
LAWS AND REGULATIONS

LAWS AND REGULATIONS IN HONG KONG

Travel Agents Ordinance (Chapter 218 of the Laws of Hong Kong)

The TAO provides, among others, the legislative framework for the regulation and control of travel agents and the operation of the TICF.

Under the TAO, any person carrying on business as a travel agent is required to obtain a licence from the RTA.

Under the TAO, a travel agent includes an outbound travel agent and an inbound travel agent.

An outbound travel agent is a person who carries on business in Hong Kong of obtaining for another person:

- (a) carriage, by any means of conveyance, on a journey which is to commence in Hong Kong and which thereafter is to take place mainly outside Hong Kong; or
- (b) accommodation at a place outside Hong Kong for which payment is, or is to be, made to that person by or on behalf of that other person of an amount on account of the cost of that accommodation;

except where that person is the operator of that carriage provided under item (a); or the accommodation is intended to be occupied by the same person for a period exceeding fourteen days at that place provided under item (b).

An inbound travel agent is a person who carries on business in Hong Kong of obtaining for a visitor to Hong Kong:

- (a) carriage, by any means of conveyance, on a journey which is to commence outside Hong Kong and which either:
 - (1) terminates in Hong Kong; or
 - (2) involves the visitor passing through immigration controls before departing from Hong Kong;
- (b) accommodation in Hong Kong for which payment is, or is to be, made to that person by or on behalf of the visitor of an amount on account of the cost of that accommodation; or
- (c) one or more of the following prescribed services:
 - (1) sightseeing or visits to local places of interest;
 - (2) restaurant meals or other catered meals;
 - (3) shopping trips;
 - (4) local transport in connection with an activity referred to in item (c)(1), (c)(2) or (c)(3) above.

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except where that person is the operator of that carriage provided under item (a); or the accommodation is intended to be occupied by the same person for a period exceeding fourteen days under item (b); or that person is the owner or operator of the service being provided to the visitor.

Travel Agents Registry

The TAR was established in 1985. It is responsible for the administration of the TAO and aims to raise the standard of the trade through regulation of travel agents. It strives to protect the interest of outbound travellers and inbound visitors and enhance the reputation of the tourism industry in Hong Kong.

Licensing requirements for Travel Agents

Under section 9 of the TAO, no person shall carry on business as a travel agent without a licence or at any place other than specified in that licence or otherwise than in accordance with the conditions imposed by the RTA.

In general, the RTA shall grant a licence by directing an approved organisation to accept the applicant who is a fit and proper person to carry on business as a travel agent in accordance with section 11 of the TAO. Under section 12 of the TAO, the RTA may refuse to grant the licence if, in the case of an applicant who is a body corporate, it is of the opinion that:

- (a) the applicant is not a fit and proper person to carry on business as travel agent;
- (b) any controller of such body corporate is not a fit and proper person to be associated with the business of a travel agent;
- (c) any director or secretary or officer thereof in Hong Kong, is not a fit and proper person to be associated with the business of a travel agent; or
- (d) the premises to which the application relates or the situation thereof are not suitable for the carrying on of the business of a travel agent.

According to section 12(2) of the TAO, when determining whether someone would be a fit and proper person, the RTA shall have regard to a number of factors such as whether he had been convicted of any offence involving fraud, corruption or dishonesty, whether he had been convicted of any offence against the TAO, whether he is an undischarged bankrupt, or in the case of a body corporate, whether it is in liquidation or is the subject of a winding up order.

PTHK and Worldwide Package have been licensed travel agents under the TAO during the Track Record Period. Every licence shall be valid for a period of twelve months, or such lesser period as may be specified in the licence, from the date on which it is granted. Subject to sections 11 and 12 of the TAO, a licensee may renew his licence for a period not exceeding twelve months, during the period of not more than two months and not less than one month prior to the expiration of the licence or within such a period as the RTA may permit.

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Below is a table setting out the details of the licences issued to our Group as at the Latest Practicable Date:

<u>Licence number</u>	<u>Date of issuance</u>	<u>Date of expiry</u>	<u>Member of our Group</u>
350217	1 August 2016	1 August 2017	PTHK
351028	21 June 2016	21 June 2017	Worldwide Package
351028(1)	21 June 2016	21 June 2017	Worldwide Package
351028(2)	21 June 2016	21 June 2017	Worldwide Package
351028(3)	21 June 2016	21 June 2017	Worldwide Package

The TAO empowers the RTA to suspend or revoke a licence if:-

- 1) a licensee who is an individual becomes a mentally disordered person;
- 2) the licensee has ceased to carry on business as a travel agent;
- 3) upon investigation, the RTA considers that any matter under section 12(1) of the TAO applies or the licensee is operating contrary to public interest;
- 4) the licensee has failed to pay any levy or any financial penalty under the provisions of the TAO; or
- 5) the licensee is no longer a member of the TIC.

The suspension or revocation of a licence does not operate so as to avoid or affect any right, obligation or liability under any agreement, transaction or arrangement relating to the supply of a travel service entered into at any time before the suspension or revocation and in relation to which a sum of money has been paid at any time before that suspension or revocation.

It is a requirement under the Travel Agents Regulations (Chapter 218A of the Laws of Hong Kong) that every licence must be kept displayed, at a place in the specified premises which is conspicuous to the public.

TAO and change of ownership or control

Section 16 of the TAO provides that a licensee shall not change or permit any change of ownership or control of his business as a travel agent without obtaining prior approval in writing from the RTA. If the licensee intends to change the ownership or control of his business, then he must give written notice to the RTA. On 8 April 2016, PTHK and Worldwide Package sought approval from the RTA. Both of PTHK and Worldwide Package received the notices of approval from the RTA in relation to the respective changes pursuant to the Reorganisation on 24 June 2016. For details on the Reorganisation, please refer to “History, Reorganisation and Development”.

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Section 48 of the TAO sets out the offences in contravention of various provisions of the TAO and the maximum penalties for such offences.

The TIC

The TIC is an approved organisation under the TAO and was established to regulate travel agents through a membership system, codes of conduct and directives.

Membership of the TIC

There are three classes of members: association members, ordinary members and affiliate members. PTHK and Worldwide Package are both ordinary members of the TIC.

According to the articles of association of the TIC, an ordinary member must be a limited company registered in Hong Kong and must satisfy the requirements under article 4(2) of the same, inter alia, only conduct travel-related and tourism business and is a member of an association member of the TIC.

The list of association members of the TIC are as follows:

- 1) Hong Kong Association of Travel Agents (HATA)
- 2) The Federation of Hong Kong Chinese Travel Agents (FHCTA)
- 3) International Chinese Tourist Association Limited (ICTA)
- 4) Society of IATA Passenger Agents (SIPA)
- 5) Hongkong Taiwan Tourist Operators Association (TTOA)
- 6) Hong Kong Association of China Travel Organisers (HACTO)
- 7) Hong Kong Outbound Tour Operators' Association (OTOA)
- 8) Hongkong Japanese Tour Operators Association (HJTOA)

Other requirements include:-

- 1) minimum paid-up capital of HK\$500,000 plus a further HK\$250,000 for each branch office; and
- 2) employs at each premises at least one manager who has a minimum of two consecutive years' of relevant experience within the recent five years and another full-time staff member.

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There are two types of memberships for travel agents:

	<u>Affiliate members</u>	<u>Ordinary members</u>
Branch offices	Branch offices are not allowed.	Branch offices are allowed.
Services	They can book hotel rooms and air tickets, retail package tours and perform other travel related dealings. They are not allowed to organise or operate outbound tours.	They may conduct any travel-related and tourism business.

The following sets out the details of our Group's membership for our headquarters and branches with the TIC as at the Latest Practicable Date:

<u>Membership organisation (class)</u>	<u>Date of expiry</u>	<u>Member of our Group (Location)</u>
TIC (ordinary)	30 June 2017	PTHK (Tsim Sha Tsui)
TIC (ordinary)	30 June 2017	Worldwide Package (Tsim Sha Tsui)
TIC (ordinary)	30 June 2017	Worldwide Package (Causeway Bay)
TIC (ordinary)	30 June 2017	Worldwide Package (Mong Kok)
TIC (ordinary)	30 June 2017	Worldwide Package (Shatin)

Throughout the Track Record Period, PTHK and Worldwide Package were members of the association members of the TIC. The following sets out details of the memberships of PTHK and Worldwide Package as at the Latest Practicable Date:

<u>Membership organisation (class, if any)</u>	<u>Date of expiry</u>	<u>Member of our Group</u>
International Chinese Tourist Association Limited 國際華商觀光協會有限公司	31 December 2016 ^(Note)	PTHK
Hongkong Japanese Tour Operators Association 香港日本人旅客手配業社協會 (full)	31 March 2017	PTHK
The Federation of Hong Kong Chinese Travel Agents Limited 香港華商旅遊協會有限公司 (ordinary)	31 December 2016 ^(Note)	Worldwide Package
Hong Kong Association of China Travel Organisers Limited 香港中國旅遊協會有限公司 (ordinary)	31 December 2016 ^(Note)	Worldwide Package

Note: Application has been made by PTHK and Worldwide Package to renew their respective membership. Our Directors confirmed that there is not expected to be any impediment in renewing the memberships and our Group's existing TIC memberships will not be revoked if we fail to renew in time any of the memberships of the association members of the TIC.

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The TIC requires its members to seek its approval of any changes in the members' shareholders, directors, controllers, partners or owners prior to the change. On 27 April 2016, PTHK and Worldwide Package sought approval from the TIC. Both of PTHK and Worldwide Package received the TIC's notices of approval in relation to the respective changes pursuant to its Reorganisation on 4 July 2016. For details on the Reorganisation, please refer to "History, Reorganisation and Development".

Hong Kong Association of China Travel Organisers requires members to notify them of any change in shareholders (including directors and/or licensee) within two weeks after the change. On 5 May 2016, Worldwide Package notified the Hong Kong Association of China Travel Organisers of the proposed change of its shareholders pursuant to the Reorganisation, which was duly noted by the Hong Kong Association of China Travel Organisers.

TIC's codes of conduct for members

The TIC requires every member to abide by its codes of conduct. Such codes represent the minimum standards which its members are required to follow in all business transactions and practice. Members are liable to be penalised if their conduct is found to be in contravention of any code or otherwise inconsistent with the objectives of the TIC. The codes which are most material to our Group's business include the General Code of Conduct for TIC Members, Code of Business Practice on Outbound Package Tours and Code of Advertising Practice for TIC Members.

The General Code of Conduct for TIC Members sets out high professional standards and ethical guidelines for the members. It is a minimum standard that the members need to follow in all their business transactions and practice. The TIC has the authority to raise questions to members concerning their conduct, and the members are required to answer promptly and efficiently in accordance with the articles of association and various codes of the TIC.

The Code of Advertising Practice for TIC Members requires members to provide clear and accurate information when advertising to the public. It guards against practices such as discrediting competitors, excessive spending, or other advertising activities contrary to the interests of the travel industry as a whole. In particular, it specifies the information that needs to be included in package tour brochures, and requires such brochures to be approved by and registered with the TIC before despatch or dissemination, or the promotions or sale of the tours therein.

The Code of Business Practice on Outbound Package Tours regulates activities between TIC members and the public, as well as activities between members in relation to outbound package tours. In particular, it governs the operating standards and sales procedures of outbound package tours and regulates competitive commercial practices to protect public interest. For instance, it provides that the "conditions of tour booking and responsibilities" shall clearly state the amount of, or the basis for calculating the cancellation fees for which clients shall be liable to incur as well as the terms and conditions under which clients shall be liable to incur such fees. It also requires that the members ensure their tour escorts leading outbound tours hold valid Tour Escort Passes.

For more information on Tour Escort Passes and the Code of Conduct for Outbound Tour Escorts, please refer to "— Tour Escorts" below.

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TIC's directives

As at the Latest Practicable Date, the TIC has issued 77 directives which are currently effective. Membership with the TIC may be terminated where a member or its director, controller or officer fails to observe or materially contravenes any of the TIC's directives. The TIC's directives which are most material to our Group's business include the following:

Directive Number	Subject
229	Cancellation of outbound package tours during Chinese New Year
228	Registration of outbound package tour brochures (with effect from 1 March 2017)
224	Package tour service charge
223	Cancellation of package tours for "reasons beyond control"
217	Package tour brochures (to be superseded by directive number 228 from 1 March 2017 onwards)
214	Provision of products or services by licensed suppliers
213	Self-pay activities of outbound package tours
209	Advertisement of articles, services or concessions included in or offered with package tours
208	Control on advertisement of package tours
207	Control on advertisement of air tickets
192	Tourist Guide Accreditation System
189	Arrangements of accompanying outbound tour escorts
177	Definition of "reasons beyond control"
169	Outbound Tour Escort Accreditation System
166	Reservation of air-plus-hotel packages
157	Prohibition of voiding air tickets unilaterally
153	Refund arrangements for tour cancellations
149	Following up of settlements or rulings concerning complaints lodged by outbound travellers/inbound visitors
142	Investigation of consumer/tourist complaints
135	Compensation for package tours guaranteed to depart
129	Exemption of charter tours from registration
128	Amendment to the definition of "advertisement"
106	Code of Business Practice on Outbound Package Tours
098	Code of Business Practice on Outbound Package Tours
088	Ruling on refund of deposit
079	Code of Business Practice on Outbound Package Tours — Visa Fee
077	Code of Business Practice — Cancellation of Package Tour
059	Franking machines and levy stickers

TIC directives in the outbound category, especially those relating to ticketing and advertising, and refund arrangements for tour cancellations, are most relevant to our Group:

TIC directives relating to refund arrangements for tour cancellations by a travel agent

(i) Reasons beyond control

- Directive number 223 (issued on 17 April 2015) provides that travel agents must state in clear language how the monies paid by consumers will be handled should package tours

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be cancelled because of reasons beyond control, including the amount of handling fee (if any) and the cancellation charges. Such information must be stated clearly in the tour booking terms and conditions made available to customers before they sign up for the package tours.

(a) Notification

If any package tours are cancelled before departure because of reasons beyond control, members shall notify the tour participants as quickly as possible. When notifying tour participants of the cancellation, travel agents must clearly inform the tour participants that they may collect cancellation charges and of the amount of the handling fee (if any) collected for cancelling package tours for reasons beyond control. Travel agents must also notify participants of the amounts of the cancellation charges within seven working days after submission of proof for collection of the cancellation charges to the TIC (counting from the date on the written proof submitted by them).

(b) Cancellation charges

Cancellation charges refer to charges imposed by the major transport providers because the travel agents have cancelled their bookings. Travel agents are allowed, when making refund to the tour participants, to collect the actual amounts of the cancellation charges subject to the total amounts not exceeding the tour fares or part thereof paid by the tour participants. If the travel agents collect or do not collect the cancellation charges, they must equally, within seven working days after cancellation of the package tours, refund the tour participants monies, which include the tour fares, airport passenger departure tax, fuel surcharges imposed by airlines and service charges imposed by the travel agent.

If the package tour is terminated after departure, travel agents must within one month after the participants return to Hong Kong, refund the monies proportionate to the reduction in costs and submit relevant supporting documents to the TIC;

- Directive number 177 (issued on 9 October 2009) defines “reasons beyond control” as hostilities, political unrest, terror attacks, natural disasters, pestilences, bad weather, technical problems to transport, changes to the frequency or timetable of any means of conveyance by its operator without advance notice, strikes, industrial action, travel advisories (warnings) issued by governments of the destinations or the World Health Organisation, red or black outbound travel alerts issued by the Hong Kong SAR Government, and any other situations of which the industry has no control and which are unfavourable to outbound trips of travellers;
- Directive number 153 (issued on 20 November 2006) provides that travel agents must make refund applications to banks for credit card payments of tour fares within seven working days if a package tour is cancelled prior to its departure for reasons beyond control;

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(ii) *Reasons not beyond control*

- Directive number 77 (issued on 15 April 1999) provides that a travel agent who cancels a package tour shall notify its customers at least seven days in advance of the departure date (excluding departure date). If a travel agent fails to do so, it must make full refund of all monies paid and offer to pay an amount equivalent to 15% of the package tour price but not exceeding HK\$1,000 to the customer as compensation within three working days. This directive does not apply to destinations within Guangdong Province;
- According to the Code of Business Practice on Outbound Package Tours, if a travel agent cancels a package tour to any destination (except within Guangdong Province) prior to its commencement for reasons not beyond control, it shall notify the customer at least seven working days in advance excluding the departure date. Failing which, it must make full refund of all money received, and must also offer to pay 15% of the price of the package tour but not exceeding HK\$1,000 as compensation within three working days. For Guangdong destinations, the notification requirement is at least one day in advance excluding departure date, and must offer to pay the same percentage of compensation within three working days (under directive number 98, issued on 5 October 2001);
- Directive number 153 (issued on 20 November 2006) provides that travel agents must make refund applications to banks for credit card payments of tour fares within three working days if a package tour is cancelled prior to its departure for reasons not beyond control; and
- Directive number 135 (effective from 17 June 2005) provides that if a package tour which has been guaranteed to depart is cancelled by a travel agent not for reasons beyond its control, the travel agent must pay each tour participant concerned 15% of the price of the relevant tour but not exceeding HK\$1,000 as compensation within three working days. However, if, immediately after the occurrence of some severe incidents, a member cancels a package tour guaranteed to depart before departure because of safety reasons, it does not need to offer any compensation to the travellers concerned.

This directive shall be implemented together the Code of Business Practice on Outbound Package Tours. In other words, if a package tour guaranteed to depart is cancelled by a travel agent not for reasons beyond its control and without sufficient notice, the travel agent concerned shall pay each of the tour participants 30% of the price of the relevant tour but not exceeding HK\$2,000 as compensation, of which 15% is for cancellation of a package tour guaranteed to depart and 15% is for cancellation of a tour without sufficient notice.

- Directive number 229 (issued on 16 December 2016) provides that if a travel agent cancels an outbound package tour which commences during 27-31 January 2017 (both days inclusive), it shall notify its agents and customers of the cancellation before the stipulated periods in advance (14 days for package tours to any destinations except those totally within Guangdong Province, five days for package tours to Guangdong Province, both excluding the departure and notification dates). Failing that, the travel agent shall make a full refund of all money received, and shall also offer to pay 15% of the price of the relevant package tour but not exceeding HK\$1,000 to its customers as compensation

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within three working days. This directive shall be implemented together with directive number 135 above, which means if the cancelled package tour was guaranteed to depart, the travel agent shall pay the customers up to 30% of the price of the relevant tour but not exceeding HK\$2,000 as compensation.

Other TIC directives

- Directive number 129 (issued on 15 November 2004) provides that for charter tours, which means package tours organised by travel agents in accordance with the demands of individual group clients, travel agents shall frank all their receipts immediately upon receipt of the fares in order to pay the 0.15% levy.
- Directive number 166 (issued on 15 June 2007) provides that for air-plus-hotel packages, travel agents shall specify whether the package is “confirmed” or “subject to confirmation”. For air-plus-hotel packages that are subject to confirmation, if travel agents are unable to provide such packages at the originally agreed price and by the confirmation date, they shall refund the money paid by their customers within three working days without having to pay any compensation. For air-plus-hotel packages that are confirmed, if travel agents are unable to provide such packages on which they have merely collected deposits, they shall notify their customers as such at least seven days prior to departure (excluding the day of departure) in accordance with the existing rules governing cancellation of package tours. Otherwise, they shall offer to pay within three working days each customer 15% of the price of the relevant package but not exceeding HK\$1,000 as compensation. This rule also applies to bookings made by customers which fall within seven days prior to departure. If travel agents are unable to provide such packages for which they have collected full payment, they shall handle such situations in accordance with the existing rules governing cancellation of package tours guaranteed to depart.
- Directive number 169 (issued on 15 October 2007) is in relation to outbound tour escort accreditation system. All outbound tour escorts shall be, and continue to be, holders of a valid Tour Escort Pass issued by the TIC in accordance with applicable terms and conditions as in force and as amended from time to time;
- Directive number 208 (issued on 13 July 2012) is in relation to advertising services and provides that advertisements for package tours must clearly mention the prices and duration of the tours, together with the full names, abbreviations or logos of the relevant carriers;
- Directive number 213 (issued on 16 May 2013) is in relation to self-pay activities of outbound package tours and provides certain points which need to be observed irrespective of whether self-pay activities are included in the itinerary of outbound package tours;
- Directive number 214 (issued on 11 October 2013) is in relation to provision of products or services by licensed suppliers and provides that travel products or services arranged by travel agents for outbound travellers and inbound visitors shall be provided by

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licensed or legally registered suppliers in order to enhance the protection for consumers and members;

- Directive number 217 (issued on 13 June 2014 and to be superseded by directive number 228 below) is in relation to package tour brochures and collection of tour payment. It amends the Code of Business Practice on Outbound Package Tours and sets out the information that needs to be included in package tour brochures. It requires all package tour brochures to be registered with TIC two working days before their despatch or dissemination, or the promotion or sale of the tours therein. Travel agents shall not despatch or disseminate the brochures, or promote or sell the tours therein until the registration is approved. The information submitted to TIC for registration shall clearly specify the lower limits of tour fares and travel agents shall not sell package tours whose fares are below such limits. If travel agents intend to adjust tour fares below the registered lower limits, such information needs to be re-registered with TIC and travel agents shall not despatch or disseminate the revised brochures, or promote or sell the tours therein until the registration is approved.

Directive number 217 further provides that all package tours brochures shall contain clear, comprehensive and accurate information to enable consumers to make an informed decision in their choice of suitable package tours, and shall include information such as the major modes of transport, type and name of accommodation and arrangements for meals, any additionally provided facilities or special arrangements, the procedures for bookings, the contractual conditions for making and cancelling bookings, the responsibilities of the members and its customers, the tour fare and other related charges;

- Directive number 228 (issued on 11 November 2016) will supersede directive number 217 above from 1 March 2017 onwards and is applicable to package tour brochures submitted to TIC for registration on or after 1 March 2017. It maintains the present package tour brochure registration system. In this directive, “package tour brochures” is expressly defined to include, apart from physical documents, also electronic documents prepared by travel agents which explain to customers the transport, accommodation and/or itinerary arrangements of package tours and which are intended to be used by travel agents for advertising purposes, such as itineraries or leaflets of package tours.

Travel Industry Compensation Fund

The TICF was established under section 32C of the TAO and maintained by the Travel Industry Compensation Fund (Amount of Ex Gratia Payments and Financial Penalty) Rules (Chapter 218E of the Laws of Hong Kong) and the Travel Industry Compensation Fund (Procedure for Ex Gratia Payments) Rules (Chapter 218F of the Laws of Hong Kong). It aims to protect outbound travellers by providing ex gratia payment to outbound travellers who are aggrieved by the default of travel agents, and to provide financial relief to group tours and package tour travellers who have suffered from personal injuries or death arising from accidents whilst touring outside of Hong Kong. According to section 32C(2) of the TAO, the fund consists of money received from a variety of sources such as the fund levy, money borrowed, investment income, financial penalty, and other money paid into the fund.

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The TICF provides protection to outbound travellers who may claim:

- 1) up to 90% of the outbound fare paid if a licensed travel agent patronised defaults; and
- 2) up to a maximum amount of HK\$300,000 as financial relief in case of death or injury caused by an accident abroad in an activity of an outbound package tour provided or organised by a licensed travel agent under the Package Tour Accident Contingency Fund Scheme, subject to the maximum limit for each item:

<u>Item</u>	<u>Maximum limit</u>
Medical expenses incurred in the place of accident outside Hong Kong	Up to HK\$100,000
Expenses incurred in the place of accident outside Hong Kong for funeral or return of dead body/ashes to Hong Kong	Up to HK\$100,000
Expenses incurred by relatives of an outbound traveller for making compassionate visit to the place of accident	Up to HK\$100,000 (HK\$25,000 per relative)

Tour escorts

Accreditation for outbound tour escorts

In view of raising the standard of outbound tour escorts, the TIC decided that all tour escorts leading outbound tours must hold a valid Tour Escort Pass (“TEP”). To apply for a TEP, one needs to complete the Certificate Course for Outbound Tour Escorts organised by the TIC with a full attendance record (or hold other certificates recognised by the TIC) and pass the Certificate Examination for Outbound Tour Escorts given by the TIC. The TEP is valid for three years, and may be renewed for additional terms of three years. As at the Latest Practicable Date, our Group had 64 tour escorts each holding a valid TEP.

TEP holders found to be in breach of any provisions of the Code of Conduct for Outbound Tour Escorts or found to be unsuitable to continue performing the duties of tour escorts because of misconduct may have their TEPs suspended or revoked.

Code of Conduct for Outbound Tour Escorts

This code sets out the principles and professional ethics the outbound tour escorts ought to follow, so as to ensure provision of high quality and safe service to outbound tour participants and to uphold the reputation of the outbound tourism industry and the tour escort profession.

Levy and franking machine

Levy

Under the TAO, a travel agent is required to contribute to the TICF and the TIC by way of levy. With effect from 3 July 2009, the TICF levy has been suspended. Travel agents are only required to contribute 0.15% council levy of the outbound fare received to the TIC.

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Franking Machine

All licensed members shall install a franking machine. All package tour receipts must be franked with a 0.15% council levy of the outbound fare received. All receipts must be printed or stamped with a levy sentence in both English and Chinese, stating: “All package tour receipts must be franked for your protection” and “旅行團收據應蓋印花方可獲得保障”.

Publication of advertisements

When publishing any advertisement referring to the provision of a travel service by any person required to be licensed under the TAO, the advertisement must relate to the provision of a travel service by a licensed travel agent and the licence number must be stated clearly in the advertisement. Any person who is found liable under this offence would be subject to a fine of HK\$2,000 under section 47(2) of the TAO.

Further, the articles of association of the TIC provides that no member shall publish a brochure unless such brochure contains all such information as the TIC may require to be included in brochures and specimens which have been submitted to the TIC for registration before its publication. Any amendments to such registered brochure must have been submitted to the TIC for registration before its publication.

Trade Descriptions Ordinance (Chapter 362 of the Laws of Hong Kong) (“TDO”)

The TDO prohibits false trade descriptions, misleading or incomplete information, false marks and misstatements in respect of goods and services provided in the course of trade or supply of such goods and certain unfair trade practices. In relation to goods, applying a false trade description to any goods, supplying or offering to supply any goods to which a false trade description is applied, or having possession for sale (or for any purpose of trade or manufacture) any goods with false trade description applied is prohibited. With regards to services, applying a false trade description to a service supplied or offered to be supplied to a consumer or supplying or offering to supply to a consumer a service to which a false trade description is applied is prohibited. Furthermore, a trader who adopts “Unfair Trade Practices” commits an offence. The five categories of such practices outlined in Part IIB of the TDO are misleading omissions, aggressive commercial practices, bait advertising, bait and switch, and wrongly accepting payment. The Customs and Excise Department and the Communications Authority are the enforcement agencies for the TDO.

Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong) (“PDPO”)

The PDPO aims to protect the privacy rights of a person in relation to personal data — information which exists in a form that enables access or processing, relates directly or indirectly to a living person, and can be used to identify that person. The PDPO governs data collection, data accuracy and retention, data use, data security, disclosure of data use, data access and correction. Non-compliance of the Data Protection Principles does not directly constitute a criminal offence, but contravention of an enforcement notice may result in a maximum fine of HK\$50,000 and imprisonment for two years.

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Travel insurance

The Hong Kong Federation of Insurers

The HKFI was established in 1988. As a self-regulatory body of insurers, it represents the insurance industry in HK, and aims to advance and promote the development of insurance business in HK. It was responsible for setting up the IARB, and directs the board to execute its various functions. In particular, the HKFI issued the IA Code of Practice, which is being implemented and administered by the IARB.

Administration of Insurance Agents

Insurers and insurance agents are regulated by the ICO. A person holding himself out as an insurance agent is required by the ICO to be properly appointed as an insurance agent (section 65 (1)(a)) — namely, appointment by an insurer and registration with the IARB are required. Travel agents can be registered as insurance agents with the IARB as an agent or subagent of one or more insurers in order to advise on or arrange contracts of insurance in or from Hong Kong. The responsible officer of an insurance agent is responsible for the agent's insurance agency business.

The ICO requires insurance agents to follow the IA Code of Practice. The IA Code of Practice is issued by the HKFI and endorsed by the IA. It governs how the insurers should administer insurance agents. For instance, it describes the rules and procedures governing the registration and de-registration of insurance agents, the fit and proper criteria of insurance agents, the minimum requirements of the agency agreement, and the IARB's power to handle complaints and require the insurers to take disciplinary actions against their insurance agents. For example, the disciplinary procedures may include issuing reprimand or suspending/terminating appointment.

The HKFI/IARB may issue guidance notes from time to time on how the IA Code of Practice would be implemented. For example, the guidance notes issued include guidelines on misconduct, handling of premiums and the effective date of registration of insurance agents, responsible officers and technical representatives. With particular relevance to our Group's business are the Guidance Note on Restricted Scope Travel Business — meaning the effecting and carrying out of contracts of travel insurance tied to a tour, travel package, trip or other travel service by a travel agent for his clients and the Guidance Note on Compliance with the Requirements of the Continuing Professional Development (“CPD”) Programme for Registered Persons who are Registered as Engaging in Restricted Scope Travel Business (“RSTB”) Only which explains the particular education requirements and continuing professional development requirements specific to persons registered as engaging in RSTB only.

The following table sets out the details of our Group's registration with IARB:

<u>Name of insurance agent</u>	<u>Expiry date of registration</u>	<u>Responsible officer</u>	<u>Appointing insurer</u>
Worldwide Package	8 November 2018	Mr. CN Yuen	Chubb Insurance Hong Kong Limited

LAWS AND REGULATIONS

Insurance Intermediaries Quality Assurance Scheme (the “Scheme”)

Under the Scheme, responsible officers and technical representatives of all insurance intermediaries, such as insurance agents are required to take the Insurance Intermediaries Qualifying Examination (“IIQE”) as one of the requirements to enter the profession, unless otherwise exempted. The IIQE is conducted by the PEAK Examination Centre of the Vocational Training Council, and consists of three parts: the Basic Examination Paper, the Qualifying Examination Papers, and the Travel Insurance Agents Examination Paper (“TIA Paper”). Once qualified, insurance intermediaries still need to comply with requirements of the CPD programme thereafter to maintain their registration, otherwise they may face disciplinary actions or deregistration.

Competition Ordinance (Chapter 619 of the Laws of Hong Kong)

The Competition Ordinance prohibits the conduct that prevents, restricts or distorts competition in Hong Kong; prohibits mergers that substantially lessens competition in Hong Kong, and provides for incidental and connected matters.

The Competition Ordinance includes the first conduct rule and the second conduct rule. The first conduct rule states that an undertaking shall not make or give effect to an agreement, engage in a concerted practice, or, as a member of an association of undertakings, make or give effect to a decision of the association, if the object or effect of the agreement, concerted practice or decision is to prevent, restrict or distort competition in Hong Kong. The second conduct rule prohibits anti-competitive conduct by a party with substantial market power in a market; such party must not abuse that power by engaging in conduct that has as its object or effect the prevention, restriction or distortion of competition in Hong Kong. Upon breach, the Competition Tribunal may impose penalties or orders against offenders such as pecuniary penalties, director disqualifications, prohibition orders or damages. For pecuniary penalty, section 93 of the Competition Ordinance enables the Competition Tribunal to award a penalty of up to 10% of the turnover of the undertakings involved for up to three years in which the contravention occurs.

LAWS AND REGULATIONS IN JAPAN ON GUIDE INTERPRETATION

The guide interpretation activities are mainly regulated by the Guide-Interpreter Law in Japan (通訳案内士法) (Act No. 12 of May 10, 1949) (the “**Guide-Interpreter Law**”). Article 36 of the Guide-Interpreter Law states that “any person who is not qualified as a guide-interpreter may not engage in the business of guide interpretation with receipt of a reward” and article 2 of the Guide-Interpreter Law defines “guide interpretation” as the provision of guide on travel by attending a foreigner and using a foreign language.