

TRAVEL INDUSTRY COUNCIL OF HONG KONG

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

CONTENTS	PAGE
REPORT OF THE BOARD OF DIRECTORS	1 - 3
INDEPENDENT AUDITOR'S REPORT	4 - 5
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME	6
STATEMENT OF FINANCIAL POSITION	7 – 8
STATEMENT OF CHANGES IN ACCUMULATED FUND	9
STATEMENT OF CASH FLOWS	10 – 11
NOTES TO THE FINANCIAL STATEMENTS	12 - 26

TRAVEL INDUSTRY COUNCIL OF HONG KONG

REPORT OF THE BOARD OF DIRECTORS

FOR THE YEAR ENDED 30 JUNE 2025

The directors submit their annual report and audited financial statements of the Travel Industry Council of Hong Kong (Council) for the year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The principal activities of the Council in the year then ended 30 June 2025 were to serve as a general trade association of travel agencies in Hong Kong. The Council conducted activities which, maintaining a high professional standard within the industry, protecting the interests of travellers and the industry, exploring new business opportunities for members, and strengthening partnership with trade-related organisations within and outside Hong Kong.

RESULTS

The results of the Council for the year ended 30 June 2025 are set out in the statement of profit or loss and other comprehensive income on page 6. The state of affairs of the Council as at 30 June 2025 is set out in the statement of financial position on page 7 and 8.

SHARE CAPITAL

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

MEMBERS

The roll of members as at 30 June 2025 is as follows:

Association Members	Ordinary Members	Affiliate Members
8	1395	43

BOARD OF DIRECTORS

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

Mr. TAM Kwong Shun, Tommy	- Chairman, appointed on 10 December 2024
Mr. NG Hi On <i>MH</i>	- Deputy Chairman
Mr. TSE Kam Shan, Ricky	- Deputy Chairman
Mr. SY Chun Ming, Steve	- Hon. Secretary
Mr. SO Tsz Yeung	- Hon. Treasurer
Mr. CHENG King Ming	
Ms. CHOI Ying Ching, Gloria	
Mr. CHONG Shu Wong Tony	Appointed on 28 November 2024
Mr. CHUNG Chi Kan Teddy	Appointed on 1 January 2025
Mrs. HSU Wong, Gianna	Retired on 10 December 2024
Mr. KWAN Chun Hon	Appointed on 28 November 2024
Mr. LAM Sum Lim <i>MH</i>	
Mr. LAU Wai Ming	Retired on 30 November 2024
Mr. LEUNG Kwok Hing, Fred	
Mr. LEUNG Tin Lung, David	Retired on 28 November 2024
Mr. LO Fai Wah	Retired on 28 November 2024
Mr. LO Kai Pong, Roy <i>MH</i>	Retired on 28 November 2024
Mr. TONG Lun Wa	
Mr. TUNG Pui Chuen James	Appointed on 1 December 2024
Mr. WONG TZE Wing Jonathan	
Mr. YIP Hing Ning <i>MH</i>	
Mr. ZHONG Guosong	

In accordance with Article 51(e) of the Council's Articles of Association, an elected director shall hold office until the conclusion of the second Annual General Meeting after the Annual General Meeting at which he is elected. Mr CHENG King Ming, Mr TONG Lun Wa, Mr YIP Hing Ning *MH* and Mr ZHONG Guosong are retiring at the forthcoming Annual General Meeting.

TRAVEL INDUSTRY COUNCIL OF HONG KONG
REPORT OF THE BOARD OF DIRECTORS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2025

DIRECTORS' INTERESTS

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

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

PERMITTED INDEMNITY PROVISION

Article 74(1) of the Council's Articles of Association provides that every Member of the Board of Directors, any member of any committee of the Board of Directors, and every Officer for the time being of the Council shall be indemnified out of the funds of the Council against all liabilities and obligations which they, or any of them, may incur in good faith in the proper and reasonable performance or purported performance of their duties in relation to the Council other than any liability which attaches to them by law in respect of any negligence, default, breach of duty or breach of trust. Further they shall be indemnified from the funds of the Council against any liability incurred by them in defending any proceedings, whether civil or criminal, in which judgement is given in their favour or in which they are acquitted or in connection with any application under section 358 of the predecessor Companies Ordinance (corresponding to sections 902 to 904 of the Companies Ordinance) in which relief is granted to them by the Court: Provided that none of the funds of the Council shall be applied in payment of the whole or part of any fine or penalty imposed upon any person by sentence or order of a Court of Justice. This permitted indemnity provision is in force during the financial year and at the time of approval of this report.

MANAGEMENT CONTRACTS

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

BUSINESS REVIEW

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

The Council was incorporated and registered under the Companies Ordinance as a company limited by guarantee in 1988.

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

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

The net surplus as a percentage of total income, current ratio and debt ratio of the Council for the fiscal years 2024/2025 and 2023/2024 are as follows:

<u>Financial ratio</u>	<u>2024-2025</u>	<u>2023-2024</u>
Net surplus ratio	4.2%	2.0%
Current ratio	1.13	1.08
Debt ratio	0.75	0.77

TRAVEL INDUSTRY COUNCIL OF HONG KONG
REPORT OF THE BOARD OF DIRECTORS - CONTINUED
FOR THE YEAR ENDED 30 JUNE 2025

BUSINESS REVIEW- CONTINUED

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

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

- (c) Particulars of important events affecting the Council that have occurred since the end of the financial year

There is no important event happened since the end of the financial year and up to the date of this report that affect the normal operations of the Council.

- (d) An indication of likely future development in the Council's business

The Council will keep its operation focusing on:

- Promote the development and professionalism of the travel industry
- Enhance the service standards of the travel industry
- Protect and promote interests and fellowship among members
- Strengthen partnership with travel-related organisations within and outside Hong Kong
- Provision of services and training for members and travel practitioners

EQUITY-LINKED ARRANGEMENTS

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

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

DIVIDENDS

Dividends are not permitted pursuant to Article 6 of the Council's Articles of Association.

DONATIONS

During the financial year, the Council made no donation.

AUDITORS

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

On behalf of the Board of Directors

Mr. TAM Kwong Shun, Tommy
Chairman

Hong Kong, 9 October 2025

INDEPENDENT AUDITOR'S REPORT

To members of the Travel Industry Council of Hong Kong
(Incorporated in Hong Kong with liability limited by guarantee)

OPINION

We have audited the financial statements of the Travel Industry Council of Hong Kong (the "Council") set out on pages 6 to 26, which comprise the statement of financial position as at 30 June 2025, the statement of profit or loss and other comprehensive income, the statement of changes in accumulated fund and the statement of cash flows for the year then ended, and notes to the financial statements, including the summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Council as at 30 June 2025 and of its financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards for Private Entities (HKFRS for PE) and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Council in accordance with the HKICPA's Code of Ethics for Professional Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors of the Council are responsible for the other information. The other information obtained at the date of this auditor's report is information included in the report of the Board of Directors set out on pages 1 to 3, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors of the Council are responsible for the preparation of the financial statements that give a true and fair view in accordance with HKFRS for PE and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Council or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITOR'S REPORT - CONTINUED

To members of the Travel Industry Council of Hong Kong
(Incorporated in Hong Kong with liability limited by guarantee)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Hong Kong Standards on Auditing (HKSAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with HKSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Council's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Council to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Ku Ting Kwok (practising certificate number: P06729).

MASS CPA LIMITED
Certified Public Accountants (Practising)
Hong Kong, 9 October 2025

TRAVEL INDUSTRY COUNCIL OF HONG KONG

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 30 JUNE 2025

	<u>NOTE</u>	<u>2025</u> HK\$	<u>2024</u> HK\$
INCOME			
Training course and examination income	6(a)	3,192,280	3,843,508
Membership fee income	6(b)	1,486,800	-
Tour Escort Pass and Tourist Guide Pass income		354,628	656,108
Bank interest income	7	323,367	347,937
Service income from government projects	8	11,830,341	10,279,170
Travel Trade Activities income		1,315,716	1,452,490
Other income		152,248	774,910
Government grants	9	3,904,542	6,644,008
		<u>22,559,922</u>	<u>23,998,131</u>
EXPENDITURE			
Staff costs		13,112,220	14,709,435
Mandatory provident fund Contributions	11	491,952	599,464
Public and member relations		850,949	495,865
Training course and examination expenses		464,495	756,912
Legal and professional fees		9,405	14,195
General and administration		899,038	806,451
Building management fee and related expenses		593,990	658,048
Travel Trade Activities Expenses		100,028	996,571
Inspection expenses		132,969	47,351
Director's fees, emoluments and travelling Allowances	10	96,000	96,000
Auditor's remuneration		35,000	48,500
Depreciation	11	4,359,741	2,488,016
Depreciation – right-of-use assets	11	229,205	458,411
Interest expenses	11	12,150	41,028
Strengthening of the web-based tourism resource platform about Belt and Road countries and regions and Bay Area Cities	15	239,848	429,551
Development of e-learning platform		-	871,349
		<u>21,626,990</u>	<u>23,517,147</u>
Surplus before taxation	11	932,932	480,984
Income tax credit	12	9,286	-
Surplus for the year		942,218	480,984
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year		<u>942,218</u>	<u>480,984</u>

The notes on pages 12 to 26 form an integral part of these financial statements.

TRAVEL INDUSTRY COUNCIL OF HONG KONG
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2025

	<u>NOTE</u>	<u>2025</u> HK\$	<u>2024</u> HK\$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	13	17,673,975	19,509,841
Right-of-use assets	14	-	573,013
		<u>17,673,975</u>	<u>20,082,854</u>
CURRENT ASSETS			
Sundry deposits, prepayments and temporary payments		1,199,647	2,240,022
Deposits with bank for Web-based Tourism Resource Platform funding	15	2,882,780	3,165,734
Deposits with bank for Green Lifestyle Local Tour Incentive Scheme	16	1,289,677	1,286,711
Deposits with bank for Pilot Information Technology Development Matching Fund Scheme for Travel Agents	17	33,585,491	37,081,989
Deposits with bank for Travel Industry Training Fund	18	5,138,336	5,400,459
Deposits with bank for Travel Agents Incentive Scheme (outbound)	19	21,856,136	21,805,870
Deposits with bank for Training Enhancement for Travel Industry	20	315,532	632,217
Deposits with bank for Cultural and Heritage Sites Local Tour Incentive Scheme	21	2,912,659	6,481,879
Deposits with bank for Characteristic Local Travel Incentive Scheme	22	1,896,781	-
Accounts receivable		9,642,368	10,079,170
Other receivable under Travel Industry Training Fund	18	-	54,161
Other receivables under Cultural and Heritage Sites Local Tour Incentive Scheme and Characteristic Local Travel Incentive Scheme	22	2,279,202	353,141
Other receivable under Green Lifestyle Local Tour Incentive	16	844,473	847,439
Interest receivable		42,404	29,024
Cash and bank balances	23	10,247,927	9,132,996
		<u>94,133,413</u>	<u>98,590,812</u>
CURRENT LIABILITIES			
Accounts payable and accruals		2,625,184	1,836,756
Government project expenses payable		9,380,911	10,631,387
Course fees received in advance		610,820	409,240
Membership fees received in advance		1,348,700	1,449,600
Pass fees received in advance		-	354,627
Deferred government grant to Web-based Tourism Resources Platform funding	15	6,792,090	9,631,251
Deferred government grant to Pilot Information Technology Development Matching Fund Scheme for Travel Agents	17	-	162,500
Other payable to Pilot Information Technology Development Matching Fund Scheme for Travel Agents	17	33,585,491	37,081,989
Other payable to Travel Industry Training Fund	18	5,138,336	5,454,620
Other payable to other projects		580,500	580,500
Other payable to Travel Agents Incentive Scheme (outbound)	19	20,876,136	20,825,870
Deferred government grant to Training Enhancement for Travel Industry	20	1,605,651	2,186,106
Other payable to Cultural and Heritage Sites Local Tour Incentive Scheme	21	821,881	-
Current lease liability	23	-	461,457
Provision for severance and long service payment		20,000	-
Provision for taxation		-	219
		<u>83,385,700</u>	<u>91,066,122</u>
NET CURRENT ASSETS		<u>10,747,713</u>	<u>7,524,690</u>

TRAVEL INDUSTRY COUNCIL OF HONG KONG

STATEMENT OF FINANCIAL POSITION – CONTINUED

AS AT 30 JUNE 2025

		<u>2025</u> HK\$	<u>2024</u> HK\$
OTHER LIABILITIES			
Long term lease liability	23	-	119,007
Deferred tax liability	24	-	9,067
		<u>-</u>	<u>128,074</u>
 TOTAL NET ASSETS		 <u>28,421,688</u>	 <u>27,479,470</u>
 ACCUMULATED FUND			
Accumulated surplus carried forward	25	<u>28,421,688</u>	<u>27,479,470</u>

The financial statements on pages 6 to 26 were approved and authorised for issue by the Board of Directors on 9 October 2025 and signed on its behalf by:

Mr. TAM Kwong Shun, Tommy
Chairman

Mr. SO Tsz Yeung
Hon. Treasurer

The notes on pages 12 to 26 form an integral part of these financial statements.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

STATEMENT OF CHANGES IN ACCUMULATED FUND

FOR THE YEAR ENDED 30 JUNE 2025

	<u>2025</u> HK\$	<u>2024</u> HK\$
Accumulated surplus at the beginning of the year	27,479,470	26,998,486
Total comprehensive income for the year	<u>942,218</u>	<u>480,984</u>
Accumulated surplus at the end of the year	<u>28,421,688</u>	<u>27,479,470</u>

TRAVEL INDUSTRY COUNCIL OF HONG KONG

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	<u>NOTE</u>	<u>2025</u> HK\$	<u>2024</u> HK\$
Cash flows from operating activities			
Surplus before taxation		932,932	480,984
Adjustments for:			
Depreciation		4,359,741	2,488,016
Depreciation - Right-of-use assets		229,205	458,411
Bank interest income		(323,367)	(347,937)
Operating surplus before working capital changes		5,198,511	3,079,474
Decrease/(increase) in accounts receivable		436,802	(10,076,170)
(Increase)/decrease in interest receivable		(13,380)	26,236
Decrease in prepayments and deposits		1,040,375	4,647,555
Increase/(decrease) in accounts payable and accruals		788,428	(480,295)
Increase in provision for severance and long service payment		20,000	-
(Decrease)/increase in membership fees received in Advance		(100,900)	1,449,600
Increase/(decrease) in course fees received in advance		201,580	(56,920)
Decrease in pass fees received in advance		(354,627)	(656,109)
Decrease in lease liabilities		(580,464)	(441,972)
(Decrease)/increase in government projects expenses payable		(1,250,476)	10,631,387
Net changes in Job Creation Scheme		-	5,226,702
Net changes in Pilot Information Technology Development Matching Fund Scheme for Travel Agents		(162,500)	(325,000)
Net changes in Web-based Tourism Resource Platform funding		(2,556,207)	2,096,194
Net changes in Cultural and Heritage Sites Local Tour Incentive Scheme and Characteristic Local Travel Incentive Scheme		568,259	(6,835,020)
Net changes in Green Lifestyle Local Tour Incentive Scheme		-	(2,134,150)
Net changes in Travel Agents Incentive Scheme (outbound)		-	(980,000)
Net changes in Training Enhancement for the Travel Industry		(263,770)	200,999
Cash inflow from operating activities		2,971,631	5,372,511
Income tax rebate		-	-
Net cash inflow from operating activities		2,971,631	5,372,511
Cash flows from investing activities			
Purchase of property, plant and equipment		(2,523,875)	(10,318,620)
Changes in right-of-use assets		343,808	-
Bank interest income		323,367	347,937
Net cash outflow from investing activities		(1,856,700)	(9,970,683)
Net cash inflow/(outflow) before financing activities		1,114,931	(4,598,172)
Financing activities			
Interest expenses payable		-	-
Net cash outflow from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		1,114,931	(4,598,172)

TRAVEL INDUSTRY COUNCIL OF HONG KONG

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	<u>NOTE</u>	<u>2025</u> HK\$	<u>2024</u> HK\$
Cash and cash equivalents at the beginning of the year		<u>9,132,996</u>	<u>13,731,168</u>
Cash and cash equivalents at the end of the year	23	<u>10,247,927</u>	<u>9,132,996</u>

The notes on pages 12 to 26 form an integral part of these financial statements.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1. CORPORATE INFORMATION

The Travel Industry Council of Hong Kong (Council) was incorporated in Hong Kong with liability limited by guarantee under the Companies Ordinance. The address of its registered office and principal place of business is Rooms 1706-1709, Fortress Tower, 250 King's Road, North Point, Hong Kong. The principal activities of the Council in the year then ended 30 June 2025 were to serve as a general trade association of travel agencies in Hong Kong. The Council conducted activities which, maintaining a high professional standard within the industry, protecting the interests of travellers and the industry, exploring new business opportunities for members, and strengthening partnership with trade-related organisations within and outside Hong Kong.

2. STATEMENT OF COMPLIANCE

a. Statement of compliance

These financial statements have been prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities (HKFRS for Private Entities) issued by the Hong Kong Institute of Certified Public Accountants and the requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention and have been prepared under the accrual basis of accounting and on the basis that the Council is a going concern.

b. Basis of measurement

The measurement bases used in preparing these financial statements are set out in note 4 to financial statements.

3. FIRST TIME ADOPTION OF HKFRS for PE

The Council applied full Hong Kong Financial Standard ("HKFRS") prior to the application of the HKFRS for PE. The Council's date of transition is 1 July 2024 and the Council prepared its opening statement of financial position in compliance with the HKFRS for PE at that date.

The accounting policies used by the Council in its opening statement of financial position under HKFRS for PE does not differ, in all material respects, from those that it used for the same date using its previous financial reporting framework.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Functional and presentation currency

The items included in the financial statements of entity are measured using the currency of the primary economic environment in which the entity operates (the functional currency). These financial statements are presented in Hong Kong Dollars, which is the Council's functional and the presentation currency.

b. Cash and cash equivalents

Cash and cash equivalents includes cash on hand, demand deposits and other short-term highly liquid investments with original maturities of three months or less.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

c. Property, plant and equipment

Depreciation of plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

Office equipment and computer	Depreciated over 3 years
Furniture and fixtures	Depreciated over 5 years
Tourism resource platform	Depreciated over 3 years
Buildings	Depreciated over 41 years
Leasehold land	Depreciated over the unexpired term of the lease

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of the reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Buildings held for use in the production or supply of goods and services, or for administrative purposes, are stated in the statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Depreciation on buildings is provided to write off the cost over their estimated economic lives using the straight-line method.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the statement of profit or loss and other comprehensive income in the year in which the item is derecognised.

d. Impairment of non-financial asset

At the end of each reporting date, property, plant and equipment is reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset (or group of related assets) is estimated and compared with its carrying amount. If an estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

e. Income recognition

Revenue consists of turnover and other revenue but excludes the reversal of impairment. Turnover comprises revenue generated from the principal activities of the Council. Other revenue includes exchange gain (net of exchange loss), gain on disposal of capital assets and reversal of provisions.

Revenue is recognised as income when it is probable that the economic benefits associated with transaction will flow to the Council and when the amount of revenue as well as costs incurred for the transaction can be measured reliably. Revenue is measured at fair value of the consideration received or receivable and is shown net of discounts, rebates, returns on the following bases.

- Membership fee income is recognised over the term of the membership.
- Income from seminars and courses is recognised in the period when the services are rendered.
- Bank interest income is accrued on a time proportion basis on the principal outstanding and at the interest rate applicable.
- Service income from the government projects is recognised when the relevant services are rendered and a contracted position is secured.
- Other operating income is recognised when received.

f. Government grants

Government grants that compensate the Council for expenses incurred are recognised as revenue in the statement of profit or loss and other comprehensive income on a systematic basis in the same period in which the expenses are incurred. Grants that compensate the Council for the cost of an asset are regarded as deferred income and credited to the statement of profit or loss and other comprehensive income on a straight-line basis over the same period in which the related assets are depreciated.

g. Income tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year.

Current tax liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current tax is the amount of income taxes payable or recoverable in respect of the taxable profit or loss for a period.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

g. Income tax-continued

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases (known as temporary differences). Deferred tax liabilities are generally recognised for all temporary differences that will result in taxable amounts in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (taxable temporary differences). Deferred tax assets are generally recognised for all temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled (deductible temporary differences)—but only to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. Any adjustments are recognised in profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the taxable profit (tax loss) of the periods in which it expects the deferred tax asset to be realised or the deferred tax liability to be settled, on the basis of tax rates that have been enacted or substantively enacted by the end of the reporting period.

h. Related parties

A party is considered to be related to the Council if:

1. A person or a close member of that person's family is related to the Council if that person:
 - (i) has control or joint control over the Council;
 - (ii) has significant influence over the Council; or
 - (iii) is a member of the key management personnel of the Council;
2. An entity is related to the Council if any of the following conditions applies:
 - (i) The entity and the Council 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 of a member of the Council of which the other entity is a member).
 - (iii) Both entities are joint ventures of a third entity.
 - (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 Council or an entity related to the Council. If the Council is itself such a plan, the sponsoring employers are also related to the plan.
 - (vi) The entity is controlled or jointly controlled by a person identified in (1).
 - (vii) A person identified in (1)(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).

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

i. Provisions

Provisions are recognised when the Council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

j. Employee benefits

Long Service Payment

Provision for long service payments is recognised for the best estimate of the long service payments that are required to be made to the employees of the Council in respect of their services to date less any amounts that would be expected to be net out of the Council's retirement schemes,

Annual Leave Payment

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made by the Council for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

Retirement Benefit Costs

The Council operates a defined contribution Mandatory Provident Fund retirement benefits scheme in Hong Kong (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the income statement as they become payable in accordance with the rules of the MPF Scheme. The Council's employer contributions vest fully with the employees when contributed into the MPF Scheme.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

k. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the Council. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease

l. Trade and other receivables

Most income are made on the basis of normal terms and the receivables do not bear interest. At the end of each reporting period, the carrying amounts of trade and other receivables are reviewed to determine whether there is any objective evidence that the amounts are not recoverable. If so, an impairment loss is recognised immediately in profit or loss.

m. Accounts payable and accruals

Accounts payable and accruals are obligations on the basis of normal terms and do not bear interest.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Impairment of Assets

The impairment of assets is based on the directors' best estimate to the expected recoverable amounts of the assets that would be determined by reference to fair value less costs to sell and value in use estimated using the discounted cash flow method. Because of inherent risks associated with the estimations, their accuracy may affect profit or loss.

Useful lives of property, plant and equipment

The management determines the estimated useful lives and related depreciation charges for its property, plant and equipment with a carrying amount of HK\$17,673,975 (2024: HK\$19,509,841). The estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. The management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

6. INCOME

a. Training course and examination income

Training course and examination income includes the course fees charged for the tour escort certificate course and examination, the tourist guide training course and examination and other training courses.

b. Membership fee income

	<u>2025</u>	<u>2024</u>
	HK\$	HK\$
Membership subscriptions	1,476,800	-
New member application fee	10,000	-
	<u>1,486,800</u>	<u>-</u>

7. BANK INTEREST INCOME

Bank interest income in the statement of profit or loss and other comprehensive income represents:

	<u>2025</u>	<u>2024</u>
	HK\$	HK\$
Bank interest income - deposits	<u>323,367</u>	<u>347,937</u>

8. SERVICE INCOME FROM GOVERNMENT PROJECTS

	<u>2025</u>	<u>2024</u>
	HK\$	HK\$
Pilot Information Technology Development Matching Fund Scheme for Travel Agents	1,680,000	-
Travel Agents Incentive Scheme (Outbound)	-	980,000
Green Lifestyle Local Tour Incentive Scheme	-	2,114,150
Cultural and Heritage Sites Local Tour Incentive Scheme	4,250,841	6,835,020
Characteristic Local Travel Incentive Scheme	5,374,500	-
Allocation of Tourist Quotas for Opening of Sha Tau Kok	550,000	350,000
	<u>11,830,341</u>	<u>10,279,170</u>

9. GOVERNMENT GRANTS

Government grants recognised in the statement of profit or loss represents:

	<u>2025</u>	<u>2024</u>
	HK\$	HK\$
Subsidies from Job Creation Scheme	-	1,966,806
Subsidies for development and enhancement of web-based tourism resource platform	2,846,055	3,000,670
Subsidies for development of electronic learning platform	895,987	1,351,532
Subsidies for website under Pilot Information Development Matching Fund Scheme for Travel Agents	162,500	325,000
	<u>3,904,542</u>	<u>6,644,008</u>

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

10. DIRECTORS' BENEFIT AND INTEREST

Remuneration of the directors of the Council disclosed pursuant to section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

a. Directors' emoluments

The directors of the Council are not permitted to receive any remuneration or other benefit in money or money's worth pursuant to Article 6 of the Council's Articles of Association.

Travelling allowances paid or receivable in respect of a person's services as a director of the Council pursuant to Article 55(4) of the Council's Articles of Association:

	<u>2025</u> HK\$	<u>2024</u> HK\$
Mr. Tam Kwong Shun Tommy and Mrs. HSU Wong, Gianna	<u>96,000</u>	<u>96,000</u>

- b. The directors of the Council are not permitted to receive any retirement and termination benefits paid pursuant to Article 6 of Articles of Association of the Council during the year (2024: Nil).
- c. There were no loans, quasi-loans and other dealings in favour of directors, their controlled bodies corporate and their connected entities made during the year (2024: Nil).
- d. The directors were of the opinion that no transaction, arrangements and contracts of significance in relation to the Council's business to which the Council was a party and in which a director of the Council had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year and the previous year (2024: Nil).

11. SURPLUS BEFORE TAXATION

Surplus before taxation is arrived at after charging:

	<u>2025</u> HK\$	<u>2024</u> HK\$
Auditor's remuneration	35,000	48,500
Depreciation	4,359,741	2,488,016
Depreciation – Right of use Asset	229,205	458,411
Director's fees, emoluments and travelling allowances	96,000	96,000
Defined contribution retirement benefits schemes	491,952	599,464
Interest expenses: Lease interest expense	12,150	41,028
Key management personnel	3,076,095	2,703,350
Provision for severance and long service payment	20,000	-

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

12. INCOME TAX CREDIT

	<u>2025</u> HK\$	<u>2024</u> HK\$
Current tax	219	-
Deferred tax (Note 24)	<u>9,067</u>	<u>-</u>
	<u>9,286</u>	<u>-</u>

Hong Kong profit tax has not been provided as the estimated assessable profits arising in Hong Kong during the year is less than the accumulated tax losses brought forward (2024: Nil)

The Council has not recognised deferred tax assets in respect of unused tax losses of \$24,450,916 (2024: \$28,600,038) and there is no expiry date for these items.

13. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Leasehold land	Furniture and fixtures	Office equipment and computers	Tourism resource platform	Total
	HK\$	HK\$	HK\$	HK\$	HK\$	HK\$
COST						
1.7.2024	13,182,783	13,182,783	3,125,089	2,589,048	11,768,620	43,848,323
Additions	-	-	2,166,225	357,650	-	2,523,875
Disposal	<u>-</u>	<u>-</u>	<u>(3,089,151)</u>	<u>(2,203,456)</u>	<u>-</u>	<u>(5,292,607)</u>
At 30.6.2025	<u>13,182,783</u>	<u>13,182,783</u>	<u>2,202,163</u>	<u>743,242</u>	<u>11,768,620</u>	<u>41,079,591</u>
ACCUMULATED DEPRECIATION						
1.7.2024	12,703,287	3,171,785	3,102,475	2,432,832	2,928,103	24,338,482
Charge for the year	47,951	99,118	330,244	201,221	3,681,207	4,359,741
Written back on disposal	<u>-</u>	<u>-</u>	<u>(3,089,151)</u>	<u>(2,203,456)</u>	<u>-</u>	<u>(5,292,607)</u>
At 30.6.2025	<u>12,751,238</u>	<u>3,270,903</u>	<u>343,568</u>	<u>430,597</u>	<u>6,609,310</u>	<u>23,405,616</u>
NET BOOK VALUE						
At 30.6.2025	<u>431,545</u>	<u>9,911,880</u>	<u>1,858,595</u>	<u>312,645</u>	<u>5,159,310</u>	<u>17,673,975</u>
At 30.6.2024	<u>479,496</u>	<u>10,010,998</u>	<u>22,614</u>	<u>156,216</u>	<u>8,840,517</u>	<u>19,509,841</u>

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

14. RIGHT-OF-USE ASSETS

	<u>Buildings</u> HK\$	<u>Total</u> HK\$
COST		
1.7.2024	1,050,525	1,050,525
Early Termination	<u>(1,050,525)</u>	<u>(1,050,525)</u>
At 30.6.2025	<u>-</u>	<u>-</u>
ACCUMULATED DEPRECIATION		
1.7.2024	477,512	477,512
Charge for the year	229,205	229,205
Early Termination	<u>(706,717)</u>	<u>(706,717)</u>
At 30.6.2025	<u>-</u>	<u>-</u>
NET BOOK VALUE		
At 30.6.2025	<u>-</u>	<u>-</u>
At 30.6.2024	<u>573,013</u>	<u>573,013</u>

The Council leases buildings for its operations. Lease contracts are renewed into for fixed term from 1 October 2023 to 30 September 2025. The Council terminated the contract at 31 December 2024.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

15. WEB-BASED TOURISM RESOURCE PLATFORM FUNDING

The Government of the Hong Kong Special Administrative Region (HKSAR) committed a funding of HK\$10,000,000 to support the Council to enhance the existing web-based tourism resource platform about Belt and Road related countries and regions and the Guangdong-Hong Kong-Macao Greater Bay Area cities, so as to provide relevant information about and facilitate the trade's development of more tourism products. Grants that compensated the Council for expenses incurred are recognised as revenue in the statement of profit or loss and other comprehensive income in the same period in which the expenses are incurred. The relevant funding amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the funding.

The development cost of the platform was capitalized as assets, and amortized over its estimated useful life from 1 January 2024.

16. GREEN LIFESTYLE LOCAL TOUR INCENTIVE SCHEME

The Government of the HKSAR launched the Green Lifestyle Local Tour Incentive Scheme ("GLIS") in January 2020 to provide cash incentives for travel agents based on the number of green lifestyle local tour participants they serve, with the maximum number of eligible tour participants per travel agent being 1,000 in Phase I (20 January 2020 to 31 March 2022); 1,000 in Phase II (21 April 2022 to 30 November 2022) and additional 1,000 in Phase II (1 December 2022 to 20 April 2023), which was announced on 28 October 2022. The Council was engaged by the Government on 17 January 2020 to administer the GLIS in accordance with the terms of implementation, including holding bank deposits in trust for the Government in accordance with the Agreement of the Provision of Services for Implementation of Green Lifestyle Local Tour Incentive Scheme between the two parties. The amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the GLIS.

The Council is responsible for (i) overall planning of the GLIS; (ii) receiving and processing the applications; (iii) assessing the eligibility of the applications; (iv) approving the applications; and (v) disbursing the grant to successful applicants. Applications are reviewed by designated staff according to the conditions for exemption of local tours under the group gathering restrictions and those for providing cash incentives under the GLIS. Recommendations on approval or disapproval are submitted together with a detailed report to the Government for endorsement on a monthly basis. The Government will allocate from the total funding for the GLIS as an implementation fee for supporting part of TIC's administrative overheads in its implementation of the GLIS.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

17. PILOT INFORMATION TECHNOLOGY DEVELOPMENT MATCHING FUND SCHEME FOR TRAVEL AGENTS

The Government of the HKSAR allocated a funding of HK\$40,000,000 in two instalments for the Pilot Information Technology Development Matching Fund Scheme for Travel Agents (“Pilot Scheme”), which aims to support the small- and medium-sized travel agents in utilising and developing information technology for business development on a matching basis. The Council was engaged on 27 June 2016 to administer the Pilot Scheme in accordance with the terms of implementation, including holding bank deposits in trust for the Government in accordance with the Agreement for the Provision of Services for Implementation of Pilot Information Technology Development Matching Fund Scheme for Travel Agents between the two parties. The amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the Pilot Scheme.

The Council is responsible for overall planning; management and coordination of the Pilot Scheme; and disbursing the grant to successful applicants. A Vetting Committee has been set up to (i) consider and approve applications for Grants; (ii) provide advice and suggestions to the Council in relation to the criteria and procedures of application, the vetting criteria, and the terms and conditions of Grants. Applications are screened according to the conditions for Grants under the Pilot Scheme by designated staff, before submission to the Vetting Committee for consideration. The Council is also responsible for monitoring the progress of the approved projects, conducting random site inspections and examining documents submitted by the applicants before disbursing the Grants. Part of the total funding of the Pilot Scheme is allocated to the Council for (i) engaging additional staff for implementing the Pilot Scheme and exploring further means to foster adoption of information technology by the travel trade; and (ii) revamping the official website of the Council for the purpose of fostering adoption of information technology by the travel trade.

The development cost of the revamped official website is capitalized as assets, and amortized over its estimated useful life from 1 January 2022.

18. TRAVEL INDUSTRY TRAINING FUND

The Government of the HKSAR allocated HK\$5,000,000 to support the training of members of the travel industry through the Council to enhance service quality of the industry in the Government Budget for 2017/2018. A Travel Industry Training Fund (“Training Fund”), which is administrated by the Council, was thus established. The Council was engaged to administer the Training Programme Subsidy Scheme (“Training Scheme”) under the Training Fund on 16 October 2017 in accordance with the terms of implementation, including holding bank deposits in trust for the Government in accordance with the Travel Industry Training Fund Agreement between the two parties. The amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the Training Fund.

The Council is responsible for overall planning, management and coordination of the Training Scheme; and disbursing the grant to successful applicant organisations. A Vetting Committee has been set up to (i) consider and approve applications for grants by eligible organisations; (ii) provide advice and suggestions to the Council in relation to the criteria and procedures of application, the vetting criteria, and the terms and conditions of Grants. Applications are screened by designated staff according to the conditions for Grants under the Training Scheme before submitting to the Vetting Committee for consideration. The Council is also responsible for examining documents submitted by the applicant organisations before disbursing the Grants.

HK\$2,000,000 from the Government Budget for 2019/2020 earmarked for enhancing the industry training and service quality was injected into the Training Scheme. To assist tourist guides in

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

18. TRAVEL INDUSTRY TRAINING FUND - CONTINUED

countering the austere economic environment and enhance their service quality, the ambit of the Training Scheme was expanded in October 2019 to subsidise tourist guides in completing the Continuing Professional Development Scheme (CPD Scheme) for tourist guides for renewing their Tourist Guide Passes. The Council is responsible for (i) receiving and processing the applications; (ii) assessing the eligibility of the applications; (iii) approving the applications; and (iv) disbursing the grants to successful applicants. This part of the Training Scheme was last until 31 October 2022.

In July 2023, the Government extended the scope of the Scheme for the Council to organise visits for Hong Kong's tourism industry to Belt and Road related countries and regions and Guangdong-Hong Kong-Macao Greater Bay Area (Greater Bay Area) cities.

Additional funding of HK\$4,000,000 and \$1,535,000 were injected into the fund in March 2024 and March 2025 respectively, and coverage of the visits to be organised is expanded to include mainland cities beyond Greater Bay Area cities.

19. TRAVEL AGENTS INCENTIVE SCHEME (OUTBOUND)

The Government of the HKSAR launched the Travel Agents Incentive Scheme ("TAIS") in November 2019 to provide cash incentives for travel agents based on the number of outbound and inbound overnight travellers they serve, with the maximum number of eligible outbound and inbound travellers per travel agent being 1,000. The Council was engaged by the Government on 15 November 2019 to administer the TAIS in respect of outbound travellers in accordance with the terms of implementation, including holding bank deposits in trust for the Government in accordance with the Agreement of the Provision of Services for Implementation of Travel Agents Incentive Scheme between the two parties. The amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the Travel Agents Incentive Scheme.

The Council is responsible for (i) overall planning of the TAIS (outbound); (ii) receiving and processing the applications; (iii) assessing the eligibility of the applications; (iv) approving the applications; and (v) disbursing the grant to successful applicants. Applications are reviewed by designated staff according to the conditions for providing cash incentives under the TAIS.

20. TRAINING ENHANCEMENT FOR TRAVEL INDUSTRY

To enhance the service quality of the tourism industry, the Financial Secretary announced in the Budget Speech for 2020-21 the earmarking of HK\$4 million to provide funding support for the Council to enhance the training of the travel industry including development of e-learning.

The Council is responsible for implementing the training enhancement through the development of an online training platform and conduct of training activities.

The development of e-learning platform started in February 2022 and the development cost of the platform was capitalized as assets, and amortized over its estimated useful life from 1 January 2024. Grants that compensated the Council for expenses incurred are recognised as revenue in the statement of profit or loss and other comprehensive income in the same period in which the expenses are incurred. The relevant funding amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the funding.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

21. CULTURAL AND HERITAGE SITES LOCAL TOUR INCENTIVE SCHEME

The Government of the HKSAR launched the Cultural and Heritage Sites Local Tour Incentive Scheme (“CHIS”) in October 2022 to provide cash incentives for travel agents based on the number of cultural and heritage sites local tour participants they serve, with the maximum number of eligible tour participants per travel agent being 1,000 for basic version tours and 200 for advanced version tours in Phase I (20 October 2022 to 31 October 2023). The Council was engaged by the Government to administer the CHIS in accordance with the terms of implementation, including holding bank deposits in trust for the Government in accordance with the Agreement of the Provision of Services for Implementation of Cultural and Heritage Sites Local Tour Incentive Scheme between the two parties. The amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the CHIS.

The Council is responsible for (i) overall planning of the CHIS; (ii) receiving and processing the applications; (iii) assessing the eligibility of the applications; (iv) approving the applications; (v) disbursing the grant to successful applicants and (vi) organising a competition and a publication campaign for selecting signatory cultural and heritage itineraries. Applications are reviewed by designated staff according to the conditions for providing cash incentives under the CHIS. Recommendations on approval or disapproval are submitted together with a detailed report to the Government for endorsement on a monthly basis. The Government will allocate from the total funding for the CHIS as an implementation fee for supporting part of TIC’s administrative overheads in its implementation of the CHIS.

22. CHARACTERISTIC LOCAL TRAVEL INCENTIVE SCHEME

The Government of the HKSAR launched the Characteristic Local Tourism Incentive Scheme (“CTIS”) in October 2023 as part of its 2023 Policy Address, to provide cash incentives for travel agents based on the number of characteristic local tour participants they serve. The maximum number of eligible tour participants per travel agent being 200 for in-depth tours and 200 for thematic tours in Phase I (1 January 2024 to 30 June 2024). The Council was engaged by the Government to administer the CTIS in accordance with the terms of implementation, including holding bank deposits in trust for the Government in accordance with the Agreement of the Provision of Services for Implementation of Characteristic Local Tour Incentive Scheme between the two parties. The amounts were shown respectively under current assets and current liabilities in accordance with HKAS 1. Interest income therefrom is accrued to the balances with the CTIS.

The Council is responsible for (i) overall planning of the CTIS; (ii) receiving and processing the applications; (iii) assessing the eligibility of the applications; (iv) approving the applications; (v) disbursing the grant to successful applicants. Applications are reviewed by designated staff according to the conditions for providing cash incentives under the CTIS. Recommendations on approval or disapproval are submitted together with a detailed report to the Government for endorsement on a monthly basis. The Government will allocate from the total funding for the CTIS as an implementation fee for supporting part of TIC’s administrative overheads in its implementation of the CTIS.

TRAVEL INDUSTRY COUNCIL OF HONG KONG

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 30 JUNE 2025

23. LEASE LIABILITIES

Year 2025

	Present value HK\$	Finance charge HK\$	Total HK\$
Not later than one year	-	-	-
In the second to fifth years inclusive	-	-	-
Later than five years	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>

Year 2024

	Present value HK\$	Finance charge HK\$	Total HK\$
Not later than one year	461,457	18,543	480,000
In the second to fifth years inclusive	119,007	993	120,000
Later than five years	-	-	-
	<u>580,464</u>	<u>19,536</u>	<u>600,000</u>

24. DEFERRED TAX LIABILITIES

The following are deferred tax liabilities recognised by the Council:

	<u>Total HK\$</u>
1 July 2023	9,067
Charge to profit or loss for the year	-
1 July 2024	<u>9,067</u>
Credit to profit or loss for the year	<u>(9,067)</u>
30 June 2025	<u>-</u>

25. ACCUMULATED FUND

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

Every member of the Council undertakes to contribute to the assets of the Council in the event of its being wound up while he is a member or within one year after he ceases to be a member, for payment of the debts and liabilities of the Council contracted before he ceases to be a member, and of the costs, charges and expenses of winding up, and for the adjustment of the rights of the contributories among themselves, such amount as may be required not exceeding HK\$100 in aggregate.

26. APPROVAL AND ISSUE OF FINANCIAL STATEMENTS

The statement of financial position was approved and the financial statements were authorised for issue by the Directors on 9 October 2025.