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HONG KONG TOURISM BOARD 香港旅遊發展局

26 June 2002

Andrew T. Levine
President
Development Counsellors International
461 Park Avenue South
New York, NY 10016

Dear Andy:

Welcome to the HKTB family. As you well know by now, Development Counsellors International (DCI) has been selected as our agency of record in the US effective 01 July 2002.

While your legal department is still going through the contract that was sent to you yesterday, I would like to confirm that, as per our agreement, DCI's duties and responsibilities as our PR agency officially begins on 01 July 2002.

We look forward to working with you and your team. If you have any questions, please don't hesitate to call us.

Sincerely yours,

Lily Shum
Regional Director, The Americas

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A DCI Success Plan for Hong Kong Tourism Board

PROGRAM BUDGET
(July 1, 2002-June 30, 2003)

	$US
Professional Fees:	
DCI Partnership Professional Fees for Program Design and Execution ($11,500/month x 12 months)	$138,000
Program Expenses:	
Communications (Telephone/fax/messenger/courier delivery: $750/month x 12 months)	$ 9,000
Printing and Distribution of Press Releases ($1,200/month x 12 months)	$ 14,400
DCI travel to Hong Kong for immersion tour/ reporting (4 visits to Hong Kong x $1,500/visit)	$ 6,000
Media Audit ($1.75/survey x 500 surveys)	$ 875
Design of "Star Ferry Scribes" Certificate	$ 1,500
Contingency Fund (10% of program expenses)	$ 4,000
Expenses Subtotal	$ 35,775
PROGRAM TOTAL:	**$173,775**

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XI. SUMMING IT UP

Since 1960, DCI has specialized in "putting faces on places." We've worked for some of the most dynamic destinations of the world including Sydney (via our work with the Australian Tourist Commission), Cape Town (with the South African Tourism Board), Stockholm (with the Swedish Travel and Tourism Council), and Nice (Nice Convention Center).

Hong Kong is one of the great cities of the world. We would welcome the opportunity to put our experience to work for the Hong Kong Tourism Board to "trigger a tourism turnaround" in the year ahead and help build North American arrivals to surpass the one-million visitor mark in 2003.

Sincerely,

Andrew T. Levine
President

Peggy R. Bendel
Senior Vice President

Christine Hinz
Senior Account Supervisor

Neilia Stephens
Account Executive

Ibis Santana
Director, Administrative Operations

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VIII. THE BUDGET

We have designed this as a 24-month program to begin as early as July 1, 2002 and continue through June 30, 2004. Approximately four weeks before the conclusion of this program, DCI would provide a detailed report outlining recommendations for the program's continuation in subsequent years.

The attached first-year budget (presented in U.S. dollars) is divided into two elements: professional fees and projected out-of-pocket expenses. The latter item represents our current estimates based on recent experience. The Hong Kong Tourism Board would pay only for actual expenses; DCI does not charge markup on any expense items.

Professional fees would be $11,500 per month. Expenses will be billed as they occur with documentation; client payment is requested within 15 days of billing. Ordinary DCI expenses (telephone, photocopying, overnight packages and other similar costs) and any out-of-pocket travel expenses will be billed separately with appropriate documentation. The cost of special events, and of journalist travel to Hong Kong for individual and group press trips, are examples of such expenses.

Within the workplan, DCI has outlined a series of designated activities with clear goals. Professional fees for additional projects beyond these designated activities (such as website development/programming, database development/management costs associated with the "City of Life Travel Club," all journalist travel to Hong Kong, travel costs associated with DCI attendance at media/consumer events, speech writing and or additional group press trips/media tours/special events), will be negotiated on a case-by-case basis and billed separately.

This agreement may be canceled by either party, DCI or the Hong Kong Tourism Board, for any reason upon 30 days written notice to the other. The program shall continue on a month-to-month basis after June 30, 2004 unless both parties mutually agree upon new terms of operation.

LETTER OF AGREEMENT BETWEEN
THE HONG KONG TOURISM BOARD
AND
DEVELOPMENT COUNSELLORS INTERNATIONAL (DCI)

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The Hong Kong Tourism Board of 9th – 11th Floors, Citicorp Centre, 18 Whitfield Road, North Point, Hong Kong agrees to appoint Development Counsellors International of 461 Park Avenue South, New York, NY 10016, as the Consultant in relation to public relations services in the USA to cover the territory on a non-exclusive basis upon the following terms and conditions :

1) Period of Agreement

This agreement shall last for 24 months commencing on 01 July 2002 until 30 June 2004 ("the Term") unless otherwise terminated in accordance with this agreement. One calendar month advance notice of termination of this agreement in writing may be given by either party at any time to terminate this agreement early. Upon expiry of such termination notice, this agreement shall be terminated and neither party shall have any claim or liability for compensation to the other party except for any outstanding fee or expenses properly incurred and approved in accordance with this agreement. Termination shall not affect the accrued rights and liabilities of either party under this agreement.

Upon expiry of this agreement, in the event that neither party gives to the other written notice of its intention to terminate this agreement, then the parties shall review the agreement and decide whether to renew it for a 12-month term or any other period of term.

The review will take into consideration all relevant factors and the quality of the services rendered by the Consultant under this agreement and the results achieved against target objectives set and agreed with the Hong Kong Tourism Board in the designated period.

2) Validity of Agreement

This agreement shall entirely supersede all other written or verbal agreements or arrangements (if any) between the Hong Kong Tourism Board and the Consultant relating to the public relations services herein provided which said agreements or arrangements (if any) shall be and are hereby cancelled.

3) Fee

During the continuance of this agreement and in consideration of satisfactory provision of services by the Consultant in accordance with this agreement, the Hong Kong Tourism Board agrees to pay the Consultant a monthly fee of **USD 11,500** (inclusive of all taxes) payable on a monthly basis within 30 days after receipt of relevant invoices rendered by the Consultant.

The fee and methods of payment shall be reviewed upon renewal of the agreement.

The review shall take into consideration all relevant factors including the performance of the Consultant, any changes in scope of services, its creativity, effective execution of the agreed services programme in the Territory, results achieved in the designated period and the increase in cost of doing business in the Territory. The review is at the sole discretion of the Hong Kong Tourism Board.

4) Routine Office Expenses/Out-Of-Pocket Expenses

Subject to account control procedure under clause 8 below, routine office expenses and out-of-pocket expenses (as set out in Appendix I) reasonably and properly incurred and approved by the Hong Kong Tourism Board in advance will be charged to the Hong Kong Tourism Board at cost and paid for by the Hong Kong Tourism Board monthly in arrears. An amount of **USD 500** (in addition to the monthly fee) for the Term has been budgeted for such expenses to be incurred by the Consultant. Consultant shall monitor actual expenses within the budget and shall obtain the approval of the Hong Kong Tourism Board if further provision is required. Any expenses spent exceeding the approved budget or otherwise incurred without the approval of the Hong Kong Tourism Board will be at the Consultant's own cost.

No taxes nor service fees will be charged on routine office expenses and out-of-pocket expenses by the Consultant.

5) Services

In consideration of the above fees, the Consultant shall provide the following services to the Hong Kong Tourism Board:

a) Public Relations

The Consultant shall develop and execute creative and cost-effective public relations activities to implement the outlined Hong Kong Tourism Board Public Relations Plan for the USA during the Term. The Consultant shall submit Public Relations Plan for approval by the Hong

Kong Tourism Board. Any changes made after approval of the Public Relations Plan by the Hong Kong Tourism Board will be subject to mutual agreement. The Consultant shall comply with such guidelines, instructions and specifications as the Hong Kong Tourism Board may prescribe from time to time while compiling such Public Relations Plan or executing such public relations activities.

The Consultant shall:

(i) apply and maintain sufficient qualified staff, facilities and expertise throughout the Term in providing these services;

(ii) procure that its personnel involved in the provision of these services shall be suitably and adequately trained and shall perform these services with due care and diligence to the best of their ability and in a proper and professional manner; and

iii) undertake that, in the provision of its services, it will comply with all applicable laws, rules, regulations, guidelines and standards which are or may be in force or applicable in respect of such services whether on a statutory or self-regulatory basis.

b) Special Public Relations Projects

Additional special public relations projects not covered by the agreed monthly fees and out-of-pocket expenses will be identified with the Hong Kong Tourism Board Regional Director for the Americas for approval in advance and separate funding by the Hong Kong Tourism Board.

c) General--including provision of a monthly report; provision of news clippings as agreed; storage and distribution of promotional materials as agreed.

d) A Public Relations Plan, containing specific activities, shall be agreed between the Consultant and the Hong Kong Tourism Board Regional Director for the Americas.

e) Approvals and Responsibilities

The Consultant must acknowledge its responsibilities, during the term of its appointment, to use all reasonable efforts to provide quality professional services and products, and to supervise outside suppliers in order to ensure accuracy and quality in all aspects of the services or items being supplied. The Consultant is required to localise and adapt press releases where necessary, and to seek signed Hong Kong Tourism Board approval prior to the release of materials on behalf of the Hong Kong Tourism Board. A similar system should be adhered to in the case of other materials such as brochures, artwork, premium items etc.

6) Additional Services

All additional services provided to the Hong Kong Tourism Board at the request of the Hong Kong Tourism Board that are not covered under paragraph 5 shall be approved by the Hong Kong Tourism Board in writing prior to any commitment of such services. Payment of any supplies or services not approved in writing by the Hong Kong Tourism Board shall be the direct responsibility of the Consultant.

No taxes nor service fees will be charged on out-of-pocket expenses by the Consultant.

7) Invoice and Method of Payment

The Hong Kong Tourism Board's usual practice is to settle invoices rendered monthly in arrears, within 30 days of receipt, provided that they are in accordance with previously agreed estimates, plans and policies.

The monthly invoice for consultancy fee and other monthly invoices for out-of-pocket expenses and other fees should be addressed and sent directly to the Manager of Financial Management Department in Hong Kong Tourism Board with copy to the Regional Director-The Americas and the Publicity and Promotions Manager.

All original copies of vouchers, bills and receipts must be attached to support all invoices for services contracted with suppliers. Such vouchers, bills and receipts shall be submitted monthly and accompanied by all supporting documentation and evidence required, following the general instructions issued from time to time by the Hong Kong Tourism Board.

8) Account Control

The Consultant shall, during the term of its appointment, report to and consult with the Hong Kong Tourism Board's Regional Director-The Americas based in Los Angeles (in advance when appropriate or when so required by the Hong Kong Tourism Board) on policy, direction, programme interpretation, activity approval and budget control. The Consultant shall maintain regular liaison with the Publicity & Promotions Manager of the Hong Kong Tourism Board based in Los Angeles for day-to-day co-ordination. The reporting, consultation and liaison required from the Consultant hereunder will be comprehensive and will be undertaken regularly, and promptly upon request, with the intent that the Consultant perform the services to the best of its ability and to maximum effect within the specifications and guidelines prescribed from time to time by the Hong Kong Tourism Board.

9) Restrictions

Under no circumstances will the Consultant take on new account which may cause a conflict of interest with Hong Kong Tourism Board's account and render any services or order any supplies in the name of Hong Kong Tourism Board other than those specifically provided for in this agreement, unless with the prior authorisation and written approval of the Hong Kong Tourism Board.

The Consultant shall not:

(i) hold itself out as agent or being authorised to bind the Hong Kong Tourism Board in any way unless otherwise authorised by the Hong Kong Tourism Board in writing. Without limiting the generality of the foregoing, the Consultant shall not enter into any contract/ quotation/ documentation with contractual or financial commitment or other liabilities on behalf of Hong Kong Tourism Board without the Hong Kong Tourism Board's approval in accordance with this agreement;
(ii) pledge the credit of the Hong Kong Tourism Board; or
(iii) do anything detrimental or to make any adverse comments in relation to the Hong Kong Tourism Board or do anything which could bring the Hong Kong Tourism Board into disrepute and/or make any adverse comments or remarks against the Hong Kong Tourism Board or Hong Kong tourism in general.

10) Termination

This agreement may be terminated by either party giving to the other a written advance notice of one calendar month. Unless terminated, this agreement shall remain in full force and effect during the Term.

Either party may terminate this agreement immediately upon giving written notice to the other party in the event of a material breach of agreement by the other party which is not remedied within 15 days of the other party being called upon in writing to do so.

The Hong Kong Tourism Board may terminate this Agreement forthwith by written notice to the Consultant in the circumstance of any change or changes to the directors or shareholders of the Consultant indicating a change of control at Board or Shareholder level and which, in Hong Kong Tourism Board's reasonable opinion, having given the Consultant an opportunity to make representations, will have a material adverse effect on the Consultant's prospective performance of its responsibilities hereunder.

The exercise of any of the rights granted to both parties referred to above shall not prejudice or affect any right of action or remedy which shall have accrued

or shall accrue thereafter to them.

11) Bankruptcy or Liquidation

If either party shall pass a resolution, or the court shall make an order that the company shall be wound up (not being a member's winding up for the purpose of reconstruction or amalgamation) or if a receiver, or a manager on behalf of a creditor, shall be appointed, or if circumstances shall arise which entitle the court or a creditor to appoint a receiver or manager, or which entitle the court to make a winding up order, then the other party shall be at liberty :

a) to terminate this agreement summarily by notice in writing without compensation or further liability to the first party, or

b) to give any such receiver or liquidator or other person the option of carrying out this agreement.

This exercise of any of the rights granted to both parties referred to above shall not prejudice or affect any right of action or remedy which shall have accrued or shall accrue thereafter to them.

12) Indemnity

12.01 The Consultant agrees to indemnify and save the Hong Kong Tourism Board harmless from and against all liability, including all actions, claims, damages, costs and legal fees which Hong Kong Tourism Board may incur (or to which Hong Kong Tourism Board may be a party) resulting directly or indirectly from any wilful default, negligent act or negligent omission on the part of the Consultant in the performance of its duties hereunder, save where any such liability is attributable solely to information and materials supplied to the Consultant by Hong Kong Tourism Board.

12.02 The Hong Kong Tourism Board agrees to indemnify and save the Consultant harmless from and against all liability, including all actions, claims, damages, costs and legal fees which the Consultant may incur (or to which the Consultant may be a party) resulting directly or indirectly from any wilful default, negligent act or negligent omission on the part of Hong Kong Tourism Board in the relation to any transaction or obligation entered into or undertaken by the Consultant in full compliance with and in accordance with this agreement, save where such liability arises by reason of any wilful default, negligence or act or omission by the Consultant.

13) Copyright

The Consultant hereby undertakes and warrants that the clippings provided by it to the HKTB under this agreement are either originals or legal licensed copies with proper authorization. The Consultant shall indemnify the Hong Kong Tourism Board against all liability, including all actions, claims, damages, costs and legal fees which the Hong Kong Tourism Board may incur resulting directly or indirectly from breach of the above undertaking by the Consultant. This provision shall survive after termination of this agreement.

14) Intellectual Property Right

(a) all information, design, script, photographs, drawings, diagrams, data and statistics, reports, publications or any other documents or materials in whatever format provided by the Hong Kong Tourism Board to the Consultant under this Agreement ("HKTB Provided Materials"); and
(b) all confidential information mentioned in clause 15 below; and
(c) any documents or materials prepared or developed by the Consultant based upon the HKTB Provided Materials; and
(d) all plans, reports and other materials designed, prepared, acquired or developed by the Consultant in the performance of the services for the Hong Kong Tourism Board hereunder and all intellectual property rights thereof shall, unless otherwise indicated by the HKTB in writing, remain the property of the Hong Kong Tourism Board and shall be used or held by the Consultant only as trustee of the Hong Kong Tourism Board. All such Hong Kong Tourism Board's property (including copies, duplicates and extracts thereof) shall be returned promptly after use or when requested by the Hong Kong Tourism Board or upon expiry or termination of this agreement in good order and condition.

15) Confidentiality

The Consultant agrees, both during the Term and after the termination of this agreement, to keep confidential all information and materials in relation to the Hong Kong Tourism Board or the services to be rendered by the Consultant hereunder; and to limit access to such information and materials to those with a need to know.

16) Arbitration and Governing Law

The parties hereto agree that any dispute arising out of this Agreement shall be resolved through arbitration by the Hong Kong International Arbitration Centre.

If any dispute cannot be resolved through arbitration, the parties hereto agree to submit to the exclusive jurisdiction of the Kong Kong Courts.

This agreement shall be deemed to be made in Hong Kong and shall be construed in accordance with and governed in all respects by the laws in Hong Kong.

17) Independent Contractor

The Consultant is engaged as an independent contractor for the provision of public relations services during the Term in accordance with this agreement. Nothing in this agreement shall create, or be deemed to create a partnership or the relationship of principal and agency, or the relationship of employer and employee between the parties.

18) Acceptance

I shall be grateful if you will sign the copy and return it to us as confirmation of your agreement.

For and on behalf of the Hong Kong Tourism Board	For and on behalf of Development Counsellors International
_____	_____
Clara Chong Executive Director	Andrew Levine President
Date _____	Date _____

Encl.

cc. Ms. Lily Shum/Ms. Lillibeth C. Bishop/Ms. Diana Budiman—Hong Kong Tourism Board-USA
Mrs Grace Lee / Ms Bonnie Ngan / Miss Portia Chan /Ms. Cynthia Leung/Ms. Mandy Lo – Hong Kong Tourism Board (Hong Kong)

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APPENDICES

Appendix I

Routine Office Expenses/Out-of-Pocket Expenses

Routine office expenses and out-of-pocket expenses may include:-

- Postage
- Messenger/courier service
- Telephone/facsimile
- Writing, production and distribution of press releases, press kits, and feature material duplication/translation
- Photography production and printing
- Production/duplication of film and video materials
- Travel by Consultant's staff on behalf of HKTB (approval and authorization must be secured from HKTB prior to the travel date; travel expenses must comply with HKTB's guidelines)
- Entertainment (based on HKTB's policy and guidelines)

Appendix II

Deliverables/Core Programs & Activities

1) PR Plan—provide HKTB with a strategic PR Plan for a specific year to achieve its objectives in the USA and other such action plans as requested by HKTB, e.g., PR Plan for the Mega Hong Kong Sale, City Carnival, International Chinese New Year Parade, etc.

2) Strategic Tactical Assistance & Support—assist HKTB in cultivating and growing its target market segments. Identify geographic concentration of these segments and media outlets regularly used by these target market segments.

Target market segments	Geographic target
a) Seniors	Sunbelt
b) Boomers	Sunbelt
c) Women travellers	
d) YFP (Young Female Professionals)	California, New York, Chicago, etc.
e) YMP (Young Male Professionals	California, New York, Chicago, etc.

3) Product Diversification—utilize PR in proactively assisting HKTB in disseminating information and generating publicity for the tactical packages of HKTB's partners that promote the diversity of Hong Kong's tourism products.

4) Tactical Sales Promotion—develop PR and promotion ideas to drive traffic to Hong Kong, especially during the low season.

5) Proactive story pitching/Editorial Calendar—consistent one-on-one pitching of targeted journalists/publications especially those on the print, on-line, and broadcast media's "most wanted list." Regular review of editorial magazines and newspapers to generate "seasonal" articles for Hong Kong.

6) Writing, development and distribution of press releases, press kits, feature stories—Implement a well-orchestrated program of press releases. Create two to three releases a month to generate a significant number of consumer inquiries to HKTB and its website.

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Themes:

July—Hong Kong Story (Museums, particularly the Museum of History)

August—Cruises (Green Hong Kong, Outlying Islands)

September—Senior (Health/Wellness (Luxury Travel)

October—Seasons of Splendor, City Carnival

November—Dining/Shopping

January—Year of the Goat, Predictions, Horoscopes, 10 Reasons to Celebrate the Year of the Goat in Hong Kong

February—International Chinese New Year Parade

7) Media Tours and Roundtables in Target Markets—Bring Hong Kong to the media by arranging and coordinating special events, media tours and one-on-one interviews/meetings to build relationships with the media and support the overall marketing objectives in the US. Support a total of six special events for travel media. Manage invitation generation, follow up and press kit development for each of these events. Write speeches for the Regional Director for each of these events—(CNY Media Events, ASTA, ITME, USTOA, etc).

   Direct a series of four media tours with 6-8 interviews arranged per tour.

8) Media Corner—work closely with partner agency to create a new USA Media Corner. Restructure content and title pages within the media resource section to be more US media-friendly and to sell the Hong Kong experience more effectively. Monitor and update the media room regularly.

9) News Bureau and Media Servicing—Establish DCI as a partner with in-house HKTB PRD as the "go-to" resource for US journalists interested in Hong Kong. Assist the in-house PRD in servicing media inquiries.

10) Press Trips (Group Press Visits) and Visiting Journalist Program—Assist the in-house PRD in carefully managing media visits, both group and individual. Assist in designing specialized itineraries to niche market sectors to better target media efforts, particularly with the strengths Hong Kong offers in the areas of culture, history, healthy living, dining and shopping. Assist the in-house PRD in securing media for themed group press visits and the Visiting Journalist Program

11) Broadcast Media and Cybermedia—proactive pitching to broadcast targets that reach key target markets. Arrange/schedule 2-3 visits by television crew (not including those arranged by in-house PRD) crews from key national, regional, cable markets within the Consultant's first year.

    Proactive pitching to web-based target publications such as iVillage.com for women travellers and ThirdAge.com for the senior market, etc.

12) Weekly Web Headlines—Provide HKTB with weekly headlines for DiscoverHongKong.com/usa.

13) Quarterly update of On-Hold Messages for HKTB offices in US and Canada—monitor and update the on-hold messages regularly and using the on-hold messages as a tool to promote Hong Kong and special events and offers in Hong Kong.

14) Calendar of Events—provide Calendar of Events to all suitable media on a timely basis.

15) Promotions—Develop at least two major promotions and source potential partners to assist HKTB in the execution of these promotions.

16) CIT—promote conventions and incentive travel to Hong Kong through regular press releases to CIT media in the US, and support CIT functions/events with press kits, CIT media invites, etc.

17) Weekly Status Report—Provide HKTB with bulleted weekly report for all work in progress.

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