

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30TH JUNE, 2023

The directors submit their annual report and audited financial statements of the Council for the year ended 30th June, 2023.

PRINCIPAL ACTIVITIES

The principal activities of the Council in the year then ended 30th June, 2023 were to serve as a regulatory body of travel agents, tour escorts, and tourist guides in Hong Kong until 31st August 2022. The Council collaborated with the Travel Industry Authority to take over the licensing and regulatory functions upon the full implementation of the new regulatory regime on 1st September 2022. The Council conducted activities which, maintaining a high professional standard within the industry, protecting the interests of travellers and the industry, exploring new business opportunities for members, and strengthening partnership with trade-related organisations within and outside Hong Kong.

RESULTS

The results of the Council for the year ended 30th June, 2023 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, 2023 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, 2023 is as follows:

Association Members	Ordinary Members	Affiliate Members
8	1,640	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. NG Hi On <i>MH</i>	-	Hon. Secretary
Mr. LO Kai Pong, Roy <i>MH</i>	-	Hon. Treasurer
Ms. CHOI Ying Ching, Gloria		
Mr. CHUI Ting Pong		
Mr. LAM Sum Lim <i>MH</i>		Appointed on 24 th November, 2022
Mr. LAU Wai Ming		Appointed on 1 st December, 2022
Mr. LEUNG Kwok Hing, Fred		
Mr. LEUNG Tin Lung, David		
Mr. SO Tsz Yeung		
Mr. SY Chun Ming, Steve		Appointed on 26 th November, 2022
Ms. TANG Man Wai, Karen		Appointed on 1 st October, 2022
Ms. WONG Sok Man <i>MH</i>		
Mr. WONG Tze Wing, Jonathan		
Mr. YIP Hing Ning <i>MH</i>		
Mrs. CHAN WONG Shui, Pamela* <i>BBS, JP</i>		Retired on 1 st September, 2022
Ms. CHAU Suet Fung, Dilys* <i>JP</i>		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>BBS, JP</i>		Retired on 19 th August, 2022
Mr. LEUNG Yiu Lam, Paul <i>MH</i>		Retired on 24 th November, 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
Mr. LO Manuel		Retired on 25 th November, 2022
The Hon. MA Fung Kwok* <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, 2023

BOARD OF DIRECTORS – CONTINUED

Mr. MA Ho Fai* <i>GBS, JP</i>	Retired on 1 st September, 2022
Mr. POON Wing Fai, Jimmy * <i>MH</i>	Retired on 1 st September, 2022
Ms. SLETHAUG Sze Pui, Gloria	Retired on 1 st October, 2022
Dr. TSE Sze Ming, Tony*	Retired on 1 st September, 2022
Mr. WONG Kit Hin, Peter*	Retired on 1 st September, 2022
Mr. WU Keng Hou, Ronald <i>MH</i>	Retired on 30 th November, 2022
Mr. YANG Chuen Liang, Charles* <i>BBS, JP</i>	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 CHUI Ting Pong, Ms TANG Man Wai, Karen, Ms WONG Sok Man *MH* and Mr YIP Hing Ling *MH* 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, 2023

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.

The Council was an integral part of the two-tier regulatory system under the Travel Agents Ordinance (TAO). With the full implementation of the new regulatory regime of the travel industry, and the TAO being repealed on 1st September 2022, the Council changed to a trade association.

The focus of the Council's operation shifted to:

- Promote the development and professionalism of the travel industry
- Enhance the service standards of the travel industry
- Protect and promote members' rights, interests and welfare
- Assist members to explore new business opportunities
- Strengthen partnerships with travel-related organisations within and outside Hong Kong

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 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 as a percentage of total income, current ratio and debt ratio of the Council for the fiscal years 2022/2023 and 2021/2022 are as follows:

<u>Financial ratio</u>	<u>2022-2023</u>	<u>2021-2022</u>
Net surplus ratio	22.81%	24.65%
Current ratio	1.06	1.08
Debt ratio	0.90	0.83

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS - CONTINUED

FOR THE YEAR ENDED 30TH JUNE, 2023

BUSINESS REVIEW- CONTINUED

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

Due to the cessation of the Council's regulatory functions from 1st September, 2022, the Council ceased to be a public body, and no longer received levy income and inbound tour registration fee income. The focus of the Council shifts to the promotion of trade interests and fellowship among members.

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. W. S. U. Wong, Gianna
Chairman

Hong Kong, 10th October, 2023