

HONG KONG
TOURISM BOARD

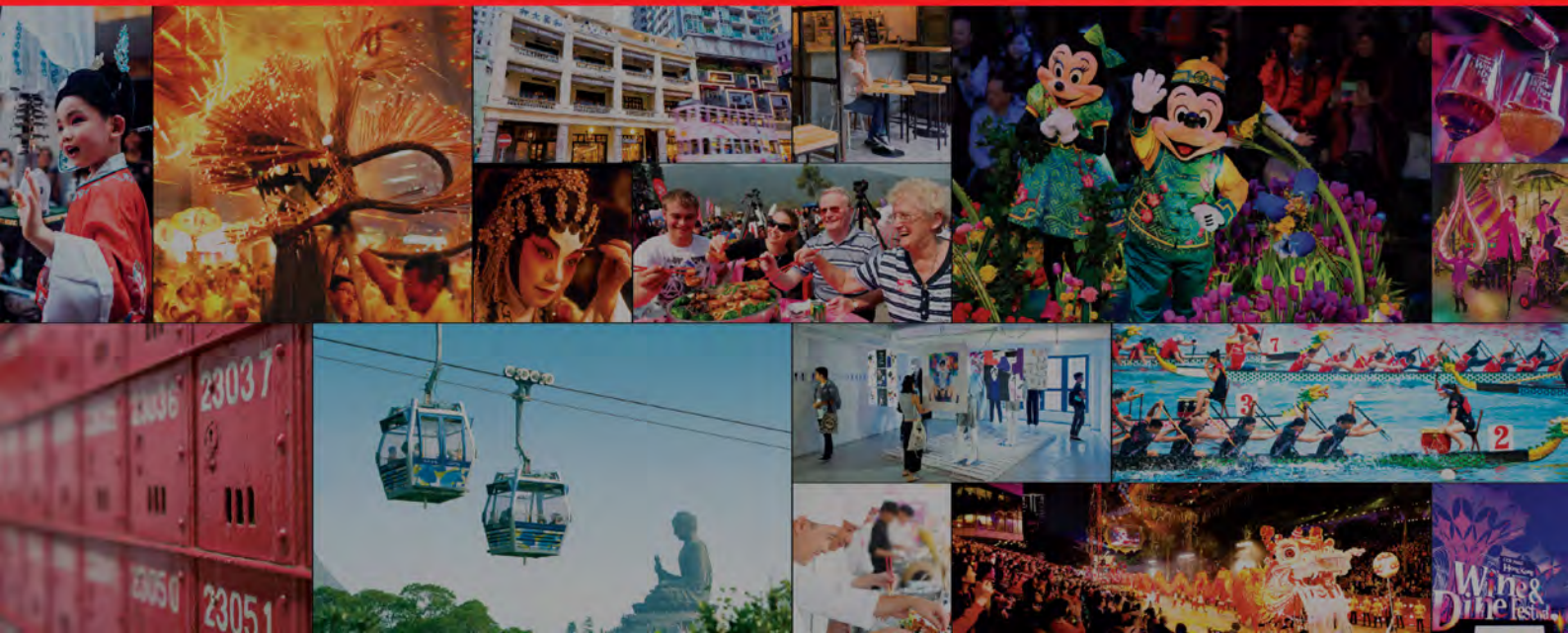
NEW THINKING · NEW POSSIBILITIES

FROM PRODUCT TO

EXPERIENCE



HONG KONG TOURISM BOARD
ANNUAL REPORT 2014/15



NEW THINKING • NEW POSSIBILITIES

FROM PRODUCT TO

EXPERIENCE

Experience is a hot buzzword in today's tourism world, where "traveller" is synonymous with "explorer" – someone who does not simply stand back, gaze and press the shutter in front of attractions, but actively seeks to experience other cultures and gain once-in-a-lifetime memories. To capture the hearts of the new generation of travellers, we steered our marketing efforts in an entirely new direction in 2014, altering our focus from products to the diverse experiences Hong Kong offers.

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MESSAGES FROM CHAIRMAN & EXECUTIVE DIRECTOR







Chairman's Message

Hong Kong has enjoyed extraordinary growth in tourist arrivals over the past decade. In 2014, the number of visitors continued to rise to a new record high of more than 60 million.

Despite the increase in arrivals compared to 10 years ago, however, growth has begun to slow and we are seeing a softening of both visitor arrivals and the per capita spending of the tourists who come to Hong Kong.

Few destinations have achieved what Hong Kong has achieved in recent years, and no destination is immune to the impact of global economic factors that affect the ebb and flow of visitor arrivals.

Fallow periods and turbulence are inevitable, particularly after a sustained period of robust growth. What defines us is the way we respond to those difficult times and what we do to put ourselves back on a growth trajectory.

There is no question we face many challenges. Weakening currencies, slowdowns in a number of our major markets, and increasingly ferocious regional competition will continue to take their toll on Hong Kong tourism through 2015 and beyond.

But no progress is ever made without struggle. Now, more than ever, we must sell our qualities as a destination to the world. That is why I led a series of road shows around the region in early 2015, receiving strong support from our trade partners in those markets and in Hong Kong.

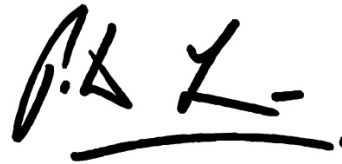
I am delighted to say that we have the strong support of the government during these testing times and there are already grounds for optimism. The US and a number of other key visitor markets are showing encouraging signs of recovery. Meanwhile, the Mainland's One Belt, One Road initiative is expected to boost our multi-destination and cruise businesses.

Looking further ahead, major tourism projects including the transformation of Lantau Island and the opening of the West Kowloon Cultural District will add to Hong Kong's appeal as a destination.

The challenge for us is to aggressively and confidently showcase the features that have made Hong Kong one of the great success stories of world tourism over the past decade, and to write the next chapter of that story.

I would like to take this opportunity to thank the government, all the sponsors of our work, our trade partners and other parties for their support in the past year.

I look forward to working closely with all of our stakeholders in deploying our energy, our ingenuity and our innovation to take our tourism industry forward and welcome more visitors to this unique and unforgettable city.

A handwritten signature in black ink, appearing to read 'P. Lam', with a long horizontal flourish underneath.

Dr Peter Lam
Chairman
Hong Kong Tourism Board



Executive Director's Statement

In recent years, the continued impact of economic factors, exchange rates and social issues has imposed constraints on Hong Kong tourism. Along with the challenging environment, our city is vying with other destinations in the region for visitors, many of whom have developed more complex interests and needs as a result of the growing popularity of international travel.

To stay competitive amidst the challenges and cater for the changing needs of travellers, who are increasingly

seeking personal, life-enriching experiences, the Hong Kong Tourism Board made a change in its marketing direction in 2014/15, showcasing the experiences Hong Kong has to offer and how visitors can personalise them according to their interests and needs.

Hong Kong is a city rich in experiences, from dining and shopping, which are well-known internationally, to a wide range of activities involving the arts, living culture, nature, sports and leisure. With these as our marketing assets, we

show visitors that they can freely mix and match different experiences to create a holiday they can truly call their own.

Underlining the personal element, we launched the “My time for Hong Kong” brand campaign, highlighting the compact size of Hong Kong, which allows visitors with limited time and resources to try a variety of experiences even in a short stay, thus maximising the value of their trip.

With the brand campaign as the backbone of our communication with visitors, we rolled out a number of initiatives to guide them to shape their perfect travel experience in Hong Kong:

- Inspire and facilitate — With digital marketing and public relations initiatives like the Insider’s Guide and celebrities’ stories in Hong Kong, we inspired visitors with ideas on how to tailor-make their own itineraries, while using the three-in-one My Hong Kong Guide to plan and share their experiences.
- Collaborate with the trade — Since what Hong Kong has to offer depends heavily on the tourism and related sectors, we encouraged the travel trade to develop new, creative products and itineraries through initiatives like the New Tour Product Development Scheme and the Asia Cruise Fund.
- Uphold quality service — We assisted and motivated the service sector to enhance their service standard through our dedicated concierge hotline, the Quality Tourism Services Scheme and training, and set a good example with our own visitor services.

At the end of the day — or of a holiday to be more precise — what gives visitors a truly memorable experience is their interaction with the local people. While the HKTB regularly organises “Hong Kong Pals” and “Meet the Pals” programmes to facilitate exchange between visitors and locals, it is members of the greater community that visitors encounter every day who help shape visitors’ experiences and perspectives of our city. Our joint effort is therefore of the utmost importance in strengthening Hong Kong’s hospitable image.

I would like to thank the government, all of our sponsors and partners, and members of the community for their support for our events and promotions in the past year. I look forward to working with the entire community to let more visitors know about the amazing experiences and world-class hospitality offered by Hong Kong, Asia’s world city, a place we proudly call home.



Anthony Lau
Executive Director
Hong Kong Tourism Board

BOARD MEMBERS





Board Members

As at October 2015



Dr Peter Lam, GBS
(Chairman)

Chairman
Lai Sun Group



Cathy Chu, JP
(Deputy Chairman)

Commissioner for Tourism
Commerce and Economic
Development Bureau
The Government of the
Hong Kong SAR
(note i)



T C Chan, BBS, JP

Senior Adviser
The Bank of East Asia, Limited



Victor Chan

Chairman
Hong Kong Hotels Association
(note ii)



Benjamin Chau

Deputy Executive Director
Hong Kong Trade
Development Council



Winston Chow

Director &
Deputy General Manager
Chow Sang Sang Holdings
International Limited



Sir Wayne Leung

Managing Director
The Local Printing Press Limited



Perry Mak

Publisher &
Group Managing Director
Hong Kong Economic Times



**Barry D.
Nassberg**

Group Chief Operating Officer
Worldwide Flight Services



Winnie Ng

Director
The Kowloon Motor Bus Co.
(1933) Ltd.



Paulo Pong

Founder & Managing Director
Altaya Group
International Limited



Nansun Shi

Executive Director
Film Workshop Co. Ltd.



Winnie Tam, SC

Barrister-at-law
Chairman
Hong Kong Bar Association



James Tong

Director Corporate Affairs
Cathay Pacific Airways Limited
(note iii)



Michael Wu, MH, JP

Chairman
Travel Industry Council
of Hong Kong



Thomas J. Wu

Managing Director
Hopewell Holdings Limited
(note iv)



Belinda Yeung

Executive Director &
Chief Operating Officer
Regal Hotels International
Holdings Limited
(note v)



Yip Wing-sie, BBS, JP

Music Director
Hong Kong Sinfonietta
(note vi)



Carrie Yu

Assurance Partner
Retail & Consumer Industry
PricewaterhouseCoopers
(note vii)



Linda Yuen

Managing Director
Sightseers (HK) Limited

Notes

- (i) Miss Cathy Chu succeeded Mr Philip Yung as the Commissioner for Tourism and Deputy Chairman of the Hong Kong Tourism Board on 22 December 2014.
- (ii) Appointment effective from 19 July 2014.
- (iii) Appointment effective from 16 August 2014.
- (iv) Appointment effective from 1 January 2015.
- (v) Appointment effective from 1 November 2014.
- (vi) Photo courtesy: Yvonne Chan
- (vii) Appointment effective from 1 August 2015.
- (viii) The following members also served the Board during the year ended 31 March 2015:
 - Miss Poman Lo retired on 31 October 2014;
 - The Hon Sin Chung-kai retired on 31 December 2014;
 - Ms Florence Chan retired on 31 July 2015;
 - Mr William Mackay and Ms Chitty Cheung resigned on 18 July 2014 and 15 August 2014 respectively.

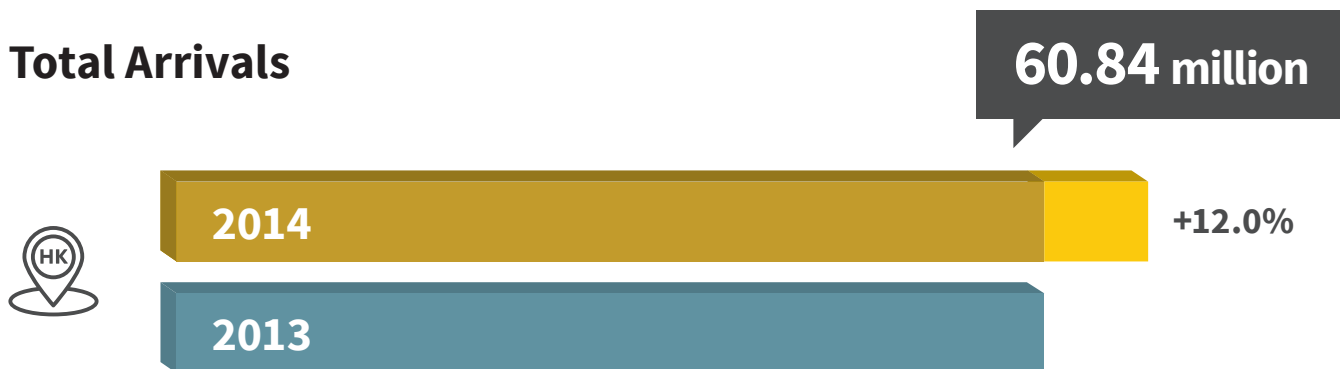
TOURISM PERFORMANCE



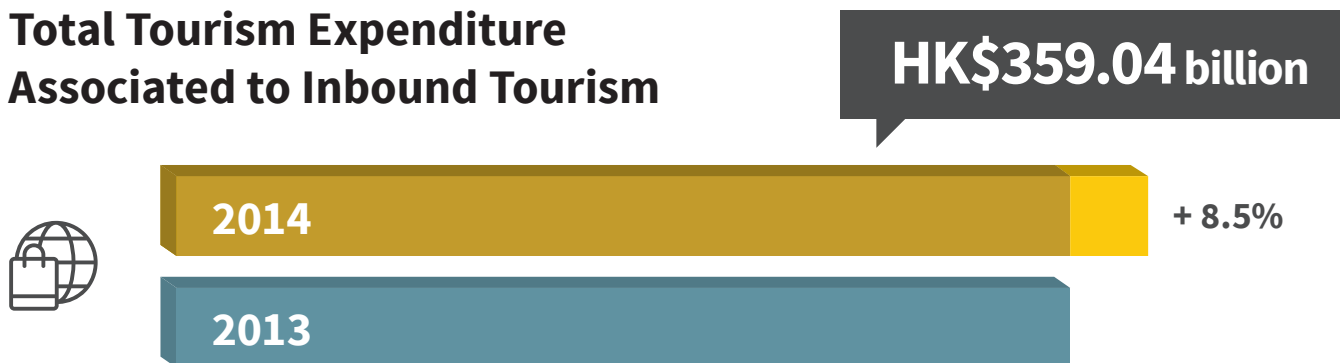


Tourism Performance

Total Arrivals



Total Tourism Expenditure Associated to Inbound Tourism



Overnight Visitors' Per Capita Spending

HK\$7,960



Average Length of Stay among Overnight Visitors

3.3 nights



Overall Satisfaction of Overnight Visitors (Max: 10 points)

8.2 points



STRATEGIC FOCUS







Overseas Promotions P 21



Marketing Initiatives P 32



Public Relations P 34



Exciting Events P 38



Trade Partnership P 48



MICE Business P 50



Cruise Experience P 52



Quality Services P 54



Multi-Destination Travel P 56

Introducing a new vibe for the brand

“My time for Hong Kong”

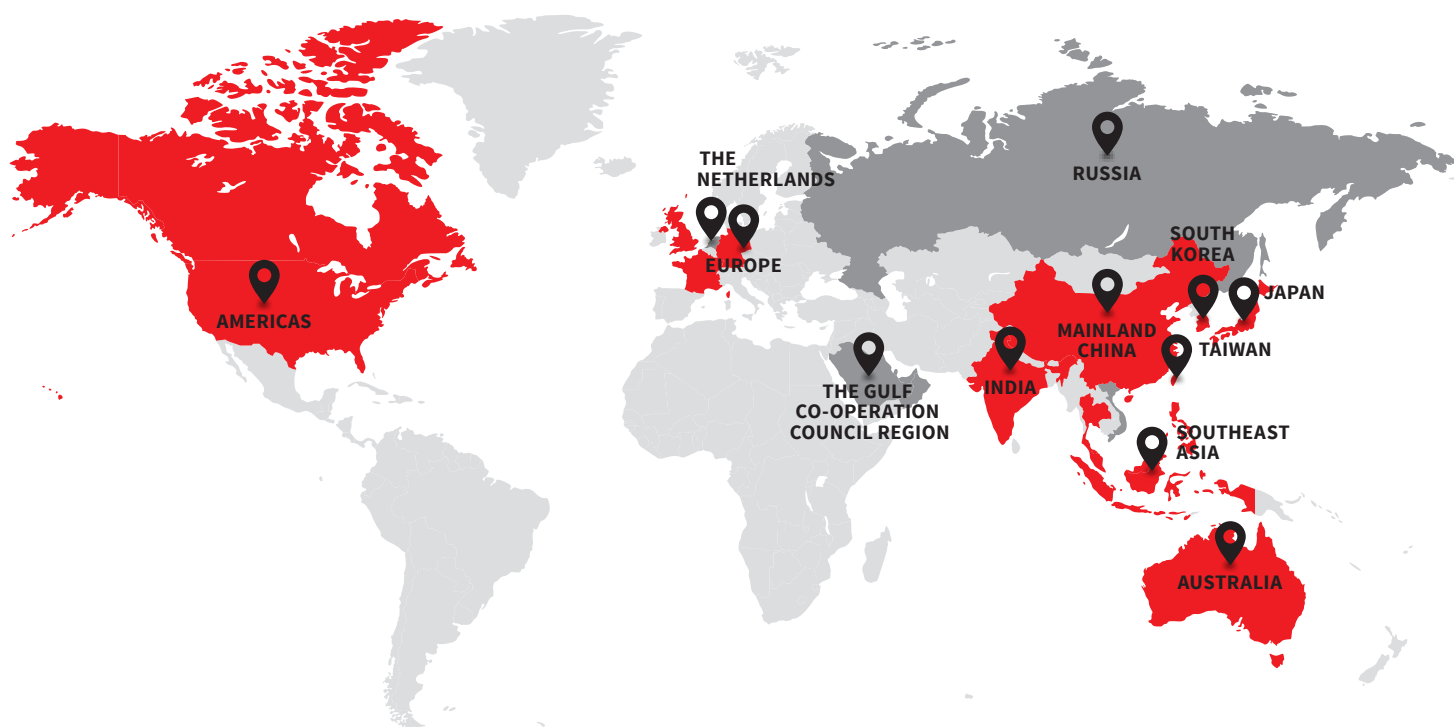
One of the best things about Hong Kong is that it offers a wealth of experiences, and its compact size allows visitors to try many different things to make the most of their trip. Following the shift in our marketing direction, we launched a new branding campaign, “My time for Hong Kong”, to let travellers know that every moment in Hong Kong can be filled with different, yet equally amazing experiences.

Under this new branding campaign, we promoted special Hong Kong experiences through digital marketing, public relations, trade promotions and other channels.

Overseas Promotions

The priority of the HKTB is to attract overnight arrivals and lengthen the stay of visitors in Hong Kong so as to enrich their experience and generate greater benefits for the Hong Kong economy. In 2014/15, the HKTB invested its entire marketing resources on driving overnight arrivals, with 75% directed to international markets.

In this section, we would like to share with you some examples of the “My time for” marketing campaign and trade programmes we launched in short-haul market regions, and our sustained efforts in brand-building in long-haul regions.



Mainland China

My time for a Hong Kong story

Award-winning director Ke Ke directed five light-hearted mini-movies for us to refresh Mainland travellers' perspectives on Hong Kong. Through the delicately interwoven stories of six Mainlanders in Hong Kong, some living here, some visiting, and all loving the energy and sassiness of the city, the videos set out to build emotional bonding with Mainland consumers and invite them to create their personal Hong Kong stories. The mini-movie initiative was supplemented by advertorial placements, press events and road shows.

Results:

- Viewership of the videos exceeded **16 million** (from August to October 2014 on Tudou, and from January to February 2015 on iQIYI).
- Total publicity value reached **HK\$50 million**.



My time for a luxury cruise holiday

TVB dramas and artistes enjoy huge popularity in the Mainland, particularly in Guangdong and Southern China, where the HKTB focuses on promoting cruise travel. So we teamed up with TVB to produce four episodes promoting Hong Kong as an all-round cruise destination, following artistes Tracy Chu and Yao Bin aboard a luxury cruise liner and around town before and after their trip. Other famous TVB artistes provided personal recommendations on Hong Kong at the end of each episode, while scenes from TVB dramas were woven in to maximise the celebrity effect.

Results:

Viewership reached **2.4 million** in just one month.



Trade Programme

We developed the “Hong Kong Value Offer” app, which bundles spending offers from Hong Kong merchants, including those accredited by the Quality Tourism Services Scheme, with downloadable coupons to enrich visitors’ stays. The app was launched in early 2014 and was later extended to Alipay, an online payment platform which has over **350 million** registered users.



Download our app



Taiwan

My time for new insights

The majority of travellers from Taiwan are repeaters – almost 70% in 2014. They already know Hong Kong quite well and are constantly on the lookout for sophisticated cultural experiences. To rekindle their curiosity about Hong Kong and give them new ideas to explore the city, we rolled out an interesting integrated campaign, inviting famous cultural workers to share their insights on trendy neighbourhoods on Hong Kong Island in our new guidebook 香港有意思, followed by a familiarisation trip for lifestyle bloggers to generate spin-off publicity from their blogs. We also put up an eye-catching pink “Hong Kong Magic Door” in Taipei, which used knocking sounds to lure passers-by to open the door, where they received a friendly greeting from people from Hong Kong or even a free trip to the city. These activities were supported by PR and WeChat promotions.



Results:

- The publicity value generated was **HK\$20 million**.
- A total of **16,000** hard copies of the guidebook were distributed and the e-version on our Taiwan market website was downloaded **8,000** times.



Trade Programme

Trade workshops were held in Taipei, Taichung and Kaohsiung in July to create networking and business-building platforms for our trade partners from Hong Kong and Taiwan. The events brought together over 500 representatives from the Taiwanese travel trade and 13 Hong Kong travel entities, including hotels, attractions and tour operators.

Japan

My time for Hong Kong

The dizzyingly diverse dining scene reigns supreme when it comes to Japanese visitors' favourite Hong Kong experience. Throughout 2014/15, we championed dining as the main reason for visiting Hong Kong through various media channels, especially high-rating TV programmes. Our Hong Kong Friendship Ambassadors, top performance group EXILE, also promoted dining along with other experiences to their fans. Their trip to Hong Kong was featured in different media outlets and a leading travel guidebook, generating massive awareness among Japanese consumers.

Results:

The media value generated by EXILE alone was as high as **HK\$79 million**.



Trade Programme

A large-scale travel mission was organised in September to three major cities: Tokyo, Osaka and Nagoya. Over 1,500 one-on-one sessions were held between the Hong Kong delegates and 241 representatives from the Japanese travel trade. This marked the first time the HKTb opened up the travel mission platform to retail partners. The travel mission was wrapped up at the JATA Tourism EXPO, the biggest travel event in Japan.

South Korea

My time for a visual journey

Seeing that Korean visitors like all things beautiful and photogenic, we created the “Hong Kong Bucket List”, with 10 photo-worthy experiences, from “proposing on the Aqua Luna” to “trying on a *qi pao* in Shanghai Tang”, to tempt them to experience a visual journey in Hong Kong. To draw attention to the campaign, we unveiled the experiences on G-market, Korea’s number one online shopping website, with a lucky draw as an incentive. At the same time, we partnered with Cathay Pacific on special airfares to create a sense of urgency to visit Hong Kong. The campaign was also promoted on social media platforms and popular web portals.

Results:

The campaign generated sales of **25,000** packages, and generated publicity value of **HK\$80 million** and 150,000 page views on our DiscoverHongKong Korean website.



Trade Programme

In May, we organised Contract Hong Kong to bring buyers from Seoul and Busan to Hong Kong, where they had dedicated meetings with the Hong Kong trade, toured new attractions and conducted hotel site visits. In the last quarter, our Chairman, Dr Peter Lam, led a travel mission to Seoul, where he introduced the “My time for Hong Kong” brand campaign to Korean travel trade members.

Southeast Asia

My time for a taste of Hong Kong

Celebrity chefs hold hipster status in Southeast Asia. Fans don't just admire their cooking, but also pay close attention to what else they enjoy in life. So we created a campaign that capitalises on the influence of these personalities, which anchored a TV programme called "My Taste of Hong Kong". In partnership with Discovery Networks' TLC Asia channel, which has over 148 million subscribers in the region, we produced three episodes, in which six young celebrity chefs followed food critic Michelle Loo in a quest for hidden treasures in the local dining and cultural scene. Apart from broadcasting the programme and advertising on Discovery Networks, we organised media events in various Southeast Asian markets, with some of the chefs sharing their experience in Hong Kong and serving their culinary creations inspired by the flavourful city to the media and travel trade guests.

Results:

Total publicity value reached
HK\$116.6 million.



Trade Programme

The HKTb's main marketing strategies in the region are to target the young adult and family segments, and focus on the summer and winter promotional windows. For example, we organised a large-scale trade promotion in the Philippines in August to reconnect industry partners from Hong Kong and the Philippines. We held a Tourism Exchange Luncheon, which was attended by the heads of major tourism associations and entities from both sides. The luncheon was complemented by the biggest B2B session ever held in the market, with over 200 guests from 29 Hong Kong companies and 104 Philippine companies discussing business opportunities for the winter season.

India

My Time For Exploration

Bollywood has a huge influence on Indian consumers. To take advantage of this connection, we invited various personalities from the Indian film industry, including directors, actors and a designer, to find inspiration in Hong Kong. Their journeys were recorded and followed by media from the Indian market. We also spun off another initiative from their trips, namely a guidebook with their personal recommendations and experiences.

Results:

More than **400,000** hard copies were printed and inserted into magazines with substantive readership, such as *Femina* and *Outlook*, and there is an e-book version in the India section of discoverhongkong.com.



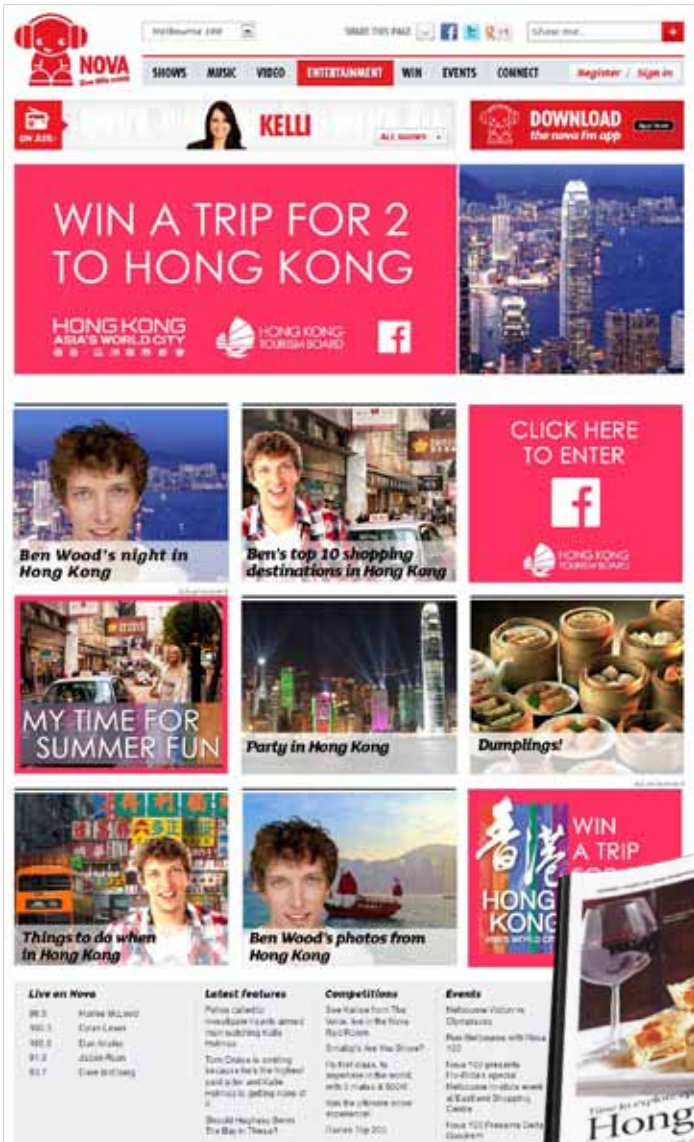
Trade Programme

We also embarked on a partnership with Colors TV, in which Hong Kong was featured in 14 30-minute episodes, including the milestone 1,000th episode of the prime-time drama *Sasural Simar Ka*.

Australia

Our promotion in Australia involved two tiers. In the summer, we rolled out an integrated campaign with tactical partner Flight Centre Travel Group, while launching a value-added, four-night package to boost travel to Hong Kong. The multi-media campaign included a co-op with a radio station, an online display, a Facebook contest, and keyword search optimisation to drive traffic to our official website and to the Hong Kong travel deals on the Flight Centre website. We also invited front-row fashion blogger Gary Pepper Girl to put the focus on Hong Kong's glamorous fashion scene and picture-perfect cityscape.

In the autumn and winter, we followed with another integrated campaign, this time anchoring on the Hong Kong Wine & Dine Festival and Hong Kong's dining scene. A co-op materialised with *Gourmet Traveller*, Australia's leading food, wine and travel magazine, with print and digital content and a competition to win a trip to Hong Kong.



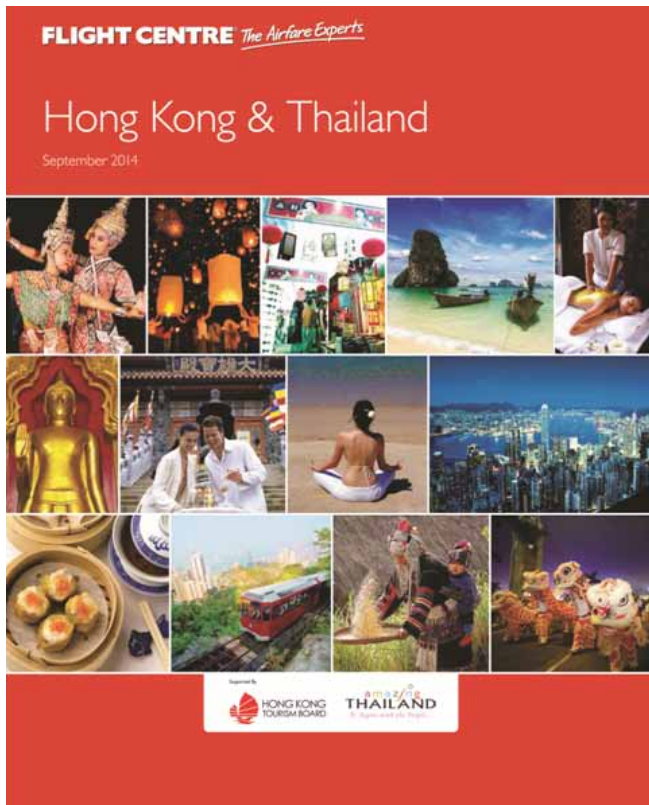
Americas

In our key American markets, where consumers are digitally savvy, we went online to build our brand image and worked closely with other Asian destinations and big names in the tourism industry to promote multi-destination travel.

In Canada, we partnered with the Tourism Authority of Thailand and Flight Centre to launch a campaign promoting Hong Kong and Thailand as the ideal city and beach combo in Asia. The campaign covered print and online ads, social media, in-store displays, and phone messaging.

Meanwhile in the US, we drove a multi-destination campaign on Travelzoo, the world’s biggest online publisher of travel, entertainment and local deals. Compelling offers were launched to promote Hong Kong-Macau-Mainland combo travel, with over 1,600 deals sold in less than three months.

The Travelzoo promotion also supported the launch of our “My time for Hong Kong” brand campaign in the US, in which online advertising, social media marketing and search engine marketing were used to drum up awareness of our tourism brand. During the promotional period, page views to the US version of the DiscoverHongKong website increased 70% year on year. The campaign was awarded a 2015 Travel Weekly Gold Magellan Award in Destination Web Marketing.



Europe

Our offices in Continental Europe focused their efforts on media pitching, leading to many media familiarisation tours to Hong Kong and subsequent coverage. Our Paris office, for example, organised a special press trip, in which Olivier Lebé, author of the book *Repulse Bay*, took the French media to locations featured in his book, which won the Prix du Premier Roman in 2013. The PR effort was sustained by book-signing and media events back in Paris.

In addition, we saw the first-ever travel mission to France, which attracted 23 tour operators from the market and generated one to three new contracts per buyer. We also continued to raise our profile and network with the European travel trade at the ITB in Berlin.

In the UK, our colleagues were busy devising plans for co-ops with production houses. They also ran a Facebook campaign called “A Perfect Day” with magazines *Escapism* and *Foodism*, in which consumers were invited to create a one-day itinerary with “My Hong Kong Guide” to win a trip to Hong Kong. And the Hong Kong Sales Mission, the biggest trade event ever organised by the HKTb in the UK and an annual event held for the 25th year, was put in place to encourage contract discussions between Hong Kong hotels and UK buyers from both the leisure and MICE sectors.



Marketing Initiatives

We redefined our marketing strategy to focus on developing engaging content and its distribution. With this strategy, we created “My Time for Hong Kong”, a new global brand campaign with exciting content, featuring a range of Hong Kong travel experiences. We then determined the most effective channels to distribute the content through.

Content

Hong Kong is, no doubt, a city of content, offering a vast number of diverse experiences. In 2014/15, to inspire visitors, we packaged this Hong Kong content into the following initiatives:



Brand videos

We produced nine brand videos in which key opinion leaders, most of whom make Hong Kong their home, take viewers around town to experience the city through their own eyes.



Hong Kong Insider's Guide

We partnered with local insiders to explore every nook and cranny of the 18 districts of Hong Kong, unveiling hidden gems and local community culture.



My Hong Kong Guide

The three-in-one “My Hong Kong Guide”, available both on our website and as a mobile app, facilitates itinerary planning and sharing on the go. It offers both personalisation and flexibility, giving users greater freedom to shape their own travel experiences.

Distribution

The brand videos are featured on our YouTube channel and also on regional TV networks. Meanwhile, DiscoverHongKong.com serves as our communications backbone, hosting the content we have developed while we deepen our connection with consumers through social media. Our Facebook and Weibo pages are among the most popular of all national tourism organisations, with more than 2.9 million fans. From time to time, we roll out new Facebook campaigns, giving away bespoke experience trips in Hong Kong, such as our Fungineer and Ask the Boss campaigns in 2014. We also use Twitter, Instagram and Pinterest to further extend our reach.

In the spotlight:

- The “My Time for Hong Kong” campaign generated a total of 1,504 media pieces, HK\$12 million in publicity value, **744 million** impressions and **17 million** video views.
- The “My Hong Kong Guide” was downloaded **85,000** times during the year, with 84% of users saying it was easy to use, and 82% saying they would recommend it to friends.
- DiscoverHongKong.com recorded **65.5 million** page views during the year.
- The number of fans reached **3.7 million** across all social media platforms.
- Market-specific Facebook pages were set up for Korea, Russia, Vietnam and the Middle East.





Public Relations

Highly people-centric, PR is a powerful storytelling tool. In 2014/15, we made use of this tool to showcase some of the core experiences Hong Kong offers through real people, and maximised the reach of their Hong Kong stories through the media.

Storytelling

What better way is there to hold consumers' attention than telling stories of famous people? In 2014/15, we invited personalities from around the world to share their insights on Hong Kong. In addition to capturing their trips to the city in videos, we arranged for the media to follow them, and in some cases, generated spin-off initiatives, like publications and press events to maximise publicity.



Taiwan | Bloggers

P 24



Japan | EXILE, Japan's bestselling pop group

P 25



Southeast Asia | Celebrity chefs

P 27



UK | Gordon Ramsay, world-renowned celebrity chef



US | Chris Noth, artiste in Hong Kong for a sophisticated experience



Germany | Tim Raue, celebrity chef



Canada | Eric Chong, winner of first season of MasterChef Canada



France | Olivier Lebé, writer

P 31



India | Bollywood directors, actors, designer **P 28**



South Korea | Artists looking for inspiration in Hong Kong

Case in point:

Instagrammer Murad Osmann has over 2.6 million followers from all over the world. His photos showing his gorgeous girlfriend (more specifically, her back) and beautiful scenery are perfect for showcasing a destination. Better still, his photos are often carried by the international press, meaning an extensive reach.

In 2014, we invited the couple to take some stunning photos of Hong Kong, which ended up going viral through reposting by followers and both local and overseas media, including *Huffington Post*, CNN and the *Daily Mail*. Throughout the campaign period, the pictures generated 1.6 million likes and over 20,000 comments. Total publicity value exceeded HK\$4 million.

Riding on their photo shoot, we created an endorsement video, in which the couple recommend Hong Kong as a romantic city. The video was played in travel agencies in Russia to entice their queuing customers, as well as in travel marts and the HKTB's presentations. Average views per month in 2014 were as high as 5.7 million. Tactical promotions were also rolled out in Russia to convert desire into actual travel.



Russia | #followmeto, Instagrammer

Distribution

The aim of PR is to generate news, which makes the media its closest partner; it then wants the news to spread far and wide, which is why choosing the right media channels is important.

We maximise the reach of our Hong Kong news by working with strategic media partners: first, newswires such as Reuters and AFP, and still image and video provider Getty Images, all of whose materials are used by other news organisations; and second, global and regional TV networks, whose reach is extensive. One major TV co-op we entered into in 2014 was the “My Taste of Hong Kong” programme, produced with Discovery Networks’ TLC Asia. In addition, we generated publicity value of HK\$231 million and HK\$360 million with the New Year Countdown and Chinese New Year Parade, respectively, through the effective use of newswires.



Exciting Events

Hong Kong is dubbed the events capital of Asia for good reason. Every moment in the city, interesting events, both big and small, are taking place, allowing visitors to rub shoulders with locals and have a splashing time. The images above show some of the key promotional windows in 2014/15. Take a look at the major events organised or supported by the Hong Kong Tourism Board in the next few pages.

Jan
-
Feb

Hong Kong Chinese New Year Celebrations

Chinese New Year celebrations in Hong Kong are citywide and possibly the most spectacular and boisterous in the world. From the fireworks over Victoria Harbour to a well-wishing festival, horse races, flower markets, and lion and dragon dances, the city buzzes with energy and festivities during the most important Chinese festival of the year. And of course, there is the HKTB's International Chinese New Year Night Parade, a massive party that fills Tsim Sha Tsui with cheers.



Cathay Pacific International Chinese New Year Night Parade

The parade celebrated its 20th staging with the theme “Sweet 20, World Party”, bringing 34 floats and performing troupes from 11 countries and regions to Asia’s world city. To boost the festivities, cake vouchers were distributed on the day of the event and **298,888** red packets with complimentary Star Ferry and tram tickets and discount coupons were given to visitors at the airport. The parade attracted **150,000** spectators to the streets of Tsim Sha Tsui.

International Chinese
New Year Night Parade
was title-sponsored by



Hong Kong Arts Month



Art Basel Hong Kong not only brings art dealers, collectors and art lovers from around the world to Hong Kong, but also acts as an axis, pulling other arts events and activities to Hong Kong in the month of March. In showcasing Hong Kong as Asia's arts hub, we work closely with the organisers to promote their events to visitors. In 2014/15, we also brought arts into the community by working with MTR to showcase the works of selected artists from the Jockey Club Creative Arts Centre and performances by the Hong Kong Chinese Orchestra and Hong Kong Dance Company.



Christian Thielemann & the Staatskapelle Dresden © Tutti Nagoya

Apr
-
May

Hong Kong Cultural Celebrations

Many traditional Chinese festivals are celebrated in Hong Kong, four of them in April and May: the legendary Cheung Chau Bun Festival, the Tin Hau Festival, and the birthdays of Lord Buddha and Tam Kung. Their proximity creates a good opportunity for visitors travelling during those months to experience Hong Kong's traditional culture. The HKTB bundles the four festivals under Hong Kong Cultural Celebrations and promotes them to visitors through different channels. We also provide support to organisers of related events to facilitate visitors' participation.





Hong Kong Summer Spectacular

Summer is one of the two most popular travel periods in the year. It is in fact a great season to travel to Hong Kong because of the coveted summer sales and a huge wave of events, many of which are family-friendly, including the HKTB's signature Hong Kong Dragon Boat Carnival.

Hong Kong Dragon Boat Carnival

Around 5,000 paddlers representing 159 clubs from 10 countries and regions competed for 24 championships in the 2014 CCB (Asia) Hong Kong International Dragon Boat Races. The HK Express Fancy Dress Race and the signature San Miguel BeerFest were added to the carnival to fuel the event with extra fun. With support from sponsors, community programmes, such as the CCB (Asia) "Unique Hong Kong" Dragon Boat Design Competition and the Chevalier Group Youth Dragon Boat Training Programme were organised. More than **160,000 visitors** and local residents filled the Tsim Sha Tsui East harbourfront to enjoy the excitement.

Hong Kong International Dragon Boat Races were title-sponsored by



Official Beer of Hong Kong Dragon Boat Carnival



Oct
-
Nov

Hong Kong Wine & Dine Month

Hong Kong's superb dining scene is a big draw to visitors. Indeed, many visitors travel to the city just for the world-class, diverse cuisines and quality, tax-free wines on offer. In recent years, we have been spreading the flavours of Hong Kong through Hong Kong Wine & Dine Month, a month-long celebration, supported by restaurants, hotels and dining districts all over Hong Kong. Lifting the curtain for the culinary journey is the popular Hong Kong Wine & Dine Festival.



CCB (Asia) Hong Kong Wine & Dine Festival

The 2014 CCB (Asia) Hong Kong Wine & Dine Festival had to be relocated from the Central Harbourfront to the area adjacent to the Kai Tak Cruise Terminal just 21 days before the event. Despite the short notice, we put together a magnificent event, with around 270 booths showcasing premium wines and delicacies, including creations by Michelin-starred restaurants. The event also featured special wine-tasting and culinary programmes, as well as mesmerising live performances. To ensure patrons could get to the venue conveniently, we arranged frequent shuttle service at various pick-up points. The turnout, to our surprise and delight, was excellent, with total attendance reaching a record-breaking **180,000**, almost 30% more than in the previous year and many exhibitors recording satisfactory sales.

Hong Kong Wine & Dine Festival and Hong Kong Wine & Dine Month were title-sponsored by





Hong Kong WinterFest

There may not be snow in Hong Kong, but the city is still filled with a romantic air in winter, especially during the Christmas season, with buildings on both sides of Victoria Harbour lit up with Christmas lights, and shopping malls and many other places decked out in large-scale festive décor. In 2014 we added a festive touch to the city by installing a mega signature Christmas tree in Statue Square, and upped the romantic beat with special railings for patrons to hang love locks and create some of their sweetest memories ever. And of course, we put on the biggest countdown show in town, and one of the biggest in the world, the New Year · New World – Hong Kong Countdown Celebrations, to usher in the New Year with a bang, or in fact, many bangs.

New Year · New World – Hong Kong Countdown Celebrations

An eight-minute pyrotechnic musical interjected with fireworks lit up the sky above Victoria Harbour. Before the show, cute LINE FRIENDS appeared on the façade of the Hong Kong Convention and Exhibition Centre to greet the spectators, around **370,000** of whom brought in the new year together on both sides of Victoria Harbour.

The Hong Kong Countdown Celebrations event was title-sponsored by



Hong Kong Pulse 3D Light Show

In autumn 2014 we presented the first-ever light show utilising 3D projection mapping technology, projecting Hong Kong-themed graphics onto the façade of the Hong Kong Cultural Centre and the Clock Tower to create a “pop-up” attraction. Three phases were rolled out to coincide with the CCB (Asia) Hong Kong Wine & Dine Festival, Hong Kong WinterFest and Hong Kong Chinese New Year Celebrations. The three phases drew more than 650,000 spectators to the harbourfront.



Support for Other Events

We provided promotional support to the organisers of events of different scale and nature, including sports events, like the hugely popular Hong Kong Sevens, Hong Kong Marathon, Hong Kong Masters and Hong Kong International Races; arts and cultural events, such as Clockenflap, the Hong Kong International Film Festival and the Hong Kong Arts Festival; and traditional celebrations and activities, like the fire dragon dances in Tai Hang and Pok Fu Lam.

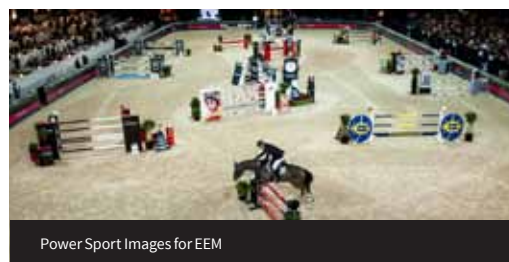
In the spotlight:

- The average satisfaction rate of HKTb's mega-events was 8.2 out of 10.
- **94%** of visitors said they would recommend our events to their friends and relatives.
- More than **80%** said they would go to our events again.





Power Sport Images for EEM



Power Sport Images for EEM



Power Sport Images for EEM



The Bolshoi Opera — The Tsar's Bride © Damir Yusupov



Trade Partnership

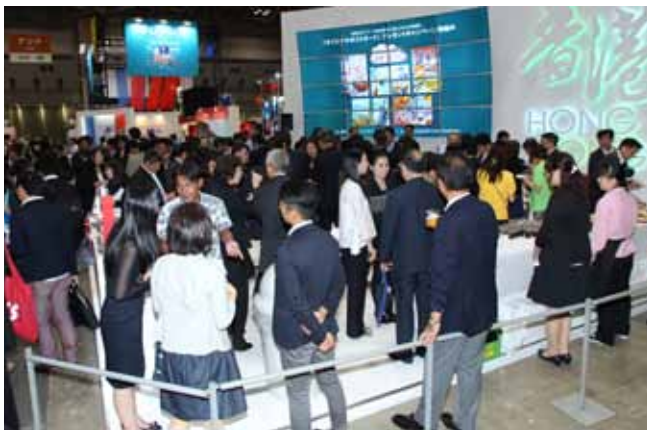
The support of the travel trade is indispensable to the work of the HKTB. At the same time, the HKTB looks for ways to create business opportunities for the travel trade. Some of our trade-related initiatives in 2014/15 are listed below.

New Phase of New Tour Product Development Scheme

Launched in 2012, the scheme was run for the third year in 2014/15, continuing to subsidise operators of themed tours in marketing their products. In 2014/15, five new tours were approved for funding, including four local tours on Hong Kong's heritage, arts and living culture, and one multi-destination tour featuring gourmet dining in Hong Kong, Macau and the Mainland. The HKTB's "Explore Hong Kong Tours" platform was also opened to non-funded tours to help tour operators promote their products and give visitors more choices.

Strengthened support for the travel trade

As our tourism industry faced challenges during the year, we enhanced our support for our trade partners and joined forces with them to promote Hong Kong as the preferred destination to their overseas counterparts. In early 2015, we introduced a participation fee waiver for those joining the HKTB's trade activities, including delegations to trade shows and travel missions. We also organised trade missions to key short-haul markets, including Korea, Taiwan, Japan, Indonesia, Singapore and the Philippines, to deepen relations and develop business opportunities with the overseas travel trade.



In the spotlight:

- We extended our footprint from trade shows to consumer fairs, such as the KOMPAS Travel Mart in Indonesia and the Travel Tour Expo in the Philippines.
- Fourteen market versions were launched for PartnerNet, which had **80,000** registered users and recorded **30 million** page views.
- We arranged over 500 offers from the retail, dining and other tourism-related sectors for our spending-booster campaigns.



MICE Business

MICE (meetings, incentives, conventions and exhibitions) tourism is a specialised business, which hinges heavily on cultivating business partnerships. In addition to providing top-notch hospitality offers for delegates, we strive to bring more events to Hong Kong by actively reaching out to and persuading professional associations and event organisers to choose Hong Kong. To attract events, our MEHK (Meetings and Exhibitions Hong Kong) office adopts a three-pronged strategy – fostering partnerships, outreaching, and showcasing. Following are some of our major initiatives in these areas in 2014/15.

Fostering partnerships

We signed a three-year agreement with the International Association of Professional Congress Organisers (IAPCO). We also continued to work closely with the American Society of Association Executives (ASAE), the Global Conference Network, HelmsBriscoe, and the International Congress and Convention Association. Through the extensive networks of these strategic partners, we were able to reach their members to promote Hong Kong.

Outreaching

MEHK reached out to international buyers, corporations and MICE travel agents through actively participating in key trade shows and events in different market regions, including MaxiMICE and SATTE in India, Incentive Travel & Conventions, Meetings (IT&CM) in Mainland China, IMEX in Frankfurt and Las Vegas, and the Asia-Pacific Incentives and Meetings Expo (AIME) in Australia.

Showcasing

As part of our strategic partnership with the IAPCO, we hosted a study mission for their representatives to showcase Hong Kong’s MICE products, venues and development. We also organised Contract Hong Kong events for MICE agents from the Mainland and the Top Agent Awards Programme to incentivise agents from the Mainland, India and Indonesia.





In the spotlight:

- Overnight MICE arrivals to Hong Kong rose **11%** year on year to **1.8 million**.
- Their per capita spending exceeded **HK\$9,400**, 17.5% higher than that of all visitors to Hong Kong.
- There was a balanced mix of MICE visitors, with 49% from the Mainland, 23% from long-haul markets and about 28% from short-haul markets.
- Hong Kong won over 20 major bids, including the following:
 - RISE 2015 (5,000 pax)
 - Asia Pacific Spine Congress & AOSpine Asia Pacific Interactive Courses 2015 (2,000 pax)
 - 26th International Congress of The Transplantation Society 2016 (5,500 pax)
 - 11th Asian & Oceanian Epilepsy Congress 2016 (1,600 pax)
 - Global Sustainable Built Environment Conference 2017 (2,000 pax)
 - 15th Asian Congress of Urology 2017 (1,500 pax)
 - iFX EXPO Asia 2015-2019 (1,500 pax in each edition)
- Numerous massive-scale events were held in Hong Kong, including the Nu Skin Greater China Convention, which had a record-breaking 22,000 overseas delegates.
- The inaugural Great Ideas in Association Management Conference, Asia Pacific, organised by ASAE was held in Hong Kong. ASAE's first event outside North America.
- The HKTb jointly hosted the 2015 UFI Open Seminar in Asia with the Hong Kong Exhibition and Convention Industry Association (HKECIA).

Cruise Experience

While the cruise travel experience is directly shaped by the offerings and facilities on the cruise liners and on land, many behind-the-scenes efforts are required to make this happen, including support from tourism bureaux. Here is a look at our major initiatives in 2014/15 that supported the cruise lines and other industry players to enrich the cruise experience.

Asia Cruise Fund

In early 2014, the HKTB and Taiwan Tourism Bureau founded the world's first Asia Cruise Fund. The purpose of the initiative is to promote co-operation among regional ports, and to pool the resources of the partnering ports to provide support for marketing and product development for cruise lines, thereby increasing their incentive to deploy their vessels in the region. Two other partners, Hainan and the Philippines, announced that they were joining the strategic alliance at Cruise Shipping Asia-Pacific, which took place in Hong Kong in November 2014.

Greater China Cruise Potential & Passenger Behaviour Study and Asia Cruise Port Development Study

To better understand the needs and preferences of potential cruise travellers, as well as opportunities for cruise itinerary development in Asia, we conducted two studies on cruise travel in 2014, which were the first of their kind. The Greater China Cruise Potential and Passenger Behaviour Study specifically examined the potential offered by Greater China and the characteristics of potential cruise travellers in the market. The Asia Cruise Port Development Study examined the future development of ports in Hong Kong and various other parts of Asia, from Korea to Vietnam. Both studies offer invaluable insights for industry stakeholders, particularly cruise lines and port authorities, for forward planning to take advantage of the unprecedented opportunity in the Asian cruise industry. The findings were released at the opening of Cruise Shipping Miami, the biggest industry event in the world.





In the spotlight:

- The Second Berth of the Kai Tak Cruise Terminal began operation.
- Hong Kong received 140 ship calls, representing 57% year-on-year growth.
- Total passenger throughput (visitors only) reached almost 800,000, 14.3% more than in the previous year.
- Royal Caribbean International opened its Hong Kong office and announced the home-porting of *Voyager of the Seas* in the city.
- Star Cruises announced the long-term deployment of *SuperStar Virgo* from April 2014 in Hong Kong.



Quality Services

Service is a big part of the travel experience. Good service leaves a traveller with a good impression of a destination and a desire to return. Through the years, we have made our best endeavours to uphold a culture of hospitality and quality service throughout the tourism, hospitality and retail sectors. Following are some of our efforts in this area in 2014/15.

Quality Tourism Services (QTS) Scheme

- To increase exposure and patronage for QTS merchants:
 - We partnered with Visa to launch the “Visa Quality Privileges” promotion in summer and winter, the two most popular travel seasons, attracting the participation of more than 70 QTS members; and
 - We joined hands with China Construction Bank (Asia) to launch the “2014 Hong Kong Wine & Dine Festival – China Construction Bank Privileged Dining Promotion”, in which about 60 offers were arranged.
- The Outstanding QTS Merchant and Service Staff Awards were organised for another year to commend and recognise merchants providing excellent service to consumers.

Visitor services

- A new element, called “Meet the Pals” (p. 60), was injected to the Hong Kong Pals programme, which was run for the fifth year in 2014/15.

Support for our trade partners

- Our concierge hotline, set up in late 2013, was expanded to serve more hotels and shopping malls.
- We co-operated with American Express to organise the “Quality Services Training Series” to enhance the skills of frontline and management staff of QTS members in complaint handling, selling and talent management.

In the spotlight:

- Our visitor centres served **1.9 million** visitors.
- Our contact centre handled 19,000 phone calls and email enquiries.
- Our concierge hotline was subscribed by 74 hotels and six shopping malls.
- The QTS Scheme had 1,268 members, covering nearly 8,300 outlets in the city.





© Michael Li



Multi-Destination Travel

Many visitors to Hong Kong travel on a multi-destination basis, with over 80% from long-haul markets doing so. To give travellers more options and to add value to their travel experience, the HKTB co-operated with Macau, Mainland cities and other Asian destinations to offer different promotions and travel deals. Following are our major co-ops in 2014/15.

Long-haul markets

Russia

With the Shenzhen Tourism Bureau (SZTB) and the Macau Government Tourist Office (MGTO), we organised a joint road show to promote the appeal of Hong Kong, Shenzhen and Macau to about 100 trade and media guests in the travel market. We also launched online and tactical promotions with key Russian trade partners to boost package sales.

Canada

We purchased a massive “Two Wonders, One Trip” billboard ad on the Gardiner Expressway in Toronto, promoting Hong Kong and the Chengdu panda experience, and further raised awareness of the combo itinerary through a radio campaign directing traffic to a tour operator website selling related packages. In addition, we rolled out a Flight Centre campaign with the Tourism Authority of Thailand (p.30).

US

For the first time, Hong Kong partnered with Macau and the Mainland on a multi-destination promotion on TravelZoo (p.30).

Short-haul markets

Indonesia

We joined hands with SZTB and Cathay Pacific Airways to roll out new Hong Kong-Shenzhen packages featuring special airfares, hotel offers and attractions admission tickets. Separately, the HKTB and MGTO launched a digital promotion programme introducing new Hong Kong-Macau travel products.

India

We worked with the MGTO and Indian agents to launch promotions in the Delhi National Capital Region, Pan India, Kolkata and Mumbai, generating sales of 1,300 packages.



2 Wonders One Trip

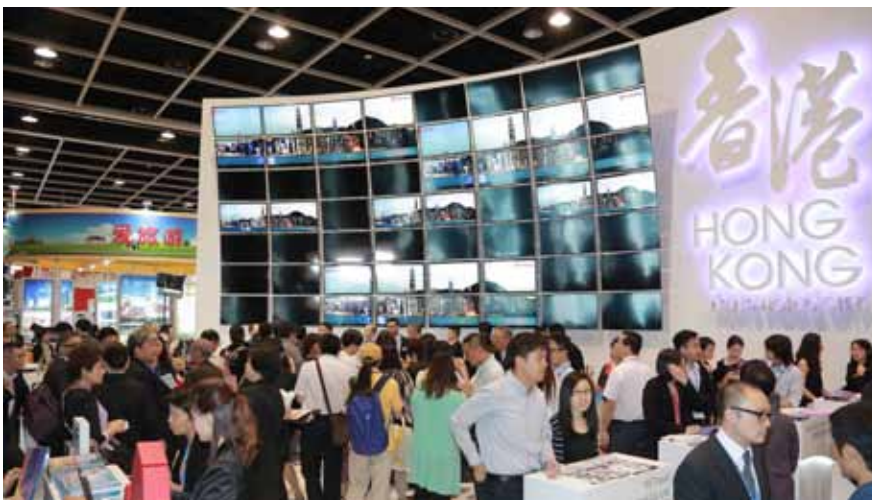
Continue your Hong Kong Trip to Shenzhen

Hong Kong is the Asian World City and Shenzhen is the City of Golf and Theme Parks. Visiting both cities in one trip will make your holiday more fun and enjoyable.

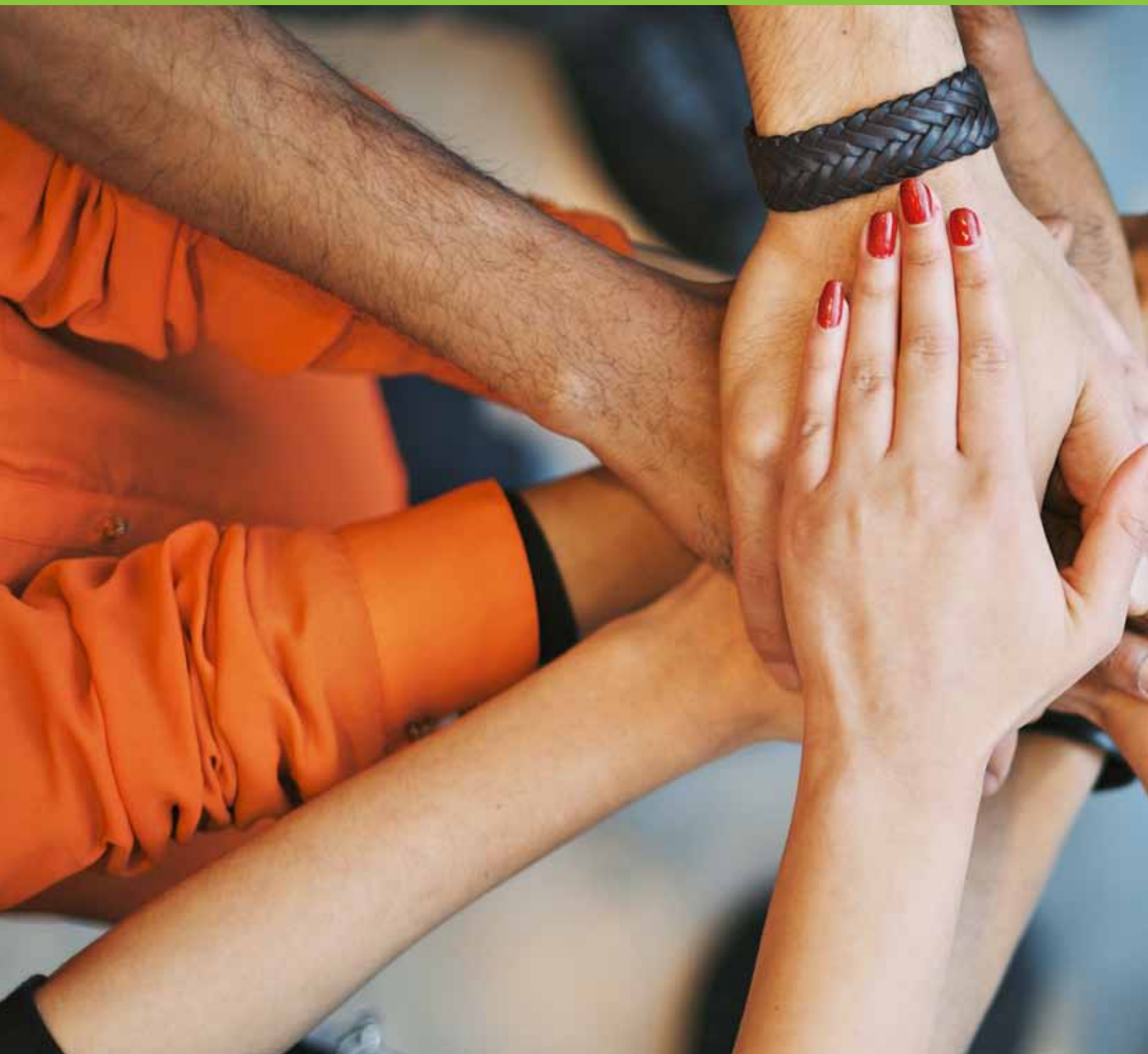
<p>✚ 4D Hong Kong - Shenzhen Super Value</p> <p>Starts from USD 500</p>	<p>✚ 3D Hong Kong - Shenzhen Economy</p> <p>Starts from USD 700</p>
<p>✚ 4D Hong Kong - Shenzhen Fantastic Ocean Disney</p> <p>Starts from USD 755</p>	<p>Contact your local travel agents or call Cathay Pacific Reservation Office at (852) 5187197 to book 2 Wonders One Trip Package.</p>

DiscoverHongKong.com | ShenzhenHongKong.com

Availability dependent on air traffic. © Copyright 2014 and subject to availability. Subject to change without prior notice.



TOURISM & THE COMMUNITY

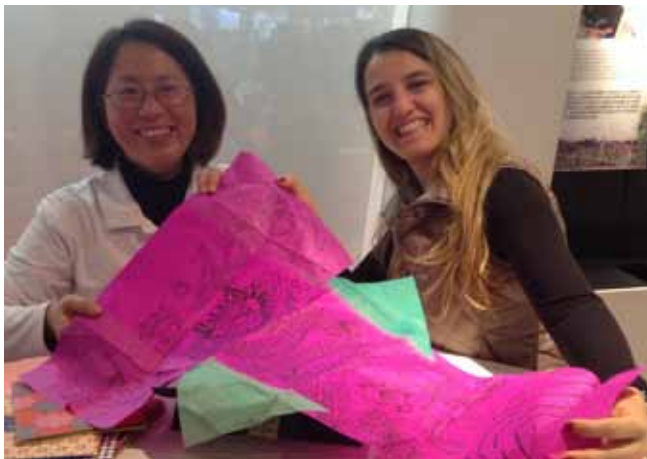




Meet The Pals

Since 2009, we have been running the “Hong Kong Pals” programme, under which volunteers from different walks of life serve as ambassadors at our visitor centres and offer assistance to visitors.

As visitors become more and more curious about our local culture following the rise of experiential tourism, we set up a new, free service under this volunteer programme in 2014, called “Meet the Pals”. By making an appointment on our website or at our visitor centres, visitors can sit down with some of the Hong Kong Pals at our two in-town visitor centres and get more information on a range of interesting topics, from Chinese paper craft to butterfly watching and hidden treasures around the Central-to-Mid-Levels Escalator.



Other Community Initiatives

Tourism is a community industry. In 2014/15, the HKTB supported various community events and activities and invited members of the public to join hands with us to promote the sustainable development of the industry.

Promoting quality service and a hospitable culture

Quality service is a key factor for the success of Hong Kong's tourism industry. As the frontline staffs are in direct contact with visitors, they are important guardians of Hong Kong's image as a hospitable city. In 2014/15, we supported a number of activities upholding the standard of visitor service, including the following.



The “Most Courteous Immigration Control Officer Election”, organised by the Immigration Department. The HKTB appointed the winner as “Hong Kong Courtesy Ambassador”.

The “2014 Top Service Awards”, organised by *Next Magazine* to recognise enterprises and employees offering good customer services.



The Customer Service Excellence Programme, organised by Airport Authority Hong Kong.



The “Experiential Marketing Excellence Awards for Hong Kong Shopping Malls 2014”, organised by Metro Finance and Metro Finance Digital to encourage shopping malls to create the best shopping experience for their customers.



The Best Travel Agency Award, organised by *Weekend Weekly* to motivate the travel trade.



The Shopping Mall Awards 2014/15, organised by *Hong Kong Economic Times*.



The 2015 Hong Kong Service Award, organised by *Eastweek* magazine to recognised corporations providing outstanding services and products.

Strengthening ties with tertiary institutes

Students are the future of our society. To encourage them to pursue a career in tourism, we strive to deepen their understanding of the industry with tertiary institutes.



We organised talks with various tertiary institutes to showcase the HKTB's marketing work in Hong Kong and overseas.

We showed support for activities organised by tourism students.



We invited about 300 tertiary students to attend the Hong Kong Tourism Overview in March 2015, where the HKTB presented its marketing strategies and work plan for 2015/16 and the latest development of Hong Kong tourism.



Tourism met conservation and creativity

The “1,600 Pandas World Tour in Hong Kong: Creativity Meets Conservation” exhibition, organised by PMQ, not only promoted conservation and sustainable development, but also became a summer attraction for visitors. In addition to sending representatives to support the opening ceremony, the HKTB leveraged the exhibition to promote the then newly established creative hub.



Supporting the promotion of milk tea

Milk tea is the quintessential Hong Kong beverage; the technique of milk tea making was in fact inscribed on the list of Hong Kong’s intangible cultural heritage in June 2014. To support the promotion of this tasty beverage, Mr Anthony Lau attended the second Hong Kong Milk Tea Day event, at which he presented awards to young milk tea masters.



Members of the Hong Kong Single Parents Association enjoyed the Chinese New Year night parade

The Cathay Pacific International Chinese New Year Night Parade is a highlight of Chinese New Year celebrations in Hong Kong. To spread good wishes on the special occasion, the HKTB collaborated with the Hong Kong Single Parents Association to arrange for about 100 families from the association to enjoy the night parade and soak in the festivities. We also welcomed the participants with New Year greetings and presents.

AWARDS & ACHIEVEMENTS





Destination – Hong Kong

- Best Business City in Northeast Asia, 2014 Business Traveller Asia-Pacific Awards, *Business Traveller Asia-Pacific* magazine
- Best Business City in the World, 2014 Business Traveller Asia-Pacific Awards, *Business Traveller Asia-Pacific* magazine
- Best City for Business Events, CEI Industry Excellence in Events Survey 2015, *CEI Asia* magazine
- Best Culinary Destination, Expert's Choice, Culinary Travel Awards 2014, *SAVEUR* magazine
- Best Promotion Destination, Tourism Awards 2013, *Shanghai Morning Post*
- Best Shopping Destination, Leisure Travel Awards 2014, *Global Traveler* magazine
- Favourite Business City in the World, 2014 Business Traveller China Awards, *Business Traveller China* magazine

Hong Kong Tourism Board

1 Organisation

HKTB

- First runner-up of the “Best Convention Bureau”, CEI Industry Excellence in Events Survey 2015, *CEI Asia* magazine

Seoul Office

- Best National Tourism Office, *Korea Travel News*

2 Marketing Initiatives

“Ask The Boss” Campaign

- Honours in the “Promotion / Marketing: Social Media Campaigns” category, Mercury Awards 2014/15

“Be My Guest” Facebook App

- Social Network Standard of Excellence in the “Social Network” category, WebAward 2014

“David Myers’ My Hong Kong” Online Video Series by USA Office

- Silver Award in the “Destination Marketing – Web Marketing / Advertising” category, Travel Weekly Magellan Awards 2014

DiscoverHongKong.com Website

- Best APAC Destination Website, TravelMole APAC Web Awards 2014

Discover Hong Kong Facebook Fan Pages

- Gold Award in the “Self-Promotion” category, Astrid Awards 2014
- Silver Award in the “Social Media” category, Mercury Awards 2014/15
- Bronze Award in the “Emerging Media – Travel / Tourism” category, Galaxy Awards 2014

Hong Kong Chinese New Year 2014 Parade Floats

- Bronze Award in the “Special Project: Parade Floats” category, Astrid Awards 2014

“Hong Kong Winterfest 2013” Campaign

- Bronze Award in the “Promotion: Viral Campaign” category, Astrid Awards 2014

“Hot Jazz/Smart Marketing” Campaign by USA Office

- Gold Award in the “Destination Marketing – Advertising / Marketing Campaign” category, Travel Weekly Magellan Awards 2014

“My Hong Kong Guide” Multi-Level Platform

- Grand Award in the “Apps” category, Galaxy Awards 2014
- Gold Award in the “Emerging Media – Mobile App” category, Galaxy Awards 2014
- Silver Award in the “Emerging Media – Travel / Tourism” category, Galaxy Awards 2014
- Silver Award in the “Best App – Government / Community” category, Mob-Ex Awards 2015
- Bronze Award in the “Excellence in Use of Apps” category, Marketing Excellence Awards 2014

“My Time for Hong Kong” New Brand Identity

- Gold Award in the “Promotion – Brand Identity” category, Galaxy Awards 2014

“Taste of Hong Kong” Campaign by Taipei Office

- Gold Stevie Winner, Marketing Campaign of the Year – Travel / Tourism / Destination, The International Business Awards 2014
- Bronze Stevie Winner, Brand Experience of the Year – Consumer, The International Business Awards 2014

The HKTB Social Media Platforms

- Silver Award in the “Social Content – Social Presence” category, W³ Awards 2014

“The Road to Social Marketing Leadership” Campaign by USA Office

- Silver Award in the “Destination Marketing – Web Marketing / Advertising” category, Travel Weekly Magellan Awards 2014

3 PR Initiatives

“Follow Me to Discover Hong Kong” Campaign

- Silver Award in the “Best Use of Small Budget” category, PR Awards 2014, *Marketing* magazine
- Silver Award in the “Publicity: Social Media Influencers” category, Mercury Awards 2014/15

HKTB Annual Report 2012/13

- Certificate of Excellence in “Corporate Publications” category, PRWeek Awards Asia 2014
- Honours Award in “Government Supported Tourism, Interactive Annual Report” category, International ARC Awards 2014

“Hold My Hand in Hong Kong” Campaign

- Grand Award of Excellence, 2nd Hong Kong Public Relations Awards (2014)
- Most Creative Campaign Award, 2nd Hong Kong Public Relations Awards (2014)
- Gold Award in “Integrated Marketing Communications” category, 2nd Hong Kong Public Relations Awards (2014)
- Gold Award in “Marketing – Primary Government Destination” category, PATA Gold Awards 2014
- Silver Award in “Campaigns” category, Astrid Awards 2014
- Certificate of Excellence, South Asia PR Campaign of the Year, PRWeek Awards Asia 2014

Visa go Hong Kong Super Shopper 2013

- Gold Award in “Marketing Media – Public Relations Campaign” category, PATA Gold Awards 2014
- Certificate of Excellence in “Asia-Pacific PR Campaign of the Year” category, PRWeek Awards Asia 2014

4 Trade Shows

2014 “Hong Kong · Asia’s World City” Hong Kong Pavilion Booth Design

- Bronze Award in the “Design – Trade Show Booth Display” category, Galaxy Awards 2014

5 Visitor Services

Asia Pacific Customer Service Consortium Customer Relationship Excellent (CRE) Awards 2013

- Customer Service Professional of the Year (Service Centre): Koey Hsu

Hong Kong International Airport Customer Service Excellence Programme 2013/14

- Individual Award: Joyce Lam, Koey Hsu
- Corporate Excellence Award: Mary Luk, Mavis Lin

CORPORATE INFORMATION





Corporate Governance

As a government-subsidized body, the HKTB is determined to implement high standards of corporate governance practices and enhance the transparency of its operational and financial matters. During the year, the HKTB strictly observed applicable regulations and procedures, and maintained a high level of integrity in its operations.

Structure and Management

The Board

The Board of the HKTB comprises 20 Members, representing a broad cross-section of the tourism and other industries. Members of the Board are appointed by the Chief Executive of the Hong Kong Special Administrative Region. They are broadly based and include, amongst others, passenger carriers, hotel operators, licensed travel agents, tour operators, retailers and restaurant operators.

The Board is the governing body of the HKTB, and is given the authority to exercise the general powers conferred under the Hong Kong Tourism Board Ordinance. The Board is also empowered to appoint committees to oversee various aspects of the HKTB's operations and provide advice to the Board on corporate governance matters arising from the Committee's work. The various committees are described in the following paragraphs.

Marketing and Business Development Committee (MBDC)

This committee provides strategic input and advice to the Board on its marketing direction and business development, reviews the draft annual business plan, and provides advice on new marketing directions and opportunities, global developments affecting tourism in Hong Kong, and strategies for enhancing the Board's external communications and industry relations. The committee meets on a quarterly basis, and extraordinary meetings can be convened if necessary. It comprises a chairman and seven Members from the Board, with the Director, Strategic Planning & Insights acting as Committee Secretary.

Product and Event Committee (PEC)

This committee provides strategic direction and input on the development of product and event strategy, and evaluates the contribution of any initiatives to the HKTB's overall marketing direction set by the Marketing and Business Development Committee. It reviews and approves the Product and Event Strategy Plan by providing comments and recommendations on new product initiatives and infrastructure development. It also approves the concepts and implementation of Mega Events. The committee meets quarterly, and extraordinary meetings can be convened if necessary. It comprises a chairman and eight Members from the Board, with the General Manager, Event & Product Development acting as Committee Secretary.

Staff and Finance Committee (SFC)

The committee reviews and endorses financial matters, including financial policies, management control, audited annual accounts, and matters involving long-term financial commitment by the HKTB such as office lease. It also reviews and endorses manpower planning, human resources policies, terms and conditions of employment, the creation and deletion of senior managerial positions, and the promotion of senior executives. The committee meets every four months, and extraordinary meetings can be convened if necessary. It comprises a chairman and four Members from the Board with the General Manager, Human Resources & Administration acting as Committee Secretary.

Audit Committee (AC)

This committee provides advice to the Board on the adequacy of internal controls and the effectiveness and efficiency of the HKTB's operations, and is authorised to investigate any activities within its terms of reference. It reviews and endorses the annual audit plan to ensure adequate audit coverage of critical operations, reviews findings, recommendations and the implementation of actions arising from internal audit and other relevant authorities. It also reviews the annual audited financial statements before submission to the Board. The committee meets three times a year, and extraordinary meetings can be convened if necessary. It comprises a chairman and five Members from the Board, with the Director, Internal Audit acting as Committee Secretary.

Quality Tourism Services Committee (QTSC)

This committee acts as the governing body of the Quality Tourism Services Scheme (QTS Scheme) and provides strategic input and advice to the Board on the development of the QTS Scheme. It also approves the assessment criteria, scheme rules, complaint handling policy and pricing policy of the QTS Scheme. The committee meets twice a year, and extraordinary meetings can be convened if necessary. It comprises a chairman, six Members from the Board and four industry members, with the General Manager, Business Development acting as Committee Secretary.

Board Members' Meeting Attendance

For the year ended 31 March 2015

Board Members	Board Meeting	Marketing & Business Development Committee	Product & Event Committee	Staff & Finance Committee	Audit Committee	Quality Tourism Services Committee
Dr Peter Lam (Chairman)	6/6					2/2*
Miss Cathy Chu (Deputy Chairman) (i)	6/6	5/5	5/5	4/4	3/3	2/2
Ms Poman Lo (ii)	0/3		1/3			0/1
The Hon Sin Chung-kai (iii)	3/4			3/3	2/2	
Ms Florence Chan	6/6				3/3*	
Ms Chitty Cheung (iv)	2/2	1/1				
Ms Winnie Ng	6/6	5/5*#			2/3	
Mr Benjamin Chau	6/6	3/5		4/4*^		
Mr Michael Wu	6/6	3/5				2/2
Ms Linda Yuen	5/6	5/5	5/5			
Mr William Mackay (v)	1/1			1/1		
Sir Wayne Leung	6/6		5/5*			
Mr Perry Mak	6/6	5/5		4/4		
Ms Yip Wing-sie	5/6		5/5			
Mr T C Chan	5/6				3/3	
Ms Nansun Shi	3/6		0/5			
Mr Winston Chow	4/6		4/5			2/2
Mr Barry D. Nassberg	4/6	4/5			2/3	
Mr Paulo Pong	6/6		4/5			2/2
Ms Winnie Tam	3/6			3/4		2/2
Mr Victor Chan (vi)	5/5			3/3		
Mr James Tong (vii)	4/4	4/4				
Ms Belinda Yeung (viii)	3/3		2/2			1/1
Mr Thomas J. Wu (ix)	2/2		N/A~		1/1	

(i) Miss Cathy Chu succeeded Mr Philip Yung as the Commissioner for Tourism and Deputy Chairman of the Hong Kong Tourism Board on 22 December 2014.

(ii) Appointment until 31 October 2014.

(iii) Appointment until 31 December 2014.

(iv) Ms Chitty Cheung resigned on 15 August 2014.

(v) Mr William Mackay resigned on 18 July 2014.

(vi) Appointment effective from 19 July 2014.

(vii) Appointment effective from 16 August 2014.

(viii) Appointment effective from 1 November 2014.

(ix) Appointment effective from 1 January 2015.

* Committee Chairman as at 31 March 2015.

^ Appointed as Chairman of Staff & Finance Committee effective from 19 July 2014.

Appointed as Chairman of Marketing & Business Development Committee effective from 16 August 2014.

~ Appointed as Product & Event Committee member effective from 1 January 2015. There was no meeting held from 1 January to 31 March 2015.

Internal Control and Compliance

One of the Board's responsibilities is to ensure that satisfactory systems and procedures of internal control are in place. These procedures are to provide reasonable assurance that management policies are adhered to, assets are safeguarded, operations are efficient and effective, misconduct and errors are prevented or detected, accurate and complete accounting records are compiled, and financial information is prepared in a timely manner. An exception reporting mechanism is in place through which cases of significant violation of internal rules and respective follow up actions are reported to the Board or its relevant committees. The compliance with legislations relevant to the HKTB is regularly reviewed by the internal Legal Counsel.

The Internal Audit Department has an independent role to evaluate the adequacy and effectiveness of the internal control. It formulates an audit plan yearly, covering the financial, operational and compliance control of functional units and worldwide offices. The Department has unrestricted access to information and personnel to perform its duties under the Internal Audit Charter. The Director, Internal Audit reports to the Executive Director and has direct access to the Audit Committee and its chairman, thereby ensuring his/her independence.

Apart from internal audit, the HKTB also engages an external auditor to perform statutory audit. The Audit Committee meets, at least once a year, with the external auditor without the presence of the HKTB Management, and discusses the nature and scope of the statutory audit before the audit commences.

Management

Under the current organisation structure, the HKTB's activities are conducted through the following divisions:

- Business Development Division
- Corporate Affairs Division
- Corporate Services Division
- Event and Product Development Division
- Human Resources & Administration Division
- Marketing Division
- MICE & Cruise Division
- Strategic Planning & Insights Division
- Worldwide Offices

Other Information

About the HKTB

The Hong Kong Tourist Association (HKTA), a Government-subsidised statutory body established in 1957, was reconstituted as the Hong Kong Tourism Board (HKTB) on 1 April 2001. Unlike the former HKTA, which was an association of members, the HKTB is a statutory body established under the Hong Kong Tourism Board Ordinance (Cap 302) and has no affiliation to any specific sector or organisation within the industry and is able to support the interests of Hong Kong's tourism in its entirety.

Primary Responsibilities & Missions

The primary responsibilities of the HKTB are to market and promote Hong Kong as a destination worldwide, as well as to take initiatives to enhance visitors' experiences upon their arrival. These include making recommendations to the Government and other relevant bodies on the range and quality of visitor facilities.

The HKTB's missions are to maximise the social and economic contribution made by tourism to the community of Hong Kong, and to consolidate Hong Kong's position as a unique, world-class and most desired destination.

Objectives

The six objectives of the HKTB, as defined under the Hong Kong Tourism Board Ordinance, are:

- to endeavour to increase the contribution of tourism to Hong Kong;
- to promote Hong Kong globally as a leading international city in Asia and a world-class tourist destination;
- to promote the improvement of facilities for visitors;
- to support the Government in promoting to the community the importance of tourism;
- to support, as appropriate, the activities of persons providing services for visitors to Hong Kong;
- to make recommendations to and advise the Chief Executive in relation to any measures which may be taken to further any of the foregoing matters.

Human Resources

At 31 March 2015, the total HKTB headcount numbered 377, of whom 135 were stationed outside Hong Kong. The HKTB expects a high level of integrity from its employees, and acquaints its staff with code of conduct guidelines and procedures through training sessions and briefings. The Employees' Handbook also provides full and specific guidance on employee behaviour.

Advisory Role and Industry Functions

The HKTB works closely with the tourism-related sectors and relevant Government departments through its representation in the following strategy groups and forums:

- Advisory Board of PMQ
- Advisory Committee on Cruise Industry
- Advisory Committee on Travel Agents
- Asian Association of Convention and Visitor Bureaus
- Aviation Development and Three-runway System Advisory Committee
- Chinese Cuisine Training Institute Training Board, Vocational Training Council
- Consultative Committee on Economic and Trade Co-operation between Hong Kong and the Mainland
- Executive Committee, Hong Kong Arts Festival Society
- Executive Committee, Hong Kong Association of Travel Agents
- Executive Committee, Hong Kong Exhibition & Convention Industry Association
- Hong Kong Brand Development Council
- Hong Kong - Taiwan Economic and Cultural Cooperation and Promotion Council
- Hong Kong Trade Development Council
- Hotel, Catering and Tourism Training Board, Vocational Training Council
- Inbound Committee, Travel Industry Council of Hong Kong
- Kai Tak Cruise Terminal Management Committee
- Lantau Development Advisory Committee
- Mainland China Inbound Tour Affairs Committee, Travel Industry Council of Hong Kong
- Retail & Tourism Committee, Hong Kong General Chamber of Commerce
- Task Force on External Lighting
- The Hong Kong Association of Registered Tour Co-ordinators
- The Steering Committee on MICE
- Tourism Strategy Group
- Working Group on Convention and Exhibition Industries and Tourism under Economic Development Commission

In addition, the HKTB contributes to the tourism and related industries by partnering with the following organisations:

- Guangdong • Hong Kong • Macau Tourism Marketing Organization
- Pacific Asia Travel Association (PATA)
- World Tourism Organisation (UNWTO)

WORLDWIDE OFFICES & REPRESENTATIVES



Head Office

Hong Kong

Worldwide Offices

Beijing, Shanghai, Guangzhou, Chengdu, Tokyo, Seoul, Singapore, Taipei, Sydney, London, Paris, Frankfurt, Los Angeles, New York, Toronto

Representative Offices

(for travel trade/media/consumer enquires only)

New Delhi, Bangkok, Jakarta, Manila, Moscow, Dubai

For the address and contact methods of each of the worldwide offices and representatives, please visit www.discoverhongkong.com.



INDEPENDENT AUDITOR'S REPORT





Independent Auditor's Report

Independent auditor's report to the Hong Kong Tourism Board

(Established under the Hong Kong Tourist Association Ordinance and reconstituted under the Hong Kong Tourist Association (Amendment) Ordinance 2001 and the Hong Kong Tourism Board Ordinance)

We have audited the consolidated financial statements of the Hong Kong Tourism Board (the "Board") and its subsidiary (together "the Group") set out on pages 85 to 120, which comprise the consolidated and the Board statements of financial position as at 31 March 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in reserves and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board members' responsibility for the consolidated financial statements

The members of the Board are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and for such internal control as the members of the Board determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Board's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board members, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Board and of the Group as at 31 March 2015 and of the Group's surplus and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong
13 August 2015

Consolidated Income Statement

for the year ended 31 March 2015 (Expressed in Hong Kong dollars)

	Note	2015	2014
General Fund			
Principal source of income	3		
Government subvention for the year		692,245,218	609,901,289
Other revenue			
Interest income		1,550,481	1,025,795
Realisation of deferred income — office premises	12	10,000,000	10,000,000
Sponsorships		24,188,517	23,165,119
Promotion and advertising income		10,070,477	16,442,763
Sundry income		19,064,789	19,420,878
		64,874,264	70,054,555
Other net income			
Gain on disposal of fixed assets		2,118	121,180
Total income		757,121,600	680,077,024
Promotional, advertising and literature expenses		284,681,987	296,324,623
Research and product development		14,755,462	14,660,347
Local services and events		136,369,024	101,218,461
Staff costs	5	235,335,773	221,473,054
Rent, rates and management fees		16,713,269	16,677,981
Depreciation	7(a)	10,999,072	12,886,009
Auditor's remuneration		566,800	526,700
Other operating expenses		25,798,856	23,250,292
Total expenditure		725,220,243	687,017,467
Surplus/(deficit) before tax for the year		31,901,357	(6,940,443)
Taxation	4	(83,196)	(55,677)
Surplus/(deficit) for the year		31,818,161	(6,996,120)

The notes on pages 91 to 120 form part of these financial statements.

Consolidated Statement of Comprehensive Income

for the year ended 31 March 2015 (Expressed in Hong Kong dollars)

	2015	2014
Surplus/(deficit) for the year	31,818,161	(6,996,120)
Other comprehensive income for the year:		
Items that will not be reclassified to the income statement:		
– Remeasurement of net assets of defined benefit plans	3,465,000	12,333,000
Total comprehensive income for the year	35,283,161	5,336,880

The notes on pages 91 to 120 form part of these financial statements.

Consolidated Statement of Financial Position

as at 31 March 2015 (Expressed in Hong Kong dollars)

	Note	2015	2014
Non-current assets			
Fixed assets	7(a)	50,733,703	53,201,282
Defined benefit retirement plan asset	13(a)(i)	51,872,000	49,088,000
		102,605,703	102,289,282
Current assets			
Debtors, deposits and payments in advance	9	23,748,587	19,059,082
Tax recoverable		-	52,281
Deposits with banks and financial institutions	10	224,123,173	145,738,790
Cash at banks and in hand	10	6,609,837	7,644,339
		254,481,597	172,494,492
Current liabilities			
Receipts in advance		31,058,682	9,484,963
Accounts payable and accruals	11	138,716,758	103,271,929
Deferred income	12	10,000,000	10,000,000
Current taxation		1,817	-
		179,777,257	122,756,892
		74,704,340	49,737,600
Net current assets			
Non-current liabilities			
Deferred income	12	31,666,667	41,666,667
NET ASSETS		145,643,376	110,360,215
Represented by:			
RESERVES			
General Fund	14	145,643,376	110,360,215

Approved and authorised for issue on 13 August 2015.

Anthony Lau
Executive Director

Dr Peter Lam Kin-ngok, GBS
Chairman of the Board

The notes on pages 91 to 120 form part of these financial statements.

Statement of Financial Position

as at 31 March 2015 (Expressed in Hong Kong dollars)

	Note	2015	2014
Non-current assets			
Fixed assets	7(b)	50,723,509	53,201,282
Defined benefit retirement plan asset	13(a)(i)	51,872,000	49,088,000
Interests in a subsidiary	8	551,876	551,876
		103,147,385	102,841,158
Current assets			
Debtors, deposits and payments in advance	9	23,156,118	18,613,384
Deposits with banks and financial institutions	10	224,123,173	145,738,790
Cash at banks and in hand	10	6,322,734	7,483,900
		253,602,025	171,836,074
Current liabilities			
Amount due to a subsidiary	8	1,733,711	2,061,584
Receipts in advance		31,058,682	9,484,963
Accounts payable and accruals	11	136,650,409	101,103,803
Deferred income	12	10,000,000	10,000,000
		179,442,802	122,650,350
Net current assets		74,159,223	49,185,724
Non-current liabilities			
Deferred income	12	31,666,667	41,666,667
NET ASSETS		145,639,941	110,360,215
Represented by:			
RESERVES			
General Fund	14	145,639,941	110,360,215

Approved and authorised for issue on 13 August 2015.

Anthony Lau
Executive Director

Dr Peter Lam Kin-ngok, GBS
Chairman of the Board

The notes on pages 91 to 120 form part of these financial statements.

Consolidated Statement of Changes in Reserves

for the year ended 31 March 2015 (Expressed in Hong Kong dollars)

	2015	2014
General fund at the beginning of the year	110,360,215	105,023,335
Surplus/(deficit) for the year	31,818,161	(6,996,120)
Other comprehensive income for the year	3,465,000	12,333,000
Total comprehensive income for the year	35,283,161	5,336,880
General fund at the end of the year	145,643,376	110,360,215

The notes on pages 91 to 120 form part of these financial statements.

Consolidated Statement of Cash Flows

for the year ended 31 March 2015 (Expressed in Hong Kong dollars)

	Note	2015	2014
Operating activities			
Surplus/(deficit) before tax for the year		31,901,357	(6,940,443)
Adjustments for:			
Interest income		(1,550,481)	(1,025,795)
Depreciation		10,999,072	12,886,009
Gain on disposal of fixed assets		(2,118)	(121,180)
Realisation of deferred income — office premises		(10,000,000)	(10,000,000)
Operating surplus/(deficit) before changes in working capital		31,347,830	(5,201,409)
Amount in defined benefit retirement plan asset recognised in the consolidated income statement	13(a)(v)	681,000	1,749,000
(Increase)/decrease in debtors, deposits and payments in advance		(4,631,539)	647,815
Increase/(decrease) in receipts in advance, accounts payable and accruals		57,018,548	(5,016,710)
Cash generated from/(used in) operation		84,415,839	(7,821,304)
Overseas tax paid		(29,098)	(304,246)
Net cash generated from/(used in) operating activities		84,386,741	(8,125,550)
Investing activities			
Interest received		1,492,515	1,014,296
Purchase of fixed assets		(8,531,493)	(2,480,975)
Proceeds from disposal of fixed assets		2,118	121,180
Net cash used in investing activities		(7,036,860)	(1,345,499)
Net increase/(decrease) in cash and cash equivalents		77,349,881	(9,471,049)
Cash and cash equivalents at the beginning of the year	10	153,383,129	162,854,178
Cash and cash equivalents at the end of the year	10	230,733,010	153,383,129

The notes on pages 91 to 120 form part of these financial statements.

Notes to the financial statements

(Expressed in Hong Kong dollars)

1 Status of the Board

The Hong Kong Tourism Board (the “Board”) is a subvented body corporate established in 1957 under the Hong Kong Tourist Association Ordinance and reconstituted under the Hong Kong Tourist Association (Amendment) Ordinance 2001 and the Hong Kong Tourism Board Ordinance. Its registered office and principal place of operation is 11th Floor, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong.

The principal activities of the Board are to market and promote Hong Kong as a world class tourist destination.

2 Significant accounting policies

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) and accounting principles generally accepted in Hong Kong. A summary of the significant accounting policies adopted by the Group is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2015 comprise the Board and its subsidiary (together referred to as the “Group”).

The measurement basis used in the preparation of the financial statements is the historical cost basis.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

2 Significant accounting policies (Continued)

(c) Changes in accounting policies

The HKICPA has issued a number of amendments to HKFRSs and one new Interpretation that are first effective for the current accounting period of the Board. However, none of these developments have impact to the Group's financial statements.

(d) Films, publicity and advertising materials

Films, publicity and advertising materials are charged to the income statement on purchase, and no account is taken of stocks on hand at the statement of financial position date.

(e) Investment in subsidiary

Subsidiaries are entities controlled by the Board. The Board controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Board has power, only substantive rights are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

In the Board's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) Fixed assets

Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(l)).

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

2 Significant accounting policies (Continued)

(g) Depreciation

Depreciation is calculated to write off the cost of fixed assets using the straight-line method over their estimated useful lives as follows:

— Leasehold properties	25 years
— Leasehold improvements	Over the shorter of the fixed lease term and 5 years
— Motor vehicles	4 years
— Furniture, fixtures and other equipment	3–5 years
— Computer hardware, software and system development	3 years

The estimated useful lives of certain existing leasehold improvements, furniture, fixtures and other equipment and computer hardware have been revised during the year based on a review of historical information over depreciation of these fixed assets. This change in accounting estimate reflects the Group's best estimate of the remaining useful lives of these fixed assets. The change in useful life has decreased the depreciation charge for the year by approximately \$2,220,234 and will increase the depreciation charge for the year ending 31 March 2016 by approximately \$779,047. This change in estimate does not have any effect on the total depreciation expenses of those fixed assets during their lives as the effect of such change represents a timing difference.

The useful life of an asset is reviewed annually.

(h) Debtors

Debtors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less impairment losses for bad and doubtful debts, except where the effect of discounting would be immaterial. In such cases, the debtors are stated at cost less impairment losses for bad and doubtful debts.

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets where the effect of discounting is material).

(i) Accounts payable and accruals

Accounts payable and accruals are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows.

2 Significant accounting policies (Continued)

(k) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(l) Impairment of assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that fixed assets and investment in subsidiary may be impaired or an impairment loss previously recognised no longer exists or may have decreased. If any such indication exists, the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

An impairment loss is recognised in income statement if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of impairment losses is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2 Significant accounting policies (Continued)

(m) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in the income statement except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

2 Significant accounting policies (Continued)

(n) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in the income statement as follows:

- (i) Government subvention to finance the general recurrent activities of the Group is recognised as revenue in the income statement of the year in respect of which it becomes receivable.
- (ii) Government subvention to finance MICE bidding activities of the Group is recognised as revenue to the extent of the related expenditure incurred during the year, with the unutilised balance included in receipts in advance.
- (iii) Government subvention to finance the non-recurrent activities of the Group is recognised as revenue to the extent of the related expenditure incurred during the year, with the unutilised balance included in receipts in advance.
- (iv) Government subvention received for the purchase of office premises of the Group is included in the statement of financial position as deferred income and is credited to the income statement by instalments over the expected useful life of the related asset on a basis consistent with the depreciation policy (note 2(g)).
- (v) Subscription fees are recognised on a time-apportioned basis.
- (vi) Interest income is recognised as it accrues using the effective interest method.
- (vii) Sponsorship income for the events is recognised in the income statement upon the completion date of the respective events.
- (viii) Promotion and advertising income are accounted for on the accrual basis.

(o) Translation of foreign currencies

Foreign currency transactions during the year are translated into Hong Kong dollars at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated into Hong Kong dollars at the foreign exchange rates ruling at the statement of financial position date. Exchange gains and losses are recognised in the income statement.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2 Significant accounting policies (Continued)

(p) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except where land is held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease. In such cases, it is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee, or at the date of construction of those buildings, if later.

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to the income statement in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in the income statement as an integral part of the aggregate net lease payments made.

(q) Employee benefits

(i) Salaries, annual leave, and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees of the Group.

(ii) The Group operates a defined benefit and a defined contribution staff retirement scheme for the Hong Kong office, and defined contribution staff retirement schemes for certain overseas offices. Contributions made under the schemes applicable to each year are charged to the income statement for the year. Contributions for the defined benefit scheme of the Hong Kong office are made in accordance with the recommendations made by the actuary. Assets of the schemes, are held separately from those of the Group.

(iii) Contributions to Mandatory Provident Fund as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance, are recognised as an expense in the income statement as incurred.

2 Significant accounting policies (Continued)

(q) Employee benefits (Continued)

- (iv) The Group's net obligation in respect of defined benefit retirement plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine the present value and the fair value of any plan assets is deducted. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Service cost and net interest expenses (income) on the net defined benefit liability (asset) are recognised in the income statement as part of "staff costs". Current service cost is measured as the increase in the present value of the defined benefit obligation resulting from employee service in the current period. When the benefits of a plan are changed, or when a plan is curtailed, the portion of the changed benefit related to past service by employees, or the gain or loss on curtailment, is recognised as an expense in the income statement at the earlier of when the plan amendment or curtailment occurs and when related restructuring costs or termination benefits are recognised. Net interest expense (income) for the period is determined by applying the discount rate used to measure the defined benefit obligation at the beginning of the reporting period of the net defined benefit liability (asset). The discount rate is the yield at the end of the reporting period on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

Remeasurements arising from defined benefit retirement plans are recognised in the other comprehensive income and reflected immediately in general fund. Remeasurements comprise actuarial gains and losses, the return on plan assets (excluding amounts included in net interest on the net defined benefit liability (asset)) and any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability (asset)).

- (v) Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

2 Significant accounting policies (Continued)

(r) Related parties

- (a) A person, or a close member of that person's family, is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group.
- (b) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

3 Principal source of income

The Group

The principal source of income is the subvention from the Government of the Hong Kong Special Administrative Region ("Government") for the year which is determined with regard to the needs of the Board as presented in its annual budget and proposed programme of activities. The amount of the subvention recognised as revenue during the year is analysed as follows:

	2015	2014
Recurrent		
– Subvention for the year	612,367,033	570,157,000
Non-recurrent		
– Meetings, Incentives, Conventions and Exhibitions Promotion/ Wine and Dine Festival/Image Booster Campaign/ Image Booster Campaign in Short Haul Markets/ 3D Projection Mapping/Cruise Tourism/Visitor Support Programme/ Enhancement of Digital Offer Project/Enhancement of CNY Programme/ Cruise Promotion in Southern China/Indonesian Project/ Cruise Holiday Expo	79,878,185	39,744,289
	692,245,218	609,901,289

4 Income tax

Income tax in the income statement represents:

	2015	2014
Current tax – Overseas		
Provision for the year	83,196	55,677

No provision for Hong Kong Profits Tax has been made in the financial statements as the Board has been granted exemption from all Hong Kong taxes by the Inland Revenue Department under Section 87 of the Inland Revenue Ordinance. Taxation in respect of the Taiwan operation of HKTBL Limited, a subsidiary of the Board, is charged at 17% of its estimated assessable profits (2014: 17%).

5 Staff costs

The Group

	2015	2014
Contributions to defined contribution retirement plans	8,539,038	8,269,248
Amounts recognised in respect of defined benefits retirement plans (note 13(a)(v))	681,000	1,749,000
Retirement costs	9,220,038	10,018,248
Salaries and other benefits	226,115,735	211,454,806
	235,335,773	221,473,054

6 Senior executives' pay and allowances

The Group

The senior executives of the Group include the Executive Director, Deputy Executive Director, General Managers and Regional Directors, and their total pay and allowances during the year were as follows:

	2015		
	Executive Director	Other senior executives	Total
Basic salaries	3,903,000	19,691,000	23,594,000
Discretionary performance pay	516,000	1,546,000	2,062,000
Retirement benefit expenses, contract gratuities and other allowances	603,000	4,967,000	5,570,000
	5,022,000	26,204,000	31,226,000

	2014		
	Executive Director	Other senior executives	Total
Basic salaries	3,679,000	21,064,000	24,743,000
Discretionary performance pay	613,000	1,890,000	2,503,000
Retirement benefit expenses, contract gratuities and other allowances	569,000	7,497,000	8,066,000
	4,861,000	30,451,000	35,312,000

6 Senior executives' pay and allowances (Continued)

The Group (Continued)

The salaries and discretionary performance pay (excluding retirement benefit expenses, contract gratuities and other allowances) for all senior executive positions of the Group fell within the following pay ranges:

Pay ranges	2015 No. of senior executive positions	2014 No. of senior executive positions
1 – \$500,001 to \$1,000,000 (note (a))	1	1
2 – \$1,000,001 to \$1,500,000 (note (b))	2	3
3 – \$1,500,001 to \$2,000,000 (note (c))	1	2
4 – \$2,000,001 to \$2,500,000 (note (d))	6	4
5 – \$2,500,001 to \$3,000,000 (note (e))	–	2
6 – \$3,000,001 to \$3,500,000 (note (f))	1	–
7 – \$3,500,001 to \$4,000,000	–	–
8 – \$4,000,001 to \$4,500,000	1	1
	12	13

Notes: One senior executive position was vacant in 2014/15.

The salaries of senior executives were subject to annual review during the year. Such salary increases were approved by the Remuneration Review Committee accordingly.

- (a) Senior executive position under Pay range 1 is due to the following movements:
- (i) one senior executive position moved from Pay range 1 to Pay range 3 due to full year impact in 2014/15; and
 - (ii) one senior executive position moved from Pay range 4 to Pay range 1 due to the position being vacant in the second half of 2014/15.
- (b) Senior executive positions in Pay range 2 decreased by 1 due to one senior position was vacant for the full year in 2014/15.
- (c) Senior executive positions in Pay range 3 is due to the following movements:
- (i) two senior executive positions moved from Pay range 3 to Pay range 4 due to annual salary increases; and
 - (ii) one senior executive position moved from Pay range 1 to Pay range 3 as described in (a) (i) above.

6 Senior executives' pay and allowances (Continued)

The Group (Continued)

- (d) Senior executive positions in Pay range 4 increased from 4 to 6 is due to the following movements:
- (i) two senior executive positions moved from Pay range 3 to Pay range 4 as described in (c) (i) above;
 - (ii) one senior executive position moved from Pay range 5 to Pay range 4 due to depreciation of foreign exchange rate; and
 - (iii) one senior executive position moved from Pay range 4 to Pay range 1 as described in (a) (ii) above.
- (e) The decrease in senior executive position in Pay range 5 from 2 to 0 is due to the following movements:
- (i) one senior executive position moved from Pay range 5 to Pay range 6 due to annual salary increases; and
 - (ii) one senior executive position moved from Pay range 5 to Pay range 4 as explained in (d) (ii).
- (f) The increase in senior executive position in Pay range 6 from 0 to 1 as explained in (e) (i) above.

During the year, the Chairman and members of the Board did not receive any remuneration for their services rendered to the Board.

After deliberation and endorsement by the Staff and Finance Committee which comprises non-executive Board members and an officer of the Tourism Commission, the remuneration, terms and conditions of employment of the senior executives were approved by the Board. In accordance with the Hong Kong Tourism Board Ordinance, the appointment and terms and conditions of employment of the Executive Director and the Deputy Executive Director are subject to the approval of the Chief Executive of Hong Kong Special Administrative Region.

The senior executives receive a basic salary and a performance-based variable pay. With effect from 2007/08, the performance evaluation of senior executives is determined by a Performance Management System and assessment criteria, including Key Performance Indicators, Key Strategic Focus and Competencies. Their performance is referenced against a set of objectives set out in the annual business plan. The performance of the Executive Director is assessed by the Chairman of the Board while the performance of the Deputy Executive Director, General Managers and Regional Directors are assessed by the Executive Director. The variable pay of all the senior executives is approved by the Remuneration Review Committee comprising the Chairman of the Board and the Staff and Finance Committee.

The amount of discretionary performance pay for the Executive Director disclosed above represents the variable pay amount of \$516,000 for the year ended 31 March 2015 (2014: \$613,000).

The remuneration of other senior executive positions for the year ended 31 March 2015 represents compensation for the Deputy Executive Director, five General Manager positions (2014: six General Manager positions) and five Regional Director positions (2014: five Regional Director positions).

7 Fixed assets

(a) The Group

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:							
At 1 April 2014	252,855,009	8,006,639	1,187,199	11,952,052	17,530,142	-	291,531,041
Additions	-	291,615	-	1,193,035	4,670,163	2,376,680	8,531,493
Disposals	-	-	-	(1,662,586)	(1,428,939)	-	(3,091,525)
At 31 March 2015	252,855,009	8,298,254	1,187,199	11,482,501	20,771,366	2,376,680	296,971,009
Accumulated depreciation:							
At 1 April 2014	200,598,303	7,430,749	818,513	11,952,052	17,530,142	-	238,329,759
Charge for the year	10,114,200	119,704	194,853	197,359	372,956	-	10,999,072
Disposals	-	-	-	(1,662,586)	(1,428,939)	-	(3,091,525)
At 31 March 2015	210,712,503	7,550,453	1,013,366	10,486,825	16,474,159	-	246,237,306
Net book value:							
At 31 March 2015	42,142,506	747,801	173,833	995,676	4,297,207	2,376,680	50,733,703

7 Fixed assets (Continued)

(a) The Group (Continued)

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:					
At 1 April 2013	252,855,009	8,006,639	1,534,354	29,527,379	291,923,381
Additions	-	-	-	2,480,975	2,480,975
Disposals	-	-	(347,155)	(2,526,160)	(2,873,315)
At 31 March 2014	252,855,009	8,006,639	1,187,199	29,482,194	291,531,041
Accumulated depreciation:					
At 1 April 2013	190,484,103	7,334,767	970,816	29,527,379	228,317,065
Charge for the year	10,114,200	95,982	194,852	2,480,975	12,886,009
Disposals	-	-	(347,155)	(2,526,160)	(2,873,315)
At 31 March 2014	200,598,303	7,430,749	818,513	29,482,194	238,329,759
Net book value:					
At 31 March 2014	52,256,706	575,890	368,686	-	53,201,282

Leasehold properties are all held on long term leases in Hong Kong.

7 Fixed assets (Continued)

(b) The Board

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and other equipment	Computer hardware, software and system development	Work in progress	Total
Cost:							
At 1 April 2014	252,855,009	8,006,639	1,187,199	11,928,606	17,526,643	-	291,504,096
Additions	-	291,615	-	1,189,816	4,662,895	2,376,680	8,521,006
Disposals	-	-	-	(1,662,586)	(1,428,939)	-	(3,091,525)
At 31 March 2015	252,855,009	8,298,254	1,187,199	11,455,836	20,760,599	2,376,680	296,933,577
Accumulated depreciation:							
At 1 April 2014	200,598,303	7,430,749	818,513	11,928,606	17,526,643	-	238,302,814
Charge for the year	10,114,200	119,704	194,853	197,268	372,754	-	10,998,779
Disposals	-	-	-	(1,662,586)	(1,428,939)	-	(3,091,525)
At 31 March 2015	210,712,503	7,550,453	1,013,366	10,463,288	16,470,458	-	246,210,068
Net book value:							
At 31 March 2015	42,142,506	747,801	173,833	992,548	4,290,141	2,376,680	50,723,509

7 Fixed assets (Continued)

(b) The Board (Continued)

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:					
At 1 April 2013	252,855,009	8,006,639	1,534,354	29,504,851	291,900,853
Additions	-	-	-	2,476,558	2,476,558
Disposals	-	-	(347,155)	(2,526,160)	(2,873,315)
At 31 March 2014	252,855,009	8,006,639	1,187,199	29,455,249	291,504,096
Accumulated depreciation:					
At 1 April 2013	190,484,103	7,334,767	970,816	29,504,851	228,294,537
Charge for the year	10,114,200	95,982	194,852	2,476,558	12,881,592
Disposals	-	-	(347,155)	(2,526,160)	(2,873,315)
At 31 March 2014	200,598,303	7,430,749	818,513	29,455,249	238,302,814
Net book value:					
At 31 March 2014	52,256,706	575,890	368,686	-	53,201,282

Leasehold properties are all held on long term leases in Hong Kong.

8 Interests in a subsidiary and amount due to a subsidiary

The Board

	2015	2014
<i>Interests in a subsidiary</i>		
Unlisted share, at cost	1	1
Capital contribution	31,527,724	31,527,724
Less: impairment loss	(30,975,849)	(30,975,849)
	551,876	551,876
<i>Amount due to a subsidiary</i>	1,733,711	2,061,584

During the year ended 31 March 2014, the Board had waived an amount of \$31,527,724 due from a subsidiary and recognised this as capital contribution to the subsidiary. As at 31 March 2015, the Board assessed the interests in the subsidiary and no additional impairment loss was recognised during the year ended 31 March 2015.

The amounts due to a subsidiary are unsecured, interest free and have no fixed terms of repayment.

Details of the Board's wholly-owned subsidiary are set out below:

Name of company	Principal activities	Place of incorporation
HKTB Limited	Marketing and Promoting Hong Kong	Hong Kong

Auditor's remuneration and other operating expenses of \$58,955 for the year ended 31 March 2015 (2014: \$54,955) in respect of the subsidiary were borne by the Board which has waived its right of recovery thereof.

9 Debtors, deposits and payments in advance

	The Group		The Board	
	2015	2014	2015	2014
Debtors	5,870,653	2,281,996	5,870,653	2,281,996
Less: Provision for impairment loss of debtors	(19,117)	(19,117)	(19,117)	(19,117)
	5,851,536	2,262,879	5,851,536	2,262,879
Deposits and payments in advance	17,897,051	16,796,203	17,304,582	16,350,505
	23,748,587	19,059,082	23,156,118	18,613,384

Included in debtors, deposits and payments in advance are the following amounts denominated in major currencies other than the Group's and the Board's functional currency:

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	The Group		The Board	
	2015	2014	2015	2014
Australian Dollars	351,202	266,167	351,202	266,167
Chinese Yuan	995,367	962,146	995,367	962,146
Euros	626,473	724,746	626,473	724,746
Great Britain Pounds	1,770,805	523,002	1,770,805	523,002
Japanese Yen	4,300,030	5,114,370	4,300,030	5,114,370
Korean Won	202,511	177,959	202,511	177,959
New Taiwan Dollars	592,470	445,698	-	-
United States Dollars	903,075	673,196	903,075	673,196

The gross amount of debtors, deposits and payments in advance at 31 March 2015 that is expected to be recovered after more than one year for the Group is \$5,785,703 and the Board is \$5,576,506 (2014: the Group is \$1,848,364 and the Board is \$1,644,633).

9 Debtors, deposits and payments in advance (Continued)

(a) Impairment of debtors

Impairment loss in respect of debtors are recorded using an allowance account unless the Board is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against debtors directly (see note 2(h)).

The movement in the provision for impairment loss of debtors during the year is as follows:

	The Group		The Board	
	2015	2014	2015	2014
At 1 April	19,117	–	19,117	–
Impairment loss recognised	–	19,117	–	19,117
At 31 March	19,117	19,117	19,117	19,117

At 31 March 2014 and 2015, the Group's and the Board's debtors of \$108,000 was determined to be impaired. The impairment loss relating to a customer that was in dispute, was partially set off against \$88,883 being amount due to the same customer. Consequently, a provision for the net impairment loss of \$19,117 was recognised.

(b) Debtors that are not impaired

The ageing analysis of debtors that are neither individually nor collectively considered to be impaired are as follows:

	The Group		The Board	
	2015	2014	2015	2014
Neither past due nor impaired	802,143	616,697	802,143	616,697
Less than 1 month past due	4,429,861	828,098	4,429,861	828,098
1 to 3 months past due	108,874	333,550	108,874	333,550
More than 3 months but less than 12 months past due	414,215	395,651	414,215	395,651
More than 1 year	7,560	–	7,560	–
	4,960,510	1,557,299	4,960,510	1,557,299
	5,762,653	2,173,996	5,762,653	2,173,996

10 Cash and cash equivalents

	The Group		The Board	
	2015	2014	2015	2014
Deposits with banks and financial institutions	224,123,173	145,738,790	224,123,173	145,738,790
Cash at banks and in hand	6,609,837	7,644,339	6,322,734	7,483,900
Cash and cash equivalents in the statement of cash flows	230,733,010	153,383,129	230,445,907	153,222,690

Included in cash and cash equivalents are the following amounts denominated in major currencies other than the Group's and the Board's functional currency:

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	The Group		The Board	
	2015	2014	2015	2014
Australian Dollars	445,354	1,364,275	445,354	1,364,275
Canadian Dollars	132,550	163,040	132,550	163,040
Chinese Yuan	283,921	1,075,763	283,921	1,075,763
Euros	372,597	493,290	372,597	493,290
Great Britain Pounds	217,064	167,882	217,064	167,882
Japanese Yen	132,228	69,340	132,228	69,340
Korean Won	106,354	96,370	106,354	96,370
New Taiwan Dollars	230,315	129,252	-	-
United States Dollars	141,248	161,108	141,248	161,108

Deposits with banks and financial institutions bear fixed interest rates with the effective interest rates per annum at the statement of financial position date for the Group and the Board ranging from 0.013% to 1.43% (2014: The Group and the Board 0.005% to 1.35%).

11 Accounts payable and accruals

	The Group		The Board	
	2015	2014	2015	2014
Accounts payable	99,801,488	68,493,734	98,526,156	67,112,619
Other payables and sundry creditors	38,915,270	34,778,195	38,124,253	33,991,184
	138,716,758	103,271,929	136,650,409	101,103,803

Included in accounts payable and accruals are the following amounts denominated in major currencies other than the Group and the Board's functional currency:

	Exposure to foreign currencies (expressed in Hong Kong dollars)			
	The Group		The Board	
	2015	2014	2015	2014
Australian Dollars	1,928,103	2,004,396	1,928,103	2,004,396
Chinese Yuan	3,289,149	3,350,373	3,289,149	3,350,373
Euros	755,210	2,367,753	755,210	2,367,753
Great Britain Pounds	2,094,346	1,457,068	2,094,346	1,457,068
Japanese Yen	4,493,969	5,736,883	4,493,969	5,736,883
New Taiwan Dollars	2,050,952	1,813,145	-	-
Singapore Dollars	1,212,644	2,942,059	1,212,644	2,942,059
United States Dollars	1,698,192	5,275,428	1,698,192	5,275,428

The gross amount of accounts payable and accruals at 31 March 2015 that is expected to be settled after more than one year for the Group is \$8,353,937 and the Board is \$8,157,395 (2014: the Group is \$8,464,008 and the Board is \$8,147,994).

12 Deferred income

	The Group and The Board	
	2015	2014
Government subvention granted		
– 1994/95	250,000,000	250,000,000
Aggregate realisation:		
At 1 April	198,333,333	188,333,333
Realised during the year	10,000,000	10,000,000
At 31 March	208,333,333	198,333,333
Balance at 31 March	41,666,667	51,666,667
Less: Amount included in “current liabilities”	10,000,000	10,000,000
Amount included in “non-current liabilities”	31,666,667	41,666,667

13 Employee retirement benefits

The Group and the Board

(a) Defined benefit retirement plan

The Board makes contributions to a defined benefit retirement scheme registered under the Hong Kong Occupational Retirement Schemes Ordinance. The scheme covers approximately 12% (2014: 12%) of the Board’s employees based in Hong Kong. The scheme is administered by an independent trustee, and the assets are held in a trust separately from those of the Board.

- (i) The amounts recognised in the statements of financial position are as follows:

	2015	2014
Present value of wholly or partly funded obligations	(36,153,000)	(32,483,000)
Fair value of plan assets	88,025,000	81,571,000
Defined benefit retirement plan asset	51,872,000	49,088,000

A portion of the above assets are expected to be recovered after more than one year. However, it is not practicable to segregate this amount from the amounts recoverable in the next twelve months, as future contributions will also relate to future services rendered and future changes in actuarial assumptions and market conditions. The Board expects no contributions to the defined benefit retirement plan in the year ending 31 March 2016 since the Board has taken the contribution holiday recommended by an independent actuary, Towers Watson Hong Kong Limited (“Towers Watson”).

13 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(ii) Plan assets consist of the following:

	2015	2014
Equity securities		
– Pacific Basin	18,401,000	16,897,000
– Europe	10,523,000	12,099,000
– Americas	17,182,000	14,627,000
	46,106,000	43,623,000
Bonds		
– Global Bond	41,127,000	36,884,000
	41,127,000	36,884,000
Cash at banks	792,000	1,064,000
	88,025,000	81,571,000

(iii) Movement in the present value of the defined benefit obligations:

	2015	2014
At 1 April	32,483,000	40,045,000
Remeasurements:		
– Actuarial losses/(gains) arising from changes in liability experience	396,000	(3,417,000)
– Actuarial losses/(gains) arising from changes in financial assumptions	1,372,000	(2,158,000)
	1,768,000	(5,575,000)
Benefits paid by the plans	(325,000)	(4,439,000)
Current service costs	1,614,000	2,096,000
Interest cost	613,000	356,000
At 31 March	36,153,000	32,483,000

The weighted average duration of the defined benefit obligation is 5.6 years (2014: 6.5 years).

13 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(iv) Movements in fair value of plan assets:

	2015	2014
At 1 April	81,571,000	78,549,000
Benefits paid by the plan	(325,000)	(4,439,000)
Interest income	1,546,000	703,000
Return on plan assets, excluding interest income	5,233,000	6,758,000
At 31 March	88,025,000	81,571,000

(v) Amounts recognised in the consolidated income statement and other comprehensive income are as follows:

	2015	2014
Current service cost	1,614,000	2,096,000
Net interest on net defined benefit asset	(933,000)	(347,000)
Total amounts recognised in the consolidated income statement	681,000	1,749,000
Actuarial losses/(gains)	1,768,000	(5,575,000)
Return on plan assets, excluding interest income	(5,233,000)	(6,758,000)
Total amounts recognised in other comprehensive income	(3,465,000)	(12,333,000)
Total defined benefit costs	(2,784,000)	(10,584,000)

The retirement expense is recognised under staff costs in the consolidated income statement.

13 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

- (vi) The principal actuarial assumptions used as at 31 March 2015 (expressed as weighted averages) and sensitivity analysis are as follows:

	2015	2014
Discount rate	1.20%	1.90%
Future salary increases	4.50%	4.50%

The below analysis shows how the defined benefit obligation as at 31 March 2015 would have increased/(decreased) as a result of 0.25% change in the significant actuarial assumptions:

	2015		2014	
	Increase in 0.25% \$'000	Decrease in 0.25% \$'000	Increase in 0.25% \$'000	Decrease in 0.25% \$'000
Discount rate	(499)	510	(510)	521
Future salary increases	504	(496)	518	(509)

The above sensitivity analysis is based on the assumption that changes in actuarial assumptions are not correlated and therefore it does not take into account the correlations between the actuarial assumptions.

(b) Defined contribution retirement plans

The Board makes contributions to a defined contribution plan (“Choice Plan”) in accordance with the terms stated in the Trust Deed. Under the Choice Plan, the employer is required to make 8%–15% (2014: 8%–15%) contributions of the employees’ relevant income. Employees are not required to make contribution to the Choice Plan.

The Board also operates a Mandatory Provident Fund Scheme (“the MPF scheme”) under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the Choice Plan. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees’ relevant income, subject to a cap of monthly relevant income of \$25,000 or \$30,000 (effective from 1 June 2014). Contributions to the scheme vest immediately.

14 Reserves

	The Group		The Board	
	2015	2014	2015	2014
General fund at the beginning of the year	110,360,215	105,023,335	110,360,215	106,720,361
Surplus/(deficit) for the year	31,818,161	(6,996,120)	31,814,726	(8,693,146)
Other comprehensive income for the year	3,465,000	12,333,000	3,465,000	12,333,000
Total comprehensive income for the year	35,283,161	5,336,880	35,279,726	3,639,854
General fund at the end of the year	145,643,376	110,360,215	145,639,941	110,360,215

General Fund

The General Fund represents the Group's and the Board's unallocated balances and surpluses. The use of the unallocated balances or surpluses requires prior approval from the Board and the Government.

Based on the understanding between the Government and the Board, the level of reserves held by the Group may increase to a level equivalent to four months of gross expenditure.

15 Commitments

At 31 March 2015, the Group and the Board had commitments in respect of the following:

The total future minimum lease payments under non-cancellable operating leases are payable as follows:

	The Group		The Board	
	2015	2014	2015	2014
Within 1 year	9,970,717	13,096,856	9,751,945	12,316,120
After 1 year but within 5 years	15,878,046	19,143,324	15,876,372	16,797,993
After 5 years	256,618	2,151,306	256,618	2,151,306
	26,105,381	34,391,486	25,884,935	31,265,419

The Group and the Board lease a number of properties and office equipment under operating leases. The leases typically run for an initial period from one to ten years, with an option to renew the leases when all terms are renegotiated for properties lease. None of the leases includes contingent rentals.

16 Financial instruments

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's operations. These risks are limited by the Group's financial risk management policies and practices described below.

(a) Credit risk

The Group's credit risk is primarily attributable to deposits with banks and financial institutions, cash at banks and debtors. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

The Group's deposit placements with banks and financial institutions are with financial institutions based in Hong Kong and overseas with sound credit rating.

(b) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and long terms.

The following tables detail the remaining contractual maturities at the statement of financial position date of the Group's and the Board's financial liabilities, which are based on contractual undiscounted cash flows and the earliest date the Group and the Board can be required to pay:

The Group

	2015				
	Carrying amount/Total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	31,058,682	31,058,682	-	-	-
Accounts payable and accruals	138,716,758	130,362,821	3,893,336	2,152,564	2,308,037
	169,775,440	161,421,503	3,893,336	2,152,564	2,308,037

	2014				
	Carrying amount/Total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	9,484,963	9,484,963	-	-	-
Accounts payable and accruals	103,271,929	94,807,921	2,392,488	3,238,234	2,833,286
	112,756,892	104,292,884	2,392,488	3,238,234	2,833,286

16 Financial instruments (Continued)

(b) Liquidity risk (Continued)

The Board

	2015				
	Carrying amount/Total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	31,058,682	31,058,682	-	-	-
Accounts payable and accruals	136,650,409	128,493,014	3,828,194	2,021,164	2,308,037
	167,709,091	159,551,696	3,828,194	2,021,164	2,308,037

	2014				
	Carrying amount/Total contractual undiscounted cashflow	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years
Receipts in advance	9,484,963	9,484,963	-	-	-
Accounts payable and accruals	101,103,803	92,955,810	2,278,009	3,036,698	2,833,286
	110,588,766	102,440,773	2,278,009	3,036,698	2,833,286

(c) Interest rate risk

The Group has no financing from external parties other than Government subvention and the Group is not exposed to interest rate risk on financing.

Note 10 contains information about the effective interest rates at the statement of financial position date of the Group's income-earning financial instruments.

16 Financial instruments (Continued)

(d) Foreign currency risk

Exposure to currency risk

The Group incurs expenses that are denominated in currencies other than Hong Kong Dollars (“HKD”), the functional currency of the Group, for the operations of the overseas offices. The currencies giving rise to this risk are primarily United States Dollars (“USD”), Japanese Yen, Australian Dollars, Canadian Dollars, Euros, Great Britain Pounds, Chinese Yuan, Singapore Dollars, New Taiwan Dollars and Korean Won.

As the HKD is pegged to the USD, the Group does not expect any significant movements in the HKD/USD exchange rate.

For transactions denominated in Japanese Yen, Australian Dollars, Canadian Dollars, Euros, Great Britain Pounds, Chinese Yuan, Singapore Dollars, New Taiwan Dollars and Korean Won, the Group ensures that the net exposure is kept at an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short term imbalances.

(e) Fair values

All financial instruments are carried at amounts not materially different from their fair values as at 31 March 2015 and 2014.

17 Material related party transactions

Other than those disclosed elsewhere in the financial statements, no other material related party transactions were carried out in the normal course of the Group’s business during the current and prior financial years.

18 Possible impact of amendments, new standards and new interpretations issued but not yet effective for the annual accounting year ended 31 March 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 March 2015 and which have not been adopted in these financial statements.

The Group is in the process of making an assessment of what the impact of these amendments and the new standard is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

