBS, JP</i>	Retired on 1 st September 2022
Ms. CHAU Suet Fung, Dilys*	Retired on 1 st September 2022
Mr. LEUNG Fu Wah* <i>BBS, MH, JP</i>	Retired on 1 st September 2022
Mr. LEUNG Ka Kui, Johnny* <i>JP</i>	Retired on 1 st September 2022
Mr. LI Kwok Ying* <i>BBS, MH, JP</i>	Retired on 1 st September 2022
Mr. LIU Kin Sing, Alex*	Retired on 1 st September 2022
The Hon. MA Fung Kwok* <i>GBS, JP</i>	Retired on 1 st September 2022
Mr. MA Ho Fai* <i>GBS, JP</i>	Retired on 1 st September 2022

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS - CONTINUED

FOR THE YEAR ENDED 30TH JUNE, 2022

BOARD OF DIRECTORS – CONTINUED

Mr. POON Wing Fai, Jimmy *MH	Retired on 1 st September 2022
Mr. SHUM Jiu Sang, Jason	Retired on 25 th November 2021
Mr. SY Chun Ming, Steve	Retired on 25 th November 2021
Ms. SLETHAUG Sze Pui, Gloria	Appointed 25 th November 2021, retired 1 st October 2022
Dr. TSE Sze Ming, Tony*	Retired on 1 st September 2022
Mr. WONG Chun Tat, Jason JP	Retired on 7 th December 2021
Mr. WONG Kit Hin, Peter*	Retired on 1 st September 2022
Mr. YANG Chuen Liang, Charles* BBS, JP	Retired on 1 st September 2022

* Independent directors

In accordance with Article 50 of the Council's Articles of Association, an elected director shall hold office until the conclusion of the second Annual General Meeting after the Annual General Meeting at which he is elected. Mr LEUNG Kwong Hing, Fred, Mr LEUNG Tin Lung, David, Mr LEUNG Yiu Lam, Paul and Mr LO Kai Pong, Roy are retiring at the forthcoming Annual General Meeting.

DIRECTORS' INTERESTS

No contract of significance in relation to the Council's business to which the Council was a party and in which a director of the Council had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

At no time during the year was the Council a party to any arrangements to enable the directors of the Council to acquire benefits by means of the acquisition of shares in, or debentures of, the Council or any other body corporate.

PERMITTED INDEMNITY PROVISION

Article 76 of the Council's Articles of Association provides that every Member of the Board of Directors, any member of any committee of the Board of Directors, and every Officer for the time being of the Council shall be indemnified out of the funds of the Council against all liabilities and obligations which they, or any of them, may incur in good faith in the proper and reasonable performance or purported performance of their duties in relation to the Council other than any liability which attaches to them by law in respect of any negligence, default, breach of duty or breach of trust. Further they shall be indemnified from the funds of the Council against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application under section 358 of the predecessor Companies Ordinance (corresponding to sections 902 to 904 of the Companies Ordinance) in which relief is granted to them by the Court: Provided that none of the funds of the Council shall be applied in payment of the whole or part of any fine or penalty imposed upon any person by sentence or order of a Court of Justice. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Council was entered into or existed during the year.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS - CONTINUED

FOR THE YEAR ENDED 30TH JUNE, 2022

BUSINESS REVIEW

(a) A fair review of the Council's business

The Council was incorporated and registered under the Companies Ordinance as a company limited by guarantee in 1988 and became a public body for the purpose of the Prevention of Bribery Ordinance in 1990. Its objectives were:

- To maintain a high professional standard within the industry; and
- To protect the interests of travellers and the industry.

The Council was an integral part of the two-tier regulatory system under the Travel Agents Ordinance (TAO), which was repealed on 1st September 2022, and was entrusted with the responsibility to regulate inbound and outbound travel agents under the TAO. Pursuant to the provisions of the TAO, any person who carries on inbound or outbound travel business in Hong Kong was required to obtain a travel agent's licence with requisite of Council membership.

With the full implementation of the new regulatory regime of the travel industry on 1st September 2022, the Council changed from a self-regulatory body to a pure trade association and ceased to be a public body. The focus of the Council's operation shifted from regulation to the promotion of trade interests and fellowship among members, as well as the provision of services and training for members.

The aim of the Council's operation is sustainability rather than profitability. It has used the following financial ratios as key performance indicators (KPIs) to assess its operational sustainability:

- Net surplus/(deficit) as a percentage of total income is reviewed to measure the Council's effectiveness in managing its operation and its expenses.
- Current ratio (Current assets/Current liabilities) is used to measure the Council's ability to pay off short term obligations with its short term assets. The Council aims at maintaining a higher and more healthy current ratio because it shows that the Council can more easily make current debt payments.
- Debt ratio (Total liabilities/Total assets) is used to measure the Council's ability to pay off its liabilities with its assets and financial leverage. The Council aims at maintaining a lower debt ratio so as to achieve stability in its operation.

The net surplus/(deficit) as a percentage of total income, current ratio and debt ratio of the Council for the fiscal years 2021/2022 and 2020/2021 are as follows:

<u>Financial ratio</u>	<u>2021-2022</u>	<u>2020-2021</u>
Net surplus/(deficit) ratio	24.65%	(153.09%)
Current ratio	1.08	1.00
Debt ratio	0.83	0.94

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS - CONTINUED

FOR THE YEAR ENDED 30TH JUNE, 2022

BUSINESS REVIEW- CONTINUED

(b) The principal risks and uncertainties facing the Council and possible future development in the Council's business

The COVID-19 pandemic in the whole of the financial year resulted in zero inbound tour registration fee income and minimal levy income. Due to the cessation of the Council's regulatory functions from 1st September 2022, the Council no longer received levy income and inbound tour registration fee income.

EQUITY-LINKED ARRANGEMENTS

During the financial year, the Council did not enter into any equity-linked agreement.

At the end of the financial year, no equity-linked agreement subsisted.

DIVIDENDS

Dividends are not permitted pursuant to Clause 4 of the Council's Memorandum of Association.

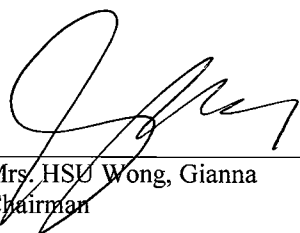
DONATIONS

During the financial year, the Council made no donation.

AUDITORS

The financial statements have been audited by Mass CPA Limited, Certified Public Accountants (Practising), who now retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board of Directors



Mrs. Hsu Wong, Gianna
Chairman

Hong Kong, 11th October 2022