

THE WINNING FORMULA

HONG KONG TOURISM BOARD ANNUAL REPORT 2012 / 13



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1 Board members and Messages

2 Board Members

5 Chairman's Message

7 Executive Director's Statement

9 Tourism Performance

10 Total Arrivals

10 Total Tourism Expenditure Associated to Inbound Tourism

11 Overnight Visitors' Per Capita Spending

11 Average Length of Stay of Overnight Visitors

12 Satisfaction of Overnight Visitors

13 Strategic Focus

14 Winning Brand

15 Winning Overseas Campaigns

20 Winning Events

30 Winning Creativity

33 Winning Partnership

36 Winning Cruise

38 Winning MICE

42 Winning Service

44 Winning Awards

50 Tourism & the Community

51 Hong Kong Pals Programme

55 Other Community Initiatives

57 Corporate Information

58 Corporate Governance

61 Other Information

63 Worldwide Offices & Representatives

64 Independent Auditor's Report

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BOARD MEMBERS AND MESSAGES

Board Members

As at October 2013



Dr Peter Lam (Chairman)

Chairman
Lai Sun Group
(note i)



Philip Yung, JP (Deputy Chairman)

Commissioner for Tourism
Commerce and Economic Development Bureau
The Government of the Hong Kong SAR



Florence Chan

Partner
Ernst & Young



Dr Michael Chan

Chairman
Café de Coral Holdings Limited



Shirley Chan, JP

Chief Executive Officer
YGM Trading Limited



T C Chan, BBS, JP

Senior Advisor
The Bank of East Asia Limited
(note ii)



Benjamin Chau

Deputy Executive Director
Hong Kong Trade Development Council



Chitty Cheung
 Director
 Corporate Affairs
 Cathay Pacific Airways Limited



Stanley Hui, JP
 Chief Executive Officer
 Hong Kong Airport Authority



Larry Kwok, BBS, JP
 Managing Partner
 Asia Strategy & Markets
 King & Wood Mallesons



Sir Wayne Leung
 Managing Director
 The Local Printing Press Limited



Lo Po-man
 Executive Director
 Regal Hotels International Holdings Limited



William Mackay
 Regional Vice-President &
 General Manager
 Four Seasons Hotel Hong Kong



Perry Mak
 Publisher & Group Managing Director
 Hong Kong Economic Times



Winnie Ng
 Director
 The Kowloon Motor Bus Co (1933)
 Limited



Shi Nan-sun
Executive Director
Film Workshop Company Limited
(note ii)



The Hon Sin Chung-kai, SBS, JP
Legislative Councillor



Michael Wu, MH, JP
Chairman
Travel Industry Council of Hong Kong



Linda Yuen
Managing Director
Sightseers (HK) Limited



Yip Wing-si, BBS, JP
Music Director
Hong Kong Sinfonietta
(note iii)
(note v)

Notes:

- (i) Dr Peter Lam succeeded The Hon James Tien as the Chairman of the Board on 1 April 2013.
- (ii) Appointment effective from 1 April 2013.
- (iii) Appointment effective from 1 November 2012.
- (iv) The following members also served the Board during the year ended 31 March 2013: Mr Ko Chi-sum and Dr Patrick Fung retired on 31 October 2012 and 31 March 2013 respectively.
- (v) Photo courtesy: Yvonne Chan



Chairman's Message

I am honoured to share our results with you for the first time as Chairman of the Hong Kong Tourism Board (HKTB), and delighted to tell you they are very encouraging, with year-on-year visitor arrivals up 16% and tourism receipts up 14.6%.

While our performance has been outstanding, I saw enough ups and downs in our industry in my six years as an HKTB Board Member prior to my chairmanship to know that one of the toughest tasks is to maintain continuous upward momentum.

Our successes of recent years have inevitably brought with them even greater responsibility. Tourism today is a major pillar of our city's economy, providing some 230,000 direct jobs, and even more indirect employment opportunities in other service industries, such as the retail, catering and transport sectors.

We must therefore do all we can to lay the foundations for lasting and sustainable development. To achieve this, we must increase our ratio of overnight visitors, create greater value for every tourist, and generate an even bigger buzz about Hong Kong by enriching our mega events and finding new ways to extend our appeal to more first-time visitors.

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new ways to extend our appeal to more first-time visitors.

At the same time, we must strengthen our strategic alliance with neighbouring destinations, including Mainland China, Macau and Taiwan, to exploit the growing global demand for multi-destination holidays. Since I became Chairman, I have been paying visits to tourism bureaus around the region to discuss collaborations which I hope will bear fruit soon.

I am also seeking input and ideas from all our partners on how the HKTB can do better. With this year's opening of the Kai Tak Cruise Terminal and the continuing boom in MICE trade, I am working closely with the Government and travel trade partners to explore exciting new possibilities.



Dr Peter Lam
Chairman
Hong Kong Tourism Board



The Winning Formula

In 2012, visitor arrivals reached an all time high of 48 million. The number of overnight visitors grew more than 7% year-on-year, and tourism receipts also achieved new heights, reaching HK\$296 billion.

These results were particularly remarkable coming as they did at a time of global economic uncertainty. In a volatile environment, we continued to challenge ourselves by launching a series of new initiatives and strengthening alliances with our tourism partners, and succeeded in consolidating our foothold in the global tourism arena.

A more visible Asia's World City brand

In 2012-13, we continued to uphold our Asia's World City brand in 20 strategic markets. We invested the majority of our resources in international markets and launched promotions on different continents, in order to achieve our two main goals: maintaining a diverse visitor portfolio and driving the growth of overnight arrivals.

Leveraging the Internet and social media, we developed new methods to engage potential visitors. We launched a brand new official website, rolled out two new visitor segment-focused brand videos, created an impressive Hong Kong Summer Showreel to engage stylish jet-setters, and expanded our mobile app collection. These digital initiatives successfully broadened our reach to our target audience and enhanced visitors' travel experience in Hong Kong.

We also took the initiative to promote the diverse tourism offerings of Hong Kong in different source markets. One of our most prominent overseas promotions was "Hong Kong · Live in Bordeaux". It was the first time for Hong Kong to be presented as the City of Honour at the Bordeaux Wine Festival, a culinary event that attracts thousands of food and wine enthusiasts from all over the world. Highlighting Hong Kong's culinary and cultural brilliance, we invited Hong Kong-based Michelin-starred chefs to serve their finest dishes and showcased some of Hong Kong's best-kept traditions to festival goers.

A wider range of tourism offerings

On the home front, we fortified our Asia's World City brand by enriching Hong Kong's tourism offerings. We rejuvenated our mega events – the Dragon Boat Carnival brought the Club Crew World Championships to Hong Kong for the first time, drawing a record 435,000 participants in six days; the Wine and Dine Festival was bigger and better than ever with more booths, new zones and elements, and Michelin-starred chefs from around the world, attracting an unprecedented 188,000 food and wine lovers, with 32,000 bottles of wine consumed; and the New Year Countdown Celebrations, relocated to Wan Chai, became the biggest in the event's history, generating more than 1,000 TV reports, including live broadcasts by media giants CNN, BBC and CCTV enjoyed by millions of viewers and potential visitors.

An enhanced all-round destination

We went all out to grow two special and increasingly important visitor segments, namely MICE (meetings, incentives, conventions and exhibitions) and cruise. During the year, Hong Kong extended its domination of the regional MICE market, hosting a variety of prestigious conventions and exhibitions, including the 100th FDI World Dental Congress and the Junior Chamber International Asia-Pacific Conference, which had an attendance of over 10,000 and 4,700 delegates, respectively.

Ahead of the opening of the Kai Tak Cruise Terminal, we organised the inaugural Hong Kong Cruise Forum for regional ports and international cruise companies to discuss collaborative opportunities. We also launched a co-op marketing fund to support advertising and promotions by cruise lines for bringing more cruises and visitors to Hong Kong.

Stronger partnerships

Our partnerships both at home and overseas have played a critical part in our success. We worked closely with the local travel trade to broaden our product selection, and launched the New Tour Product Development Scheme to provide local travel agencies with a greater incentive to develop new products.

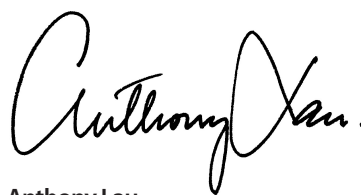
We also joined hands with our key partners in Macau and Mainland cities to promote multi-destination itineraries through trade shows, travel missions and events in various market regions.

We fostered co-operation between the local and overseas travel trade by launching an enhanced PartnerNet, which serves as a B2B platform for the global travel trade to team up with local partners, and provides industry information and support to all of our trade partners.

The success of our tourism sector is in no small measure due to the tremendous support of the Government, our sponsors, our partners in the travel trade and related industries, and a host of public and private organisations.

I would like to extend my heartfelt thanks to them all, as well as to all Board Members and colleagues at the Hong Kong Tourism Board for their steadfast support, unshakeable commitment and endless supply of great ideas.

We pledge to pick up the pace and deploy our imagination and determination to make sure that we keep on improving. Together with our partners, we will continue to uphold Hong Kong as one of the world's leading travel destinations.



Anthony Lau
Executive Director
Hong Kong Tourism Board

THE WINNING FORMULA

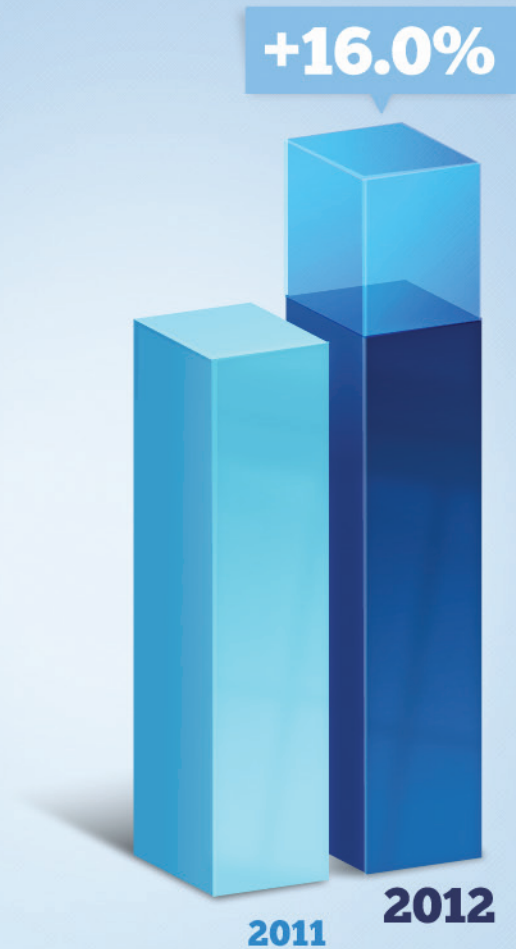
HONG KONG TOURISM BOARD ANNUAL REPORT 2012 / 13



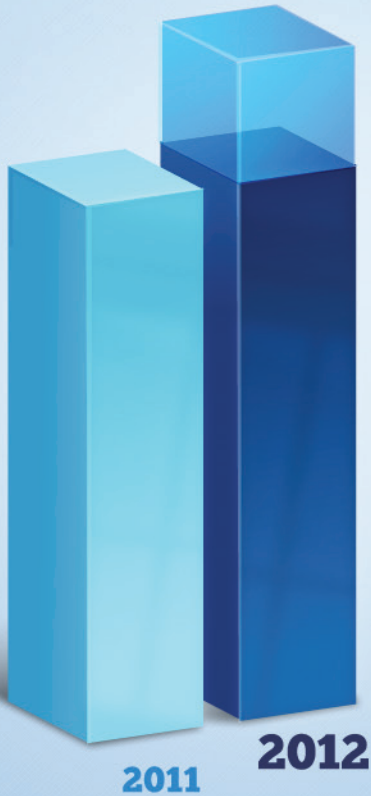
TOURISM PERFORMANCE

Total Arrivals

48.62 million



+14.6%

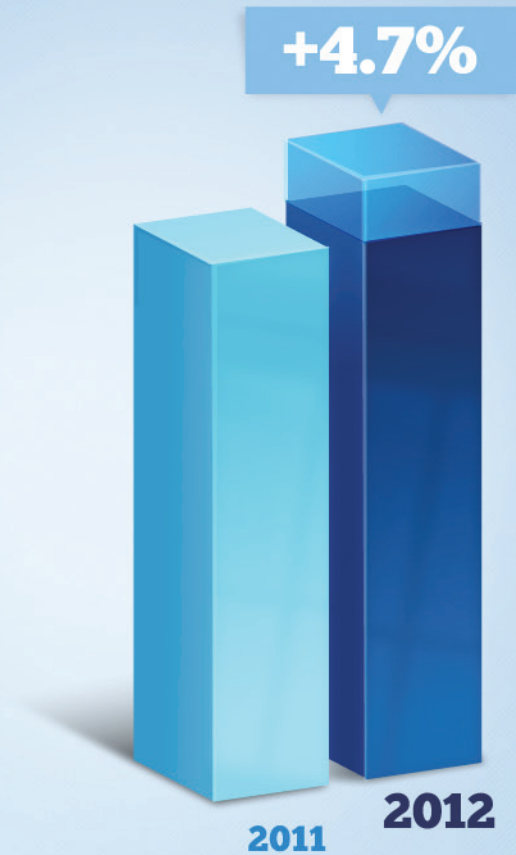


Total Tourism Expenditure Associated to Inbound Tourism

HK\$ **296.56** billion

Overnight Visitors' Per Capita Spending

HK\$ **7,818**



-0.1 night



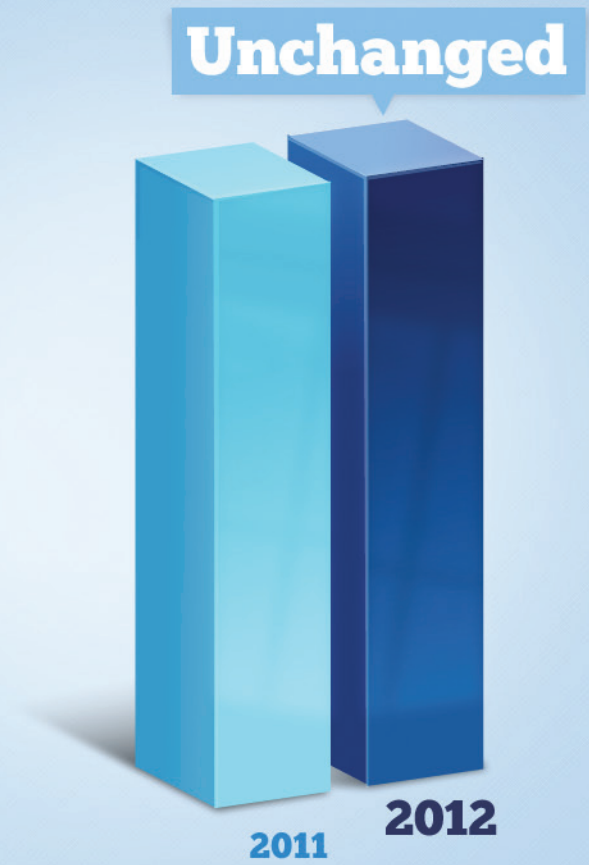
Average Length of Stay of Overnight Visitors

3.5 nights

Satisfaction of Overnight Visitors

(Max: 10 points)

8.3 points



THE WINNING FORMULA

HONG KONG TOURISM BOARD ANNUAL REPORT 2012 / 13



STRATEGIC FOCUS

Winning Brand



We are fully utilising “**Hong Kong · Asia’s World City**” as our brand to project Hong Kong’s image as an international, trend-setting city enlivened by an East-meets-West culture, variety and dynamism, where “**every moment is a different world**”.

In 2012-13, our brand promotion went full throttle with the re-launch of our official website. We incorporated the multi-hued stripes, the key design element of the brand, into the website design and enhanced the contents and functionality to make the site more user-friendly.

We also beefed up our brand video collection, launching two new videos that speak directly to achievers and family visitors. The brand has been applied across all our business segments as well.

Winning Overseas Campaigns



To directly reach potential visitors, we spent a sizable amount of our budget on market promotions, mixing PR, digital marketing and trade initiatives to cater to the interests of different visitor segments in different markets. Here is a look at some examples of our market-specific promotions in 2012-13.

Australia / New Zealand

In Australia, we concentrated our energy on our summer promotions, partnering with Flight Centre to showcase Hong Kong's diverse shopping offers and living culture, including the Dragon Boat Carnival. To convert consumer interest into actual travel, we rolled out aggressively priced package deals through Flight Centre's over 700 retail outlets and website, and intensified the effectiveness of this tactical co-op with advertising and a Facebook campaign, which also promoted the Asia's World City brand broadly.



Europe

Riding on the legendary Bordeaux Wine Festival, we put forward a pan-European PR campaign:

In France, we actively participated in the festival as the City of Honour, setting up a prominent Hong Kong Pavilion in which we served exquisite dishes prepared by Hong Kong-based Michelin-starred chefs, championed wine pairing with Chinese cuisines, and exhibited some of Hong Kong's best-kept Chinese traditions. Our high-profile presence in Bordeaux generated tremendous publicity and awareness of Hong Kong's image as Asia's Culinary Capital.

Spinning off from the Bordeaux promotion, we created a Hong Kong menu in the UK in collaboration with prestigious Chinese restaurants and worked closely with popular online food magazine *Square Meal*, as well as food bloggers, to promote wine and dine offerings in Hong Kong. In Germany, we sustained our culinary promotion by engaging influential German media outlets, which generated nearly 100 articles on Hong Kong as a result.



Mainland China

In the Mainland market, we identified social media and mobile platforms which have huge fan bases, such as *Weibo* and *WeChat*, as vital tools for our national campaigns.

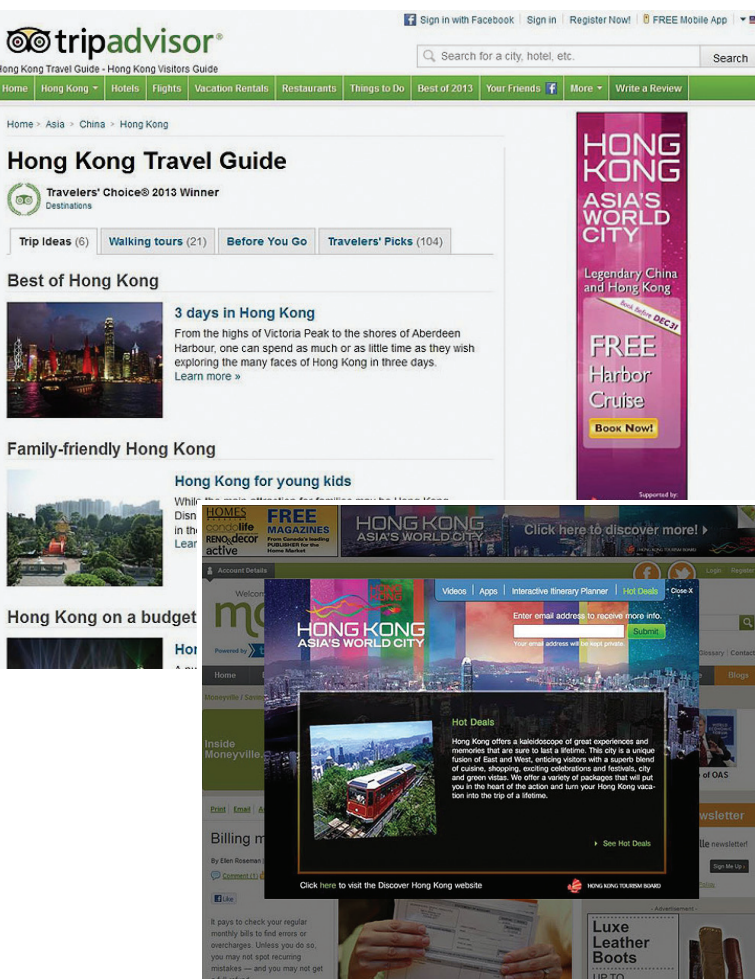
While we continued to focus our promotions on the two peak travel seasons in 2012, we also rolled out our Halloween National Online Campaign, targeting the primary users of social media and mobile platforms, young people. We launched a dedicated, interactive website as the campaign's backbone, and reinforced it through advertising on video, travel, fashion and social networking sites, a PR event, as well as a large-scale consumer promotion. The creativity of the campaign was recognised by *Adworld Awards 2012* and the *2013 Golden Mouse Digital Marketing Competition*.

North America

We heavily utilised the digital channel to bolster the Asia's World City brand:

In the US, branding was an integral part of all our digital marketing effort. We established national brand awareness by running our "Asia's World City" video on the leading-edge TubeMogul digital network, which reaches the affluent US market. All digital banner co-op advertising also featured the "Asia's World City" brand prominently, and we enhanced our US search engine marketing efforts by incorporating the brand video at the bottom of the purchase process page of a custom microsite that featured a variety of vacation packages.

In Canada, we increased our brand's presence by showing the brand video through interactive ad units on major networks, including SAY, Olive and Tribal Fusion. We also distributed video footage on Hong Kong's living culture and HKTb news materials, including video news releases, in NewsCanada format to extend our reach.



North Asia

In Japan, where Chinese cuisines are highly favoured, we staged a one-month food fair, inviting some of the best *dim sum* chefs from Hong Kong to serve their specialties, leveraging a Government promotion and a visit to Japan by the Secretary for Commerce and Economic Development. During the food fair, we organised a lucky draw and promoted the event through print advertising, DiscoverHongKong website and other channels.

In South Korea, we maximised the cost-effectiveness of our promotion by exploiting the opportunity of featuring Hong Kong in Korean TV shows, which were so popular that they were broadcast not only in South Korea but also in other Asian markets. During the year, we invited a number of highly rated shows, including KBS's *Sponge Zero* and *Dream Team*, to Hong Kong for filming, bringing such well-known bands as *ShiNee*, *2PM* and *FTIsland* to Asia's World City.



Southeast Asia

In Singapore, we invited young celebrity chef Willin Low, who has a close following of foodies, to take a group of Singaporean and Malaysian media representatives on a culinary trip to Hong Kong. We followed up by collaborating with him to create a special Hong Kong menu to be served at his restaurant Wild Rocket in Singapore, and supplemented this PR campaign with outdoor brand advertising and online promotion in the Singapore market.

In the Philippines, we exhibited a massive trompe l'oeil on the floor of a high-traffic shopping mall in Manila to generate interest in Hong Kong Halloween Treats. During the exhibition period, we sold Hong Kong packages at the shopping mall in a tactical co-op with Cebu Pacific Air, and raised awareness of Hong Kong Halloween Treats on Facebook and Twitter.

In Indonesia, we participated in the Garuda Indonesia International Islamic Expo for the very first time to tap the potential of the Muslim segment, and in Thailand, we took part in the Thailand International Travel Fair to build a closer partnership with the travel trade in the Thai market.

Taiwan

Taking full advantage of the convenient online pre-arrival registration service offered to Taiwan travellers by the Hong Kong Government since September 2012, we instilled in consumers in the market a sense of urgency to visit Hong Kong with a short video called “去香港，立刻就好” (literally, “go to Hong Kong now easily”), and maximised its reach through web seeding, blog posts and PR publicity. We also boosted press coverage to generate interest and conveyed the message that Hong Kong was the perfect city for short getaways.

Our dedicated “Let’s Go Hong Kong” (“香港逗陣行”) Facebook page was another effective marketing tool we employed in the Taiwan market. For example, to promote Hong Kong Halloween Treats, we organised a social media campaign targeting the young segment, developing a specialised Facebook app which successfully recruited over 82,000 fans.



New Markets

In Russia, targeting the peak winter travel season, we launched a campaign that integrated digital marketing, radio programme, PR and outdoor advertising. We also partnered with Cathay Pacific Airways and a wholesaler to run a brand awareness campaign. These campaigns helped drive Russian arrivals up 41.8% year-on-year.

In the Gulf Co-operation Council region, we eagerly built Hong Kong's image as an international destination, launching a media co-op with famous lifestyle magazine *Grazia* to attract young and affluent Western and Arab groups, and hyping publicity with a Hong Kong programme on MBC1, a Pan-Arab TV channel with a viewer base of over 100 million.

In India, with family travellers in key cities as our target, we produced the "Hong Kong · Asia's World City" travelogue in partnership with Network 18 to drive travel to Hong Kong in the two peak travel seasons, summer and winter. Anchored by



Bollywood actress Sandhya Mridul, the travelogue included a summer episode and a winter episode, aired in June 2012, and between December 2012 and January 2013, respectively, on CNN IBN (which has a base of 45 million cable and satellite television viewers) and CNBC TV18 (which reaches over 30 million households). The travelogue was also uploaded on the YouTube pages of these TV channels to maximise reach. Tagging on the travel programme, we co-operated with travel agency Thomas Cook to run a "Family Love Contest", engaging Indian families.

We also organised the first-ever Contract Hong Kong – India on 28 January 2013 to foster closer collaboration between the Indian and Hong Kong travel trade. Altogether, 41 travel agents from six key Indian cities and representatives from 51 Hong Kong companies took part in the activity.

Winning Events



To allow visitors to experience how every moment is a different world in Hong Kong, we continued to roll out 10 promotional windows in different seasons and times of the year, launching our own mega events bundled with third-party events. These promotional windows also served as business platforms for our trade partners.



Cultural Celebrations

In April, we highlighted four well-kept Chinese festivals, namely the Cheung Chau Bun Festival and the birthday celebrations of the Buddha, the sea goddess Tin Hau and the fishermen protector Tam Kung, encouraging visitors to immerse themselves in our local living culture.

On top of promoting traditional celebratory activities that took place in different districts, we arranged for an ensemble of 40 fishing boats and the Chinese junk *Duk Ling* to sail across Victoria Harbour on Tin Hau's birthday, and promoted the first-ever display of the Buddha's parietal bone relic in Hong Kong.



Summer Spectacular

Summer makes Hong Kong a “hot” destination not just because of the heat but also because of the seemingly endless list of things to do. As the pièce de résistance of our summer promotion, the Hong Kong Dragon Boat Carnival (HKDBC), supported by the Mega Events Fund, brought the major IDBF Club Crew World Championships (CCWC) to Hong Kong for the first time with Lee Kum Kee’s sponsorship, in addition to the return of the Hong Kong International Dragon Boat Races and the San Miguel BeerFest. The dragon boat races became the biggest team sport event ever held in Hong Kong.

To ensure the action did not stop, we also promoted a plethora of signature third-party events, including the Hong Kong Book Fair, Ani-Com & Games Hong Kong, Summer Pop – Live in Hong Kong, and more.

To boost visitor spending during the peak travel season, we partnered with Visa for the sixth year running to roll out special offers and gifts for shoppers who used their Visa cards at designated shopping malls and merchant outlets.

In the Hong Kong Dragon Boat Carnival

- Over 5,000 paddlers from 21 countries
- 426,600 spectators in just six days



Title Sponsor of CCWC



Official Beer of HKDBC



Title Sponsor of Hong Kong Super Shopper Contest





Mid-Autumn Festival

The much-loved Mid-Autumn Festival was celebrated with a host of activities, including the legendary Tai Hang Fire Dragon Dance and lantern carnivals staged by the Leisure and Cultural Services Department. We heated up these traditional festivities by promoting them to visitors and putting up a larger-than-life lantern sculpture named "Golden Moon" in Victoria Park, with the sponsorship of Lee Kum Kee. In the six days in which the event was held, a total of 430,000 spectators were attracted by the moon-shaped lantern that flickered in bright colours at night.

Title Sponsor of
Lantern Wonderland



Halloween Treats

To maintain Hong Kong's reputation as a "spooky town" in October, we packaged scream-inducing Halloween activities by attractions, shopping malls and other tourist hotspots, including Halloween Bash by Ocean Park, Haunted Halloween by Disneyland, and SCREAM and Run for Your Life this Halloween by Madame Tussauds Hong Kong, haunting visitors with unforgettably fun memories.



© Ocean Park



© Disney



The image is created and owned by Madame Tussauds

Wine & Dine Month

With the continued support of American Express, our fourth staging of the Hong Kong Wine and Dine Festival was the most elaborate yet in the event's history. Featuring a Bordeaux Pavilion, an Italian Pavilion, a Sweet Pavilion, a New Products Zone and two theme nights, the epicurean extravaganza pampered the palates of participants with wine and delicacies from around the world, as well as live music.

After the American Express Hong Kong Wine and Dine Festival, we continued our showcase of Hong Kong's culinary brilliance by promoting the food and wine offers at dining districts, restaurants and hotels all over the city.

In the four-day Hong Kong Wine and Dine Festival

- A record-breaking 188,000 participants
- 32,000 bottles of wine consumed
- 30,965 wine passes sold

Title Sponsor





Great Outdoors

In the ideal hiking season, we organised free guided hiking tours on five consecutive Sundays, taking nature lovers to Pok Fu Lam Reservoir, Lamma Island, MacLehose Trail, Dragon's Back and Lantau Island. We also published a handy, up-to-date "Great Outdoors Hong Kong" activity guide so that visitors, particularly free independent travellers, could plan hiking trips at their own pace. Meanwhile, we invited media from target short-haul markets to recruit hikers to take part in the campaign and send crews to report on Hong Kong's amazing natural scenery.



WinterFest

Winter in Hong Kong is infused with a citywide romantic and festive ambience. In 2012 we partnered with Tiffany & Co. to set up “A Brilliant Tiffany Holiday” in Central’s Statue Square, where a fairytale-inspired carousel and a six-storey high Christmas tree in the trademark Tiffany blue, among other Christmas decorations, created beautiful memories for visitors. A portion of the proceeds was donated to Helping Hand to improve the livelihood of the elderly.

Throughout the promotional period, we helped our trade partners, including shopping malls and theme parks, promote their seasonal offers and programmes, ensuring an all-round enjoyable experience for visitors.

The year ended literally with a bang with our “New Year · New World – Hong Kong Countdown Celebrations” event. Sponsored by New World Development Company Limited, the show was the largest ever in the event’s history. With the iconic Hong Kong Convention and Exhibition Centre as the pivot, a pyrotechnic show was launched from both land and sea to create a spectacular rippling effect, highlighting Hong Kong’s famous night vistas and Victoria Harbour.

- Over 1,000 TV reports on the countdown show, including live broadcasts by world-renowned media giants CNN, BBC and CCTV, which allowed millions of global viewers to enjoy the massive countdown.
- CNN selected Hong Kong as the world’s number one city for bringing in the New Year.



Honourable Sponsor of
A Brilliant Tiffany Holiday



Title Sponsor of
Countdown Celebrations





Chinese New Year Celebrations

We ushered in the Year of the Snake with the glittering International Chinese New Year Night Parade, which was title sponsored by Cathay Pacific Airways. Under the theme "happy@hongkong", performing troupes from different corners of the globe flaunted their stunts to wow the audience, while cheerfully decorated floats illuminated the parade route.

The festivities went on through Chinese New Year, as some of the parade floats were put on display in Lam Tsuen, and performers entertained visitors in Lam Tsuen and major shopping malls.

International Chinese New Year Night Parade

- 23 performing groups, 13 floats
- 120,000 roadside spectators, about half of whom were visitors

Title Sponsor of the International Chinese New Year Night Parade



CATHAY PACIFIC



Other Mega Events

We upheld Hong Kong's reputation as the Events Capital of Asia by not only staging mega events, but also actively promoting various third-party events – from fixtures on the arts and cultural calendar, such as the Hong Kong Arts Festival and the Hong Kong International Film Festival, to hugely popular sports competitions like Hong Kong Sevens, Hong Kong Marathon, Hong Kong International Races and Hong Kong Open – to ensure visitors had something to look forward to no matter what time of the year they were in Hong Kong.



Winning Creativity



The ever-increasing power of the digital world and media to influence consumers cannot be ignored. To win over consumers, we intensified our digital and PR promotions with creative initiatives. On the digital front, we redesigned our website, increased our leverage of social media platforms, and created new mobile apps. On the PR front, we engaged high-impact TV channels and media worldwide, and staged an ever more exciting “Hong Kong Super Shopper” campaign.

New DHK Website

To align our brand promotion, we re-launched our DiscoverHongKong website with a new design that put the colourful stripes – the key visual element of the brand – on every page. We also took the opportunity to add new content and functions, such as “My Hong Kong Guide”, which facilitates itinerary-planning by visitors. Eighteen of the website’s 22 market versions were available in 2012-13, with the remaining to be launched in 2013-14.



Social Media

Capitalising on the unstoppable viral effect of social media, in June 2012 we launched two new Facebook pages: the English-language “Discover Hong Kong” and Chinese-language “Let’s Go Hong Kong” (“香港逗陣行”). The launch of these new Facebook channels was part of a wider revamp of our social media platform, which also includes Twitter and Sina Weibo accounts, and a combined fan base of more than one million.



Mobile Applications

With smart phones becoming highly popular, we added to our mobile app portfolio two new apps, “Discover Hong Kong · Island Walks” and “Discover Hong Kong · Travel Pack”, which help visitors get around Hong Kong and learn about the city’s living culture. Overall, our mobile apps were downloaded over 1.5 million times up to March 2013.

Public Relations

Staged for the third time with support from Visa, the “Visa go Hong Kong Super Shopper” contest was an exciting campaign that captured the interest of consumers and media in the region. Teams from India, Indonesia, Mainland China, Malaysia, the Philippines, Singapore, South Korea, Taiwan and Thailand went out and about in Hong Kong to complete four real-life scenarios, all the while closely followed by media crews from their home markets.

To create buzz and a viral effect, the “Hong Kong Summer Showreel” site was launched to engage travellers and recruit contestants in some of the nine markets. The contest was also supported by our local PR effort, as we organised a snapshot competition with *Milk Magazine* to invite photos of hidden gems in Hong Kong to inspire the contestants.

The regional PR campaign generated over two million unique visitors on Facebook and other social media platforms, as well as coverage by 34 international media organisations.

In addition, we continued to leverage the reach of the media, especially TV, with its high household penetration. In 2012-13, we were successful in getting the crews of 64 TV programmes, both international and regional, to use Hong Kong as their setting.



- South Korea: KBS “Let’s Go! Dream Team Season 2”
- India: Channel Sab TV “Chintu Ban Gaya Gentleman”
- Russia: NTV “Ih Navy”
- The UK: Travel Channel “The Asian Times”
- Mainland China: CCTV “Di Yi Shi Jian”

Winning Partnership



Partnership has always been a key to our success. In addition to building our own relationships with our partners, we bring the local and overseas travel trade together to create greater success for our tourism industry.



Trade Activities

In 2012-13, we continued to join forces with the local travel trade to tap into different visitor source markets. Together, we attended **11 trade shows** in nine countries and regions, including Mainland China, the Philippines, Japan, Germany, the UK, and such new markets as India, Russia, the United Arab Emirates and Vietnam. In addition, we organised **11 travel missions** to seven Asian countries and regions, the most notable being a delegation led by the Hong Kong Hotels Association to support the “Best of the Best Hong Kong Food” promotion in Japan in May 2012.

Meanwhile, to encourage the overseas travel trade to promote Hong Kong to their clients, we arranged **32 familiarisation trips**, bringing travel trade members from 17 countries and regions to Hong Kong for gaining insight into our city’s latest tourism developments and products.

During the year, we collaborated with the travel trade in different markets to roll out **four tactical promotions**, including the “Discover Hong Kong Passport” with Zuji Singapore, which

bundled discounts for seven major Hong Kong attractions; “Experience Cantopera” with the Travel Industry Council of Hong Kong and the Chinese Artists Association of Hong Kong, which offered visitors a glimpse into the art of Cantonese opera; a digital campaign with Travelocity, which featured attractive hotel offers; and dining vouchers with Tai Hing Catering Group, which were given out as incentives for purchasing Hong Kong packages and tours at MATTA Fair 2013 in Kuala Lumpur.

We also strengthened co-operation with the tourism bureaux of Macau and various Mainland cities to promote **multi-destination travel** to travellers. And to facilitate greater exchange between the HKTB, and the local and overseas travel trade, we transformed our **PartnerNet** website into an effective B2B platform.



Multi-destination Promotion

We promoted **multi-destination itineraries** with the following organisations:

- the Shenzhen Municipal Bureau of Culture, Sports and Tourism in two US cities (New York and Los Angeles) and two Canadian cities (Vancouver and Toronto)
- the Guangdong, Hong Kong and Macau Tourism Marketing Organization in three Indian cities (Chennai, Mumbai and New Delhi)
- the Macau Government Tourist Office at the Moscow International Travel & Tourism Exhibition
- the Yunnan Provincial Tourism Development Commission at World Travel Market



PartnerNet

To better support our trade partners, we revamped our PartnerNet website, turning it into a comprehensive and interactive B2B platform. In addition to a new contemporary design, the website now features the latest HKTB and industry information, as well as a host of new functions, including My PartnerNet and e-Marketplace.

The new PartnerNet also serves as a gateway to international networking opportunities. Registered users are listed in the site's company directory that can be viewed by the travel trade worldwide, and they can update their own profiles to showcase their companies' information and latest offers to facilitate collaboration with potential partners.

Winning Cruise



Photo courtesy: Apple Daily



While Hong Kong is blessed with proximity and great connectivity with the Pearl River Delta, a rapidly growing source market for cruises, Hong Kong's success as a cruise hub also depends on the success of cruise tourism in the region. Therefore, we strategically partnered with ports in the Asia-Pacific region to encourage cruise lines to develop itineraries featuring Hong Kong and regional ports. In June 2012, the Central People's Government announced a new measure that Mainland tour groups taking cruise from Hong Kong to Taiwan can visit Japan or Korea in the same cruise journey before returning to the Mainland. The HKTB encouraged cruise lines to leverage this favourable measure to develop new northbound itineraries, so as to boost the appeal of cruise vacation and stimulate the growth of the Mainland cruise market.



Moderator: Chris Hayman, Chairman, Seatrade
 Panelists:
 Graeme Adams, VP, Voyage Planning, Port & Land Programs, SeaDream Yacht Club
 Bruce Krumrine, Vice-President of Port Operations, Europe & Exotica, Princess Cruises
 William Ng, Chief Operating Officer, Star Cruises
 Michael Pawlus, Director, Strategic Itinerary Planning & Scheduling, Silversea Cruises Ltd
 John Tercek, Vice President, Commercial Development, Royal Caribbean Cruises Ltd

Seatrade Hong Kong Cruise Forum

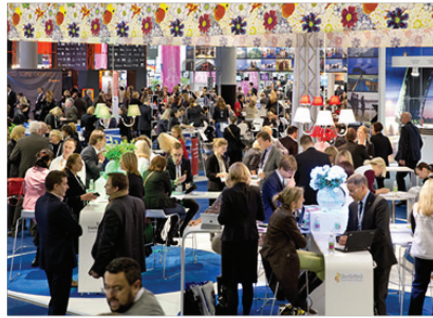
To strengthen collaboration with cruise lines and facilitate co-operation among ports in the region, we organised the inaugural Seatrade Hong Kong Cruise Forum in January 2013, bringing under one roof itinerary planners, and senior marketing and sales executives from cruise companies, port authorities and NTOs from neighbouring ports, as well as other industry stakeholders. We also took the opportunity to highlight the benefits of the Kai Tak Cruise Terminal.

Cruise Shipping Miami

On the international level, we sent a delegation to Cruise Shipping Miami, the most important cruise industry event in the world, which attracted more than 11,000 participants in 2013. In addition to setting up an exhibition booth, taking part in networking functions and doing PR promotion, our Executive Director Mr Anthony Lau was invited to give a presentation titled "Asia – An Expanding Market", in which he promoted the Kai Tak Cruise Terminal and Hong Kong's advantages as Asia's cruise hub to decision makers and key players in the global cruise industry.



Winning MICE



In 2012-13, the HKTB's Meetings and Exhibitions Hong Kong (MEHK) Office supported a total of 1,916 MICE (meetings, incentives, conventions and exhibitions) events. We dedicated ourselves to serving the needs of visitors who were in our city for different MICE events, rolling out hospitality programmes such as "Business Right Here!" and "Hong Kong Rewards" to enrich their experience in Hong Kong.

Between 2008 and 2012, overnight MICE arrivals rose 37.6%, from 1.167 million to 1.606 million, and their per capita spending increased 51%, from HK\$6,747 to HK\$10,208. In the past five years, the MEHK has supported more than 6,000 events, extended hospitality offers to over 1.2 million MICE visitors, and served over 145,000 visitors at our dedicated immigration counters.

Meetings & Incentive Travel

Since the meetings and incentive travel segment is susceptible to economic conditions, in 2012-13 we focused primarily on Mainland China, India and other markets that promised growth potential and were relatively stable amidst global economic uncertainty.

In Mainland China and Taiwan, we organised the “Top Agent Award” to motivate agents to actively persuade their clients to choose Hong Kong for their meetings and incentive activities.

In India, we staged the first-ever MICE road show in New Delhi and Mumbai.

The biggest corporate meeting and incentive group we received in 2012-13 was the over 20,000 delegates of the Nu Skin Greater China Regional Convention. The event utilised all facilities of the AsiaWorld-Expo and featured a record-breaking 28-metre-long DNA chain model for celebrating the company’s 20th anniversary.



Testimony

Mr Patrick Yeung, Nu Skin’s Regional Vice President, Leaderships cum President, Hong Kong and Macau, organiser of the Nu Skin Greater China Regional Convention:

“Hong Kong as an international city has a good range of suppliers for all aspects of event management, which is especially important for a convention of this size. We were able to work with a quality production house and events company to incorporate the various record-breaking elements in our event.”





FDI World Dental Congress

- Over 10,000 delegates celebrated the 100th anniversary of the congress in Hong Kong

Junior Chamber International Asia-Pacific Conference

- Over 4,700 Junior Chamber International members, with a delegation of over 2,000 from Japan

Asian Attractions Expo

- The 2012 edition saw the largest trade show floor in the event's history and a strong buyer turnout. Altogether, the show featured the products and services of 274 companies, attracting more than 3,200 buyers from a wide variety of attractions, including theme parks, museums, zoos and resorts, from 65 countries and regions.

Conventions

Among the many significant conventions Hong Kong hosted in 2012-13 were such prestigious events as the FDI World Dental Congress, the Junior Chamber International Asia-Pacific Conference, and the Asian Attractions Expo.

Also during the year, we won over 48 conventions, which were confirmed to be staged in Hong Kong between 2012 and 2019, drawing a total expected attendance of 35,000.

To spread the word around the world about Hong Kong as the perfect MICE hub in Asia, we attended major trade shows, including the European Incentive & Business Travel and Meetings (EIBTM) in Barcelona. We also received senior executives and board members of the American Society for Association Executives (ASAE) in Hong Kong and maintained a good working relationship with other industry associations, impressing them with the city's top-notch offerings and fostering close partnerships with these decision makers from overseas markets, particularly the US.

Testimony

Dr Orlando Monteiro da Silva, FDI President and organiser of the FDI World Dental Congress 2012:

"MEHK has been our close partner and we greatly appreciate its generous support and assistance in the entire process from bidding and congress promotion to staging major activities, including the welcome ceremony and HKDA Congress Dinner Reception."

Exhibitions

To reinforce Hong Kong’s leading position as the “Trade Fair Capital of Asia”, we partnered with industry stakeholders and established a win-win and cost-effective approach for business development. For example, we attended the Global Event Summit (GES) in France with relevant stakeholders and hosted a networking function at the 79th UFI (Global Association of the Exhibition Industry) Congress in Abu Dhabi. These activities enabled us to reach over 826 exhibition executives and professionals worldwide. We also facilitated the smooth staging of a wide range of other exhibitions, including those on wine, food and art.

Vitafoods Asia

- Over 160 global companies

Vinexpo Asia Pacific

- 1,050 exhibitors from 28 countries and a total of 15,785 visitors

Contemporary Art in Hong Kong

- Over 60 galleries and 5,500 art lovers

Testimony

Mr Chris Lee, Portfolio Director of Informa Exhibitions, organiser of Vitafoods Asia:

“Hong Kong is one of the world’s most developed cities in terms of its financial state of play and its quality with regards to infrastructure, transportation and venues... we chose it for Vitafoods Asia because of its accessibility and its role as a gateway to China. Potential visitors from around 160 countries can get in without needing a visa, which is crucial to the whole process. We needed to make it as easy as possible for our visitors to be able to get into one location, one meeting point for the industry.”



Winning Service



It is our top priority to ensure visitors enjoy their stay in Hong Kong, so we are constantly looking for ways to improve the service at our visitor centres and contact centre, and raise the bar on the industry's service standards.

In 2012-13, we renovated two of our visitor centres and recruited new "Hong Kong Pals" to help us better serve visitors' needs. We also expanded our Quality Tourism Services Scheme by encouraging more merchants to join our league of good service.



Quality Tourism Services

The scheme was expanded to include a total of 8,264 accredited outlets.

A series of road shows were launched to promote the scheme to visitors and locals alike.



Visitor Information and Services

Our visitor centres served some 2 million visitors throughout the year.

Our contact centre answered 91% of all calls within 20 seconds, compared to the industry standard of 80% of calls answered within 30 seconds.

Our commitment to offering quality service was recognised by various service excellence awards, including awards in the Hong Kong International Airport Customer Service Excellence Programme.



Winning Awards



The HKTB's creativity and commitment to excellence has been recognised continuously. In 2012-13, our organisation received a variety of awards, underlining our outstanding achievements in different areas.

Hong Kong

- ***Business Traveller China* magazine**
2012 Business Traveller China Awards
 - Favourite Business City in the World
- ***Business Traveller Asia-Pacific* magazine**
2012 Annual Readers' Poll
 - Best Business City in the World
 - Best Business City in Northeast Asia
- ***CEI Asia Pacific* magazine**
CEI Industry Awards 2013
 - Best City for Business Events
- ***Travel Weekly* magazine**
China Travel & Meeting Industry Awards 2012
 - Best FIT Destination of the Year
- ***Shanghai Morning Post***
Shanghai Morning Post Tourism Awards 2012
 - Best Wine & Dine Destination 2012
- ***Oriental Morning Post***
Special Trip – The World Travel Awards 2012
 - Most Popular Destination 2012
- **Ctrip.com**
Ctrip Best Tourist Destination of the Year Awards 2012
 - Top 10 Best Destinations 2012
- **China Cruise Shipping and International Cruise Expo Organization Committee**
China Cruise Shipping Awards 2012
 - Best Cruise Tourism Destination
- ***MICE China* magazine**
China MICE Industry Golden Chair Award 2012
 - The Best M.I.C.E. Tourism City of China 2012
- ***Voyage* magazine**
Voyage Travel Brand Annual Award
 - Most Popular Family Destination 2011
- **China Outbound Online**
Annual Best Travel Awards
 - Most Popular Destination 2011

“Hong Kong · Asia’s World City” Marketing Platform

■ Destination Image Print Ad

[Galaxy Awards 2012](#)

- Honors Award in “Advertising – Print Campaign” category

[ASTRID Awards 2012](#)

- Gold Award in “Advertisements: Print” category

[PATA Gold Awards 2012](#)

- Gold Award in “Marketing Media: Travel Advertisement Print Media” category

■ Brand Video

[Galaxy Awards 2012](#)

- Honors Award in “Videos & DVDs – Brand Experience” category

[ASTRID Awards 2012](#)

- Silver Award in “Video/DVD: Brand Experience” category

[PATA Gold Awards 2012](#)

- Gold Award in “Marketing Media: Promotional Travel Video” category

[Questar Awards 2012](#)

- Silver Award in “Advertisement/Commercials: Travel & Tourism” category

Creative Marketing Campaigns

■ Hong Kong Halloween Treats

[Golden Mouse Digital Marketing Competition 2013](#)

- The Best Brand Campaign Site of the Year
- Bronze Award of Integrated Marketing

■ HKTB’s Annual Report 2010/11

[ASTRID Awards 2012](#)

- Bronze Award in “Annual Reports – Not-for-Profit Organizations” category

[Galaxy Awards 2012](#)

- Honor Award in “Design – Annual Reports – Non-Traditional – Asia/Pacific” category

■ “Great Outdoors Hong Kong” Guidebooks Series – Local Favourites: Your Guide to Hong Kong’s Outlying Islands and The Inside Guides to Hikes and Walks in Hong Kong

[Galaxy Awards 2012](#)

- Gold Award in “Brochures – Special Purpose” category

[PATA Gold Awards 2012](#)

- Gold Award in “Travel Journalism: Travel Guidebook” category

Creative Marketing Campaigns (Continued)

- **HKTB's Year of the Dragon Calendar**
[Galaxy Awards 2012](#)
 - Gold Award in "Promotion – Calendar" category
- **"Hong Kong Wine & Dine Month 2011" Outdoor Display**
[Galaxy Awards 2012](#)
 - Bronze Award in "Promotion – Special Project" category
- **"Quest for Harmony" Integrated Marketing Campaign**
[2012 Travel Weekly Magazine Magellan Awards](#)
 - Gold Magellan Award in "Destination Marketing Campaign" category
- **McDull Family Promotion Pop-up Book**
[ASTRID Awards 2012](#)
 - Grand Award in "Best of Self Promotion" category
 - Gold Award in "Self-promotion: Other/Misc" category
- **JATA Travel Showcase 2011 Booth Design**
[ASTRID Awards 2012](#)
 - Bronze Award in "Special Projects: Exhibit Booth" category
- **Hong Kong Pavilion at IT&CM Asia**
[Sticky Awards 2012](#)
 - Bronze Award in "Stickiest National Pavilion" category
- **Tour Expo 2012 Booth Design**
 - Best Booth Marketing Award
- **Korea World Travel Fair 2012 Booth Design**
 - Best Booth Operation Award
- **Busan International Travel Fair 2013 Booth Design**
 - Best Booth Design Award
- **Beijing International Tour Expo 2012 Booth Design**
 - Best Booth Award

Digital Marketing

- **Travelocity Hong Kong Hotel Tactical Campaign**
[2012 Travel Weekly Magazine Magellan Awards](#)
 - Silver Magellan Award in “Destination Web Marketing” category
- **“Discover Hong Kong · City Walks” Mobile Application**
[ASTRID Awards 2012](#)
 - Bronze Award in “Special Projects: iPhone Application” category
- **“Discover Hong Kong · AR” Mobile Application**
[Mob-Ex Awards 2012](#)
 - Gold Award in “Best App/Content by a Govt/Community” category
- **“Summer Showreels” Social Media Marketing Campaign**
[Marketing Excellence Awards 2012](#)
 - Gold Award for Excellence in “Social Media Marketing” category
[Galaxy Awards 2012](#)
 - Bronze Award in “Emerging Media – Interactive Brand Campaign” category
- **“2011 Hong Kong Halloween Treats” Minisite**
[Galaxy Awards 2012](#)
 - Gold Award in “Emerging Media – Interactive Brand Campaign” category
- **“2011 Hong Kong Summer Spectacular” Minisite**
[PATA Gold Awards 2012](#)
 - Gold Award in “Marketing Media: Website” category
- **“2012 Visa Go Hong Kong Super Shopper” Online Promotion**
[Meilishuo Annual Awards 2012](#)
 - Most Popular Brand Online Event in Brand Promotion Awards
- **DiscoverHongKong.com website**
[Mercury Excellence Award 2012](#)
 - Gold Award in Websites/ Emerging Media: Redesign/ Relaunch/ Media Category
[Web Accessibility Recognition Scheme](#)
 - Silver Award

MICE Promotions

- **HKTB's Meetings and Exhibitions Hong Kong (MEHK)**
Meetings and Conventions Gold Awards 2012
 - Gold Service Award in "Convention & Visitors Bureaux (CVBs)" category
- **MEHK's "Lantau Island: An Inspirational MICE Destination" Campaign**
Galaxy Awards 2012
 - Grand Award in "Best of Promotion" category
 - Gold Award in "Promotion – Tourist/Travel Destination Campaign" category

Visitor Services

- **Hong Kong International Airport Customer Service Excellence Programme 2011/12**
Individual Award: Wandy Yik, Arthur Ho
Team Award: Windy Chiu, Lily Yip

HKTB Worldwide Offices

- **Seoul Office**
Korea Travel News
 - Best National Tourism Office
- **Beijing Office**
Beijing News Daily
China Travel Awards-Beijing
 - Most effective outbound tourism organization, 2011
- **Frankfurt Office**
Go Asia Awards 2013
 - 2nd in "Best National Tourism Office in Asia" category

THE WINNING FORMULA

HONG KONG TOURISM BOARD ANNUAL REPORT 2012 / 13



TOURISM & THE COMMUNITY

Hong Kong Pals Programme



Friendly interaction with locals allows visitors to better understand the “Hong Kong lifestyle” and our city’s living culture. To share local tips with visitors, we have been organising the Hong Kong Pals Programme since 2009, recruiting enthusiastic volunteers to chit-chat with visitors who prefer a personalised and authentic travel experience.

Apart from serving visitors at our visitor centres in Tsim Sha Tsui, at The Peak and at the airport, in 2013 Hong Kong Pals have stepped out of our visitor centres to receive visitors on the *Duk Ling* and show them the beautiful harbourview.

In 2012-13, the Hong Kong Pals

- provided their service for over 4,500 hours





5 October 2012

Hong Kong Pals Welcome Reception

To welcome the newly recruited volunteers to the Hong Kong Pals programme, the HKTB hosted a Welcome Reception on 5 October 2012, where the new Pals and existing Pals got to know each other. Upon completion of a number of training sessions in various tourism-related areas from October to early December, the new Pals started their promotion activities in January 2013.

14 October 2012

Training Session for Hong Kong Pals Volunteer Programme – A Chinese Cake-making Class



15 October 2012

Training Session – A Chinese Tea Appreciation Class

16 & 21 October 2012

Training Session – Hiking the Dragon's Back



18 October 2012

Training Session – A ride aboard the *Duk Ling*

24 October 2012

Training Session – A Guided Tour to the Yau Ma Tei Theatre



30 October 2012

Training Session – A Guided Tour to Ngong Ping 360



*



30 October 2012
**Training Session –
A Guided Tour of the Tai O Heritage Hotel**

*

5 November 2012
Training Session – A *Tai Chi* Class



10 November 2012
**Training Session –
A Guided Tour of sky100**

*

11 and 13 November 2012
**Training Session –
Art Jamming Experience**



15 November 2012
**Training Session –
Living Culture Walk in Wan Chai**

*

17 November 2012
**Training Session –
On an Architecture Walk**



*



19 November 2012
**Training Session –
A Guided Tour of the Lui Seng Chun historic building**

*



22 November 2012
**Training Session –
A Guided Tour to the Kadoorie Farm & Botanic Garden**



24 November 2012
**Training Session –
A Guided Tour to the Hong Kong Geopark**



29 November 2012
**Training Session –
Behind-the-Scenes at Ocean Park's Polar Adventure**



3 December 2012
**Training Session –
A Guided Tour to Madame Tussauds Hong Kong**



6 December 2012
Hong Kong Pals are ready to help visitors

* Photos courtesy: Agency for Volunteer Service

Other Community Initiatives

Tourism is a community business. In addition to organising the “Hong Kong Pals” volunteer programme, the HKTb engaged and encouraged members of the public to play a part in Hong Kong tourism by taking part in and supporting the events and initiatives of different community groups.



9 May 2012
HKTb Chairman Attends a Sharing Session at Hong Kong Disneyland Leadership Event 2012

HKTb Chairman the Honourable James Tien delivered a speech themed “What Makes Hong Kong the Best Destination in Southeast Asia?” at the Hong Kong Disneyland Leadership Event 2012. In his speech, Mr Tien explained the latest developments in Hong Kong’s tourism industry and the HKTb’s promotional initiatives. Participants included Disney employees in leadership and professional roles stationed at offices in Hong Kong and the rest of the Asia-Pacific region.



27 June 2012
HKTb Chairman Supports Next Magazine Top Service Awards 2012

HKTb Chairman the Honourable James Tien was invited to present awards recognising the outstanding performance of members of the tourism and related sectors at the “Next Magazine Top Service Awards 2012”.

16 July 2012

Nurturing Young Ambassadors of Hong Kong

To help Hong Kong's new young ambassadors gain a solid understanding of Hong Kong's tourism industry and be fully equipped to promote the city, the HKTB explained Hong Kong's latest tourism developments and the HKTB's promotional efforts in a seminar in the 2012/13 Hong Kong Young Ambassador Scheme.



2 November 2012

Sharing with IVE Students on Event Marketing

As part of the Distinguished Lecture Series, organised by the Business Administration Department of the Hong Kong Institute of Vocational Education (IVE), IVE students learned how the HKTB promotes Hong Kong's destination image through event marketing in a discussion with HKTB Executive Director Anthony Lau.

20 November 2012

HKTB Supports "Travel for Good – Social Travel Journal Writing Competition"

The HKTB lent its support to the "Travel for Good – Social Travel Journal Writing Competition", organised by the Hong Kong Council of Social Service (HKCSS). The goal of the competition was to promote social enterprises in Hong Kong to locals and overseas visitors. Ms Cynthia Leung, HKTB's General Manager of Corporate Affairs, joined representatives from Home Affairs Bureau, Social Welfare Department, HKCSS and HSBC Hong Kong to launch the competition.



28 February 2013

Promoting Service Excellence: HKTB Chairman Supports Sing Tao Excellent Service Brand 2012

As one of the Guests of Honour at the "Sing Tao Excellent Service Brand 2012 Award" Presentation Ceremony, HKTB Chairman the Honourable James Tien delivered the opening remarks on how the HKTB successfully built the city's tourism brand and presented awards recognising the outstanding achievements of members of the tourism sector.

1 March 2013

Keeping Tourism Students Abreast of the Latest Development in Tourism Industry

The HKTB once again invited tertiary students in tourism-related programmes to its annual Hong Kong Tourism Overview on 1 March 2013, where the students gained valuable insight into the HKTB's marketing strategies, as well as the latest market trends.



THE WINNING FORMULA

HONG KONG TOURISM BOARD ANNUAL REPORT 2012 / 13



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 & Research 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 six 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 five 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 HKTB 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 four 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 2013

Members	Board	MBDC	PEC	SFC	AC	QTSC
The Hon James Tien (Chairman)	5 / 6					2 / 2 [^]
Mr Philip Yung (Deputy Chairman)	6 / 6	4 / 4	5 / 5	6 / 6	4 / 4	2 / 2
Dr Patrick Fung	3 / 6				4 / 4 [^]	
Dr Peter Lam	5 / 6		5 / 5 [^]			
Ms Shirley Chan	2 / 6		4 / 5			2 / 2
Dr Michael Chan	4 / 6	3 / 4				0 / 2
Mr Larry Kwok	6 / 6			6 / 6 [^]		2 / 2
Mr Stanley Hui	4 / 6			5 / 6		
Ms Lo Po-man	3 / 6		3 / 5			1 / 2
The Hon Sin Chung-kai	3 / 6			5 / 6	4 / 4	
Ms Florence Chan	5 / 6				3 / 4	
Ms Chitty Cheung	4 / 6	4 / 4 [^]				
Ms Winnie Ng	6 / 6	3 / 4			4 / 4	
Mr Benjamin Chau	4 / 6	3 / 4				
Mr Michael Wu	6 / 6	4 / 4				1 / 2
Ms Linda Yuen	5 / 6	2 / 4	4 / 5			
Mr William Mackay	6 / 6			6 / 6		
Sir Wayne Leung	6 / 6		5 / 5			
Mr Perry Mak	5 / 6	4 / 4				
Ms Yip Wing-sie (i)	2 / 3		N / A [#]			
Mr Ko Chi-sum (ii)	0 / 3		1 / 3			

(i) Appointment effective from 1 November 2012.

(ii) Appointment until 31 October 2012.

[^] Committee Chairman (as at 31 March 2013)

[#] Appointed as PEC member effective from 22 November 2012; there was no meeting of PEC held from 22 November 2012 to 31 March 2013.

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
- Finance & Information Technology Division
- Human Resources & Administration Division
- Marketing Division
- MICE & Cruise Division
- Strategic Planning & Research 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 2013, the total HKTB headcount numbered 338, of whom 104 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 Committee on Cruise Industry
- Advisory Committee on Hotel and Tourism Management, The Chinese University of Hong Kong
- Advisory Committee on School of Hotel & Tourism Management, The Hong Kong Polytechnic University
- Advisory Committee on Travel Agents
- Asian Association of Convention and Visitor Bureaus
- Aviation Development Advisory Committee
- Committee, Hong Kong General Chamber of Commerce
- Committee on Shopping-Related Practices, Travel Industry Council of Hong Kong
- Executive Committee, Hong Kong Arts Festival Society
- Executive Committee, Hong Kong Association of Travel Agents
- Executive Committee, Hong Kong Exhibition & Convention Industry Association
- The Greater Pearl River Delta Business Council
- The Hong Kong Association of Registered Tour Co-ordinators
- 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
- Mainland China Inbound Tour Affairs Committee, Travel Industry Council of Hong Kong
- Planning and Development Committee, Travel Industry Council of Hong Kong
- The Steering Committee on MICE
- Tourism Strategy Group

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 Organization (UNWTO)

HKTb Worldwide Offices & Representatives



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

-  **Head Office**
-  **Worldwide Office**
-  **Representative Office**
(for travel trade / media enquiries only)

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 65 to 97, which comprise the consolidated and Board statements of financial position as at 31 March 2013, 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 2013 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

25 July 2013

Consolidated income statement

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
General Fund			
<i>Principal source of income</i>	3		
Government subvention for the year		605,483,420	571,150,479
Other revenue			
Interest income		1,295,477	1,289,773
Realisation of deferred income - office premises	12	10,000,000	10,000,000
Sponsorships		22,794,344	20,020,640
Promotion and advertising income		15,890,126	15,702,507
Sundry income		22,356,222	17,901,679
		72,336,169	64,914,599
Other net income			
Gain on disposal of fixed assets		54,701	37,586
Total income		677,874,290	636,102,664
Promotional, advertising and literature expenses		311,576,864	293,028,322
Research and product development		14,603,002	12,622,694
Local services and events		92,959,795	92,627,408
Staff costs	5	194,760,120	171,678,314
Rent, rates and management fees		15,413,726	13,624,962
Depreciation	7(a)	14,184,478	14,088,382
Auditor's remuneration		523,446	483,650
Other operating expenses		26,725,869	29,485,969
Total expenditure		670,747,300	627,639,701
Surplus before tax for the year		7,126,990	8,462,963
Taxation	4(a)	218,111	41,676
Surplus after tax for the year		6,908,879	8,421,287

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of comprehensive income

for the year ended 31 March 2013

The Group had no components of comprehensive income other than “surplus after tax for the year” in either of the periods presented. Accordingly, no separate consolidated statement of comprehensive income is presented as the Group’s “total comprehensive income” was the same as the “surplus after tax for the year” in both periods.

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of financial position

at 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
Non-current assets			
Fixed assets	7(a)	63,606,316	73,643,208
Defined benefit retirement plan asset	14(a)(i)	31,023,000	29,042,000
		94,629,316	102,685,208
Current assets			
Debtors, deposits and payments in advance	9	19,695,398	19,450,471
Deposits with banks and financial institutions	10	154,700,000	74,500,000
Cash at banks and in hand	10	8,154,178	75,779,119
		182,549,576	169,729,590
Current liabilities			
Receipts in advance		8,947,261	18,127,722
Accounts payable and accruals	11	108,826,341	91,943,093
Deferred income	12	10,000,000	10,000,000
Current taxation	13	196,288	43,860
		127,969,890	120,114,675
Net current assets		54,579,686	49,614,915
Non-current liabilities			
Deferred income	12	51,666,667	61,666,667
NET ASSETS		97,542,335	90,633,456
Represented by:			
RESERVES			
General Fund	15	97,542,335	90,633,456

Approved and authorised for issue on 25 July 2013.

Anthony Lau
Executive Director

Dr Peter Lam Kin-ngok
Chairman of the Board

The notes on pages 71 to 97 form part of these financial statements.

Statement of financial position

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
Non-current assets			
Fixed assets	7(b)	63,606,316	73,643,208
Defined benefit retirement plan asset	14(a)(i)	31,023,000	29,042,000
Interests in a subsidiary	8	1	1
		94,629,317	102,685,209
Current assets			
Debtors, deposits and payments in advance	9	18,864,309	18,549,254
Deposits with banks and financial institutions	10	154,700,000	74,500,000
Cash at banks and in hand	10	7,977,860	74,121,810
		181,542,169	167,171,064
Current liabilities			
Receipts in advance		8,947,261	18,127,722
Accounts payable and accruals	11	106,318,197	91,563,903
Deferred income	12	10,000,000	10,000,000
		125,265,458	119,691,625
Net current assets		56,276,711	47,479,439
Non-current liabilities			
Deferred income	12	51,666,667	61,666,667
NET ASSETS		99,239,361	88,497,981
Represented by:			
RESERVES			
General Fund	15	99,239,361	88,497,981

Approved and authorised for issue on 25 July 2013.

Anthony Lau
Executive Director

Dr Peter Lam Kin-ngok
Chairman of the Board

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of changes in reserves

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	2013	2012
Accumulated surplus at the beginning of the year	90,633,456	82,212,169
Surplus for the year	6,908,879	8,421,287
Accumulated surplus at the end of the year	97,542,335	90,633,456

The notes on pages 71 to 97 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 March 2013 (Expressed in Hong Kong dollars)

	Note	2013	2012
Operating activities			
Surplus before tax for the year		7,126,990	8,462,963
Adjustments for:			
Interest income		(1,295,477)	(1,289,773)
Depreciation		14,184,478	14,088,382
Gain on disposal of fixed assets		(54,701)	(37,586)
Realisation of deferred income - office premises		(10,000,000)	(10,000,000)
Operating surplus before changes in working capital		9,961,290	11,223,986
Increase in defined benefit retirement plan asset	14(a)(v)	(1,981,000)	(2,859,000)
(Increase)/decrease in debtors, deposits and payments in advance		(376,752)	2,801,998
Increase/(decrease) in receipts in advance, accounts payable and accruals		7,702,787	(3,866,135)
Cash generated from operation		15,306,325	7,300,849
Overseas tax paid		(65,683)	-
Net cash generated from operating activities		15,240,642	7,300,849
Investing activities			
Interest received		1,427,302	1,046,192
Purchase of fixed assets		(4,147,586)	(4,268,449)
Proceeds from disposal of fixed assets		54,701	37,586
Net cash used in investing activities		(2,665,583)	(3,184,671)
Net increase in cash and cash equivalents		12,575,059	4,116,178
Cash and cash equivalents at the beginning of the year	10	150,279,119	146,162,941
Cash and cash equivalents at the end of the year	10	162,854,178	150,279,119

The notes on pages 71 to 97 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 a number of amendments to HKFRSs and new interpretations that are first effective for the current accounting period of the Group. None of them is relevant to the Group's financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 March 2013 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.

(c) 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.

2 Significant accounting policies (Continued)

(d) Investment in subsidiary

Subsidiaries are entities controlled by the Board. Control exists when the Board has the power to govern the financial and operating policies of an entity so as to obtain benefits from their activities. In assessing control, potential voting rights that presently are exercised are taken into account.

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 and transactions 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(k)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Fixed assets

- (i) Fixed assets are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (see note 2(k)).
- (ii) Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the estimated net disposal proceeds and the carrying amount of the item and are recognised in the income statement on the date of retirement or disposal.

(f) Depreciation

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

- Leasehold properties	25 years
- Leasehold improvements	10 years
- Motor vehicles	4 years
- Furniture, fixtures and equipment	Additions are fully depreciated in the year of acquisition

The useful life of an asset is reviewed annually.

2 Significant accounting policies (Continued)

(g) Debtors

Debtors are initially recognised at fair value and thereafter stated at amortised cost 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 estimated future cash flows, discounted where the effect of discounting is material.

(h) Accounts payable and accruals

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

(i) 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 which 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 statement of cash flows.

(j) Provisions and contingent liabilities

Provisions are recognised for 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.

(k) Impairment of assets

Internal and external sources of information are reviewed at each statement of financial position date 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 to sell 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).

2 Significant accounting policies (Continued)

(k) Impairment of assets (Continued)

An impairment loss is recognised in profit or loss 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 are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other 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 to sell, 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.

(l) 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 profit or loss 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 differences which arise on initial recognition of assets and liabilities, 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.

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.

(m) Revenue recognition

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 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.

2 Significant accounting policies (Continued)

(m) Revenue recognition (Continued)

- (iii) 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(f)).
- (iv) Subscription fees are recognised on a time-apportioned basis.
- (v) Interest income is recognised as it accrues using the effective interest method.
- (vi) Sponsorship income for the events is recognised in the income statement upon the completion date of the respective events.
- (vii) Promotion and advertising income are accounted for on the accrual basis.

(n) 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 and non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value 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.

(o) Leased assets

- (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 operating leases, 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.

2 Significant accounting policies (Continued)

(p) 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, a defined benefit staff retirement scheme for the Japan office, and defined contribution staff retirement schemes for other 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 whilst the costs of the defined benefit scheme of the Japan office are determined in accordance with the scheme rules. Assets of the schemes, other than the scheme of the Japan office, 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.
- (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 discount rate is the yield at the statement of financial position date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. If the benefits vest immediately, the expense is recognised immediately in the income statement.

In calculating the Group's obligation in respect of a plan, if any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets, that portion is recognised in the income statement over the expected average remaining working lives of the employees participating in the plan. Otherwise, the actuarial gain or loss is not recognised.

Where the calculation of the Group's net obligation results in a negative amount, the asset recognised is limited to the net total of any cumulative unrecognised net actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan.

- (v) Termination benefits are recognised 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)

(q) 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:

	2013	2012
Recurrent		
- Subvention for the year	555,200,000	521,544,000
Non-recurrent		
- Meetings, Incentives, Conventions and Exhibitions Promotion/Wine and Dine Festival/Partnernet Revamp/Island District Council Promotion/Taiwan Eslite Promotion/ Gourmet Art Exhibition/Happy@HongKong Promotion/Image Campaign/New Year Countdown/Tai Chung Lantern Festival	50,283,420	49,606,479
	605,483,420	571,150,479

4 Income tax

(a) Income tax in the income statement represents:

	2013	2012
Current tax - Overseas		
Provision for the year	218,111	41,676

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. Hong Kong Profits Tax has not been provided as HKTB Limited has no estimated tax assessable profits in Hong Kong for the current and prior years. Taxation in respect of HKTB Limited's operations in Taiwan is charged at 17% (2012: 17%).

(b) Reconciliation between tax expense and accounting surplus at applicable tax rate:

	2013	2012
Surplus before taxation	7,126,990	8,462,963
Notional tax on loss before taxation, calculated at the rates applicable to surplus in the tax jurisdictions concerned	(3,878,366)	(1,187,128)
Tax effect of non-deductible expenses	3,978,742	1,203,359
Tax effect of temporary differences not recognised	117,735	25,445
Actual tax expense	218,111	41,676

5 Staff costs

The Group

	2013	2012
Contributions to defined contribution retirement plans	6,912,719	6,453,969
Income recognised in respect of defined benefits retirement plans (note 14(a)(v))	(1,981,000)	(2,859,000)
Retirement costs	4,931,719	3,594,969
Salaries and other benefits	189,828,401	168,083,345
	194,760,120	171,678,314

6 Senior executives' pay and allowances

The Group

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

	2013		
	Executive Director	Other senior executives	Total
Basic salaries	3,399,000	16,831,000	20,230,000
Discretionary performance pay	600,000	1,564,000	2,164,000
Retirement benefit expenses, contract gratuities and other allowances	526,000	5,392,000	5,918,000
	4,525,000	23,787,000	28,312,000

	2012		
	Executive Director	Other senior executives	Total
Basic salaries	3,206,000	16,756,000	19,962,000
Discretionary performance pay	509,000	1,226,000	1,735,000
Retirement benefit expenses, contract gratuities and other allowances	498,000	4,690,000	5,188,000
	4,213,000	22,672,000	26,885,000

6 Senior executives' pay and allowances (Continued)

The Group (Continued)

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

Pay Range	2013 No. of senior executive positions	2012 No. of senior executive positions
1 - \$500,001 to \$1,000,000 (note (a))	-	1
2 - \$1,000,001 to \$1,500,000 (note (b))	3	1
3 - \$1,500,001 to \$2,000,000 (note (c))	5	6
4 - \$2,000,001 to \$2,500,000 (note (d))	1	-
5 - \$2,500,001 to \$3,000,000 (note (e))	1	2
6 - \$3,000,001 to \$3,500,000	-	-
7 - \$3,500,001 to \$4,000,000	1	1
	11	11

Notes:

- (a) No senior executive position is under Pay range 1 in 2012/13. There was one senior executive position in Pay range 1 in 2011/12 because the position was vacant in the second half of 2011/12.
- (b) Senior executive positions in Pay range 2 increased from 1 to 3 because:
- full year impact of the senior executive position as explained in (a) above;
 - one senior executive position moved from Pay range 3 to 2.
- (c) Reduction of one senior executive position in Pay range 3 is the result of the following movements during 2012/13:
- the senior executive position as described in (b) (ii) above;
 - salary increase of one of the senior executives which moved his position away from Pay range 3 to 4;
 - one senior executive position moved from Pay range 5 to this Pay range.

The net effect is the decrease of senior executive positions in this Pay range from 6 to 5.

- (d) Senior executive position in Pay range 4 increased from 0 to 1 is as explained in (c) (ii).
- (e) Senior executive positions in Pay range 5 reduced from 2 to 1 is as explained in (c) (iii).

6 Senior executives' pay and allowances (Continued)

The Group (Continued)

During the years ended 31 March 2013 and 2012, 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 the 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 \$600,000 for the year ended 31 March 2013 (2012: \$509,000).

The remuneration of other senior executive positions for the year ended 31 March 2013 represents compensation for the Deputy Executive Director, five General Manager positions (2012: five General Manager positions) and four Regional Director positions (2012: four Regional Director positions).

7 Fixed assets

(a) The Group

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:					
At 1 April 2012	252,855,009	8,006,639	1,943,642	31,271,573	294,076,863
Additions	-	-	333,411	3,814,175	4,147,586
Disposals	-	-	(742,699)	(5,558,369)	(6,301,068)
At 31 March 2013	252,855,009	8,006,639	1,534,354	29,527,379	291,923,381
Accumulated depreciation:					
At 1 April 2012	180,369,903	7,238,786	1,553,393	31,271,573	220,433,655
Charge for the year	10,114,200	95,981	160,122	3,814,175	14,184,478
Disposals	-	-	(742,699)	(5,558,369)	(6,301,068)
At 31 March 2013	190,484,103	7,334,767	970,816	29,527,379	228,317,065
Net book value:					
At 31 March 2013	62,370,906	671,872	563,538	-	63,606,316
Cost:					
At 1 April 2011	252,855,009	8,006,639	1,788,603	43,294,565	305,944,816
Additions	-	-	445,999	3,822,450	4,268,449
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	252,855,009	8,006,639	1,943,642	31,271,573	294,076,863
Accumulated depreciation:					
At 1 April 2011	170,255,703	7,142,804	1,788,603	43,294,565	222,481,675
Charge for the year	10,114,200	95,982	55,750	3,822,450	14,088,382
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	180,369,903	7,238,786	1,553,393	31,271,573	220,433,655
Net book value:					
At 31 March 2012	72,485,106	767,853	390,249	-	73,643,208

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

7 Fixed assets (Continued)

(b) The Board

	Leasehold properties	Leasehold improvements	Motor vehicles	Furniture, fixtures and equipment	Total
Cost:					
At 1 April 2012	252,855,009	8,006,639	1,943,642	31,254,573	294,059,863
Additions	-	-	333,411	3,808,647	4,142,058
Disposals	-	-	(742,699)	(5,558,369)	(6,301,068)
At 31 March 2013	252,855,009	8,006,639	1,534,354	29,504,851	291,900,853
Accumulated depreciation:					
At 1 April 2012	180,369,903	7,238,786	1,553,393	31,254,573	220,416,655
Charge for the year	10,114,200	95,981	160,122	3,808,647	14,178,950
Disposals	-	-	(742,699)	(5,558,369)	(6,301,068)
At 31 March 2013	190,484,103	7,334,767	970,816	29,504,851	228,294,537
Net book value:					
At 31 March 2013	62,370,906	671,872	563,538	-	63,606,316
Cost:					
At 1 April 2011	252,855,009	8,006,639	1,788,603	43,294,565	305,944,816
Additions	-	-	445,999	3,805,450	4,251,449
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	252,855,009	8,006,639	1,943,642	31,254,573	294,059,863
Accumulated depreciation:					
At 1 April 2011	170,255,703	7,142,804	1,788,603	43,294,565	222,481,675
Charge for the year	10,114,200	95,982	55,750	3,805,450	14,071,382
Disposals	-	-	(290,960)	(15,845,442)	(16,136,402)
At 31 March 2012	180,369,903	7,238,786	1,553,393	31,254,573	220,416,655
Net book value:					
At 31 March 2012	72,485,106	767,853	390,249	-	73,643,208

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

8 Interests in a subsidiary

The Board

	2013	2012
Unlisted shares, at cost	1	1
Amount due from a subsidiary	29,283,153	9,374,397
Less: impairment loss	(29,283,153)	(9,374,397)
	1	1

As at 31 March 2013, the Board assessed the amount due from a subsidiary used for marketing and promoting Hong Kong is not expected to be recovered. Consequently, an additional impairment loss of \$19,908,756 (2012: \$9,374,397) was recognised during the year ended 31 March 2013.

The amount due from a subsidiary is unsecured, interest free and has 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

Total expenses of \$52,805 for the year ended 31 March 2013 (2012: \$50,555) in respect of the subsidiary was borne by the Board which has waived its right of recovery thereof.

9 Debtors, deposits and payments in advance

	The Group		The Board	
	2013	2012	2013	2012
Debtors	2,672,700	1,772,101	2,672,700	1,772,101
Deposits and payments in advance	17,022,698	17,678,370	16,191,609	16,777,153
	19,695,398	19,450,471	18,864,309	18,549,254

9 Debtors, deposits and payments in advance (Continued)

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	
	2013	2012	2013	2012
Australian Dollars	376,326	344,990	376,326	344,990
Chinese Yuan	974,155	1,354,150	974,155	1,354,150
Euros	638,312	1,090,090	638,312	1,090,090
Great British Pounds	424,647	444,904	424,647	444,904
Japanese Yen	4,706,980	5,405,972	4,706,980	5,405,972
New Taiwan Dollars	831,090	901,216	-	-
United States Dollars	670,481	422,730	670,481	422,730

The gross amount of debtors, deposits and payments in advance at 31 March 2013 that is expected to be recovered after more than one year for the Group is \$1,612,558 and the Board is \$1,404,421 (2012: the Group and the Board \$2,088,883).

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	
	2013	2012	2013	2012
Neither past due nor impaired	913,605	171,513	913,605	171,513
Less than 1 month past due	668,620	1,013,691	668,620	1,013,691
1 to 3 months past due	757,696	130,589	757,696	130,589
More than 3 months but less than 12 months past due	332,779	456,308	332,779	456,308
	1,759,095	1,600,588	1,759,095	1,600,588
	2,672,700	1,772,101	2,672,700	1,772,101

10 Cash and cash equivalents

	The Group		The Board	
	2013	2012	2013	2012
Deposits with banks and financial institutions	154,700,000	74,500,000	154,700,000	74,500,000
Cash at banks and in hand	8,154,178	75,779,119	7,977,860	74,121,810
Cash and cash equivalents in the statement of cash flows	162,854,178	150,279,119	162,677,860	148,621,810

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	
	2013	2012	2013	2012
Australian Dollars	2,020,053	2,410,277	2,020,053	2,410,277
Canadian Dollars	685,947	204,746	685,947	204,746
Chinese Yuan	309,621	689,269	309,621	689,269
Euros	184,161	648,376	184,161	648,376
Great British Pounds	1,105,325	554,615	1,105,325	554,615
New Taiwan Dollars	141,252	1,628,267	-	-
United States Dollars	1,147,453	1,187,212	1,147,453	1,187,212

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 0.01% to 2.10% (2012: The Group and the Board 0.02% to 2.10%).

11 Accounts payable and accruals

	The Group		The Board	
	2013	2012	2013	2012
Accounts payable	75,456,173	59,111,431	73,435,239	59,074,813
Other payables and sundry creditors	33,370,168	32,831,662	32,882,958	32,489,090
	108,826,341	91,943,093	106,318,197	91,563,903

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	
	2013	2012	2013	2012
Australian Dollars	2,517,663	1,966,277	2,517,663	1,966,277
Chinese Yuan	2,892,850	2,758,879	2,892,850	2,758,879
Euros	1,402,412	1,551,897	1,402,412	1,551,897
Great British Pounds	991,645	1,221,777	991,645	1,221,777
Japanese Yen	6,247,818	6,820,412	6,247,818	6,820,412
New Taiwan Dollars	2,145,085	463,244	-	84,054
Singapore Dollars	1,317,134	2,640,576	1,317,134	2,640,576
United States Dollars	5,655,609	11,133,515	5,655,609	11,133,515

The gross amount of accounts payable and accruals at 31 March 2013 that is expected to be settled after more than one year for the Group is \$6,236,383 and the Board is \$6,158,443 (2012: the Group and the Board \$7,984,353).

12 Deferred income

	The Group and The Board	
	2013	2012
Government subvention granted		
- 1994/95	250,000,000	250,000,000
Aggregate realisation:		
At 1 April	178,333,333	168,333,333
Realised during the year	10,000,000	10,000,000
At 31 March	188,333,333	178,333,333
Balance at 31 March	61,666,667	71,666,667
Less: Amount included in "current liabilities"	10,000,000	10,000,000
Amount included in "non-current liabilities"	51,666,667	61,666,667

13 Income tax in the consolidated statement of financial position

	The Group	
	2013	2012
Current taxation in the consolidated statement of financial position represents:		
Provision for overseas tax for the year	217,943	43,860
Provisional tax paid for the year	(21,655)	-
	196,288	43,860

14 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 14% (2012: 16%) 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:

	2013	2012
Present value of wholly or partly funded obligations	40,045,000	41,415,000
Fair value of plan assets	(78,549,000)	(77,641,000)
Net unrecognised actuarial gains	7,481,000	7,184,000
Defined benefit retirement plan asset	(31,023,000)	(29,042,000)

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 to pay \$Nil in contributions to the defined benefit retirement plan in the year ending 31 March 2014 since the Board has taken the contribution holiday recommended by an independent actuary, Towers Watson Hong Kong Limited ("Towers Watson").

14 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(ii) Plan assets consist of the following:

	2013	2012
Equity securities	42,204,000	40,761,000
Bonds	35,212,000	35,715,000
Cash at banks	1,133,000	1,165,000
	78,549,000	77,641,000

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

	2013	2012
At 1 April	41,415,000	37,379,000
Benefits paid by the plan	(5,736,000)	(4,785,000)
Current service costs	2,130,000	2,174,000
Interest cost	435,000	970,000
Actuarial losses	1,801,000	5,677,000
At 31 March	40,045,000	41,415,000

(iv) Movements in fair value of plan assets:

	2013	2012
At 1 April	77,641,000	81,298,000
Benefits paid by the plan	(5,736,000)	(4,785,000)
Actuarial expected returns on plan assets	4,546,000	4,873,000
Actuarial gains/(losses)	2,098,000	(3,745,000)
At 31 March	78,549,000	77,641,000

14 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(v) Income recognised in the consolidated income statement is as follows:

	2013	2012
Current service cost	2,130,000	2,174,000
Interest cost	435,000	970,000
Actuarial expected return on plan assets	(4,546,000)	(4,873,000)
Net actuarial gains recognised	-	(1,130,000)
	(1,981,000)	(2,859,000)

The income is recognised in the following line item in the consolidated income statement:

	2013	2012
Staff costs	(1,981,000)	(2,859,000)

(vi) The actual return on plan assets of the Board (taking into account all changes in the fair value of the plan assets excluding contributions paid and received) was a net gain of \$6,644,000 (2012: net gain of \$1,128,000).

(vii) The principal actuarial assumptions used as at 31 March 2013 (expressed as weighted averages) are as follows:

	2013	2012
Discount rate	0.90%	1.10%
Expected rate of return on plan assets	6.00%	6.00%
Future salary increases	4.50%	4.00%

The total expected long-term investment return is determined based on the weighted average of the expected long-term investment return for each asset class under the investment portfolio of the defined benefit retirement plan using the economic model of Towers Watson.

14 Employee retirement benefits (Continued)

The Group and the Board (Continued)

(a) Defined benefit retirement plan (Continued)

(viii) Historical information:

	2013	2012	2011	2010	2009
Present value of the defined benefit obligations	40,045,000	41,415,000	37,379,000	48,459,000	63,304,000
Fair value of plan assets	(78,549,000)	(77,641,000)	(81,298,000)	(88,543,000)	(76,702,000)
Surplus in the plan	(38,504,000)	(36,226,000)	(43,919,000)	(40,084,000)	(13,398,000)
Experience (gain)/loss arising from plan assets	(2,098,000)	3,745,000	(2,187,000)	(16,083,000)	22,093,000
Experience gain arising from plan liabilities	(355,000)	(148,000)	(913,000)	(5,093,000)	(1,203,000)

(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% (2012: 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 \$20,000 or \$25,000 (effective from 1 June 2012). Contributions to the scheme vest immediately.

15 Reserves

	The Group		The Board	
	2013	2012	2013	2012
General fund at the beginning of the year	90,633,456	82,212,169	88,497,981	82,212,169
Surplus for the year	6,908,879	8,421,287	10,741,380	6,285,812
General fund at the end of the year	97,542,335	90,633,456	99,239,361	88,497,981

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.

16 Commitments

At 31 March 2013, 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	
	2013	2012	2013	2012
Within 1 year	12,377,762	12,746,716	11,685,267	12,383,101
After 1 year but within 5 years	20,831,657	19,395,053	17,637,861	19,395,053
After 5 years	4,278,530	6,721,043	4,278,530	6,721,043
	37,487,949	38,862,812	33,601,658	38,499,197

The Group and the Board lease a number of properties 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. None of the leases includes contingent rentals.

17 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 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

2013

	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	8,947,261	8,947,261	-	-	-
Accounts payable and accruals	108,826,341	102,589,958	2,627,293	758,489	2,850,601
	117,773,602	111,537,219	2,627,293	758,489	2,850,601

2012

	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	18,127,722	18,127,722	-	-	-
Accounts payable and accruals	91,943,093	83,958,740	4,312,893	531,793	3,139,667
	110,070,815	102,086,462	4,312,893	531,793	3,139,667

17 Financial instruments (Continued)

(b) Liquidity risk (Continued)

The Board	2013				
	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	8,947,261	8,947,261	-	-	-
Accounts payable and accruals	106,318,197	100,159,754	2,627,293	680,549	2,850,601
	115,265,458	109,107,015	2,627,293	680,549	2,850,601

	2012				
	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	18,127,722	18,127,722	-	-	-
Accounts payable and accruals	91,563,903	83,579,550	4,312,893	531,793	3,139,667
	109,691,625	101,707,272	4,312,893	531,793	3,139,667

(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.

(d) Foreign currency risk

Exposure to currency risk

The Group makes certain purchases 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 British Pounds, New Zealand Dollars, Chinese Yuan, Singapore Dollars, New Taiwan Dollars, Korean Won and Thai Baht.

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

17 Financial instruments (Continued)

(d) Foreign currency risk (Continued)

For transactions denominated in Japanese Yen, Australian Dollars, Canadian Dollars, Euros, Great British Pounds, New Zealand Dollars, Chinese Yuan, Singapore Dollars, New Taiwan Dollars, Korean Won and Thai Baht, 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 2013 and 2012.

18 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.

19 Possible impact of amendments, new standards and new interpretations issued but not yet effective for the annual accounting year ended 31 March 2013

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which have not yet been effective for the year ended 31 March 2013 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, new standards and new interpretations 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 except for the following:

Revised HKAS 19, Employee Benefits

Revised HKAS 19 introduces a number of amendments to the accounting for employee benefits. Among them, revised HKAS 19 eliminates the "corridor method" under which the recognition of actuarial gains and losses relating to defined benefit schemes could be deferred and recognised in profit or loss over the expected average remaining service lives of employees. Under the revised standard, all actuarial gains and losses are required to be recognised immediately in other comprehensive income. This will change the Group's accounting for defined benefit plans under which the corridor method is currently applied. Upon retrospective adoption of the revised HKAS 19, the Group's retained earnings as at 1 April 2012 and 31 March 2013 will increase by \$7,184,000 and \$7,481,000 respectively to \$97,817,456 and \$105,023,335 respectively.