

UWTSD MBA (May/Nov 2020 intakes)

BMMB7009 Global Business Challenges

An Analytical Report on Strategies for sustainable development of a Business Enterprises in the Hong Kong Tourism Industry of trade show during COVID-19

“I, Woo Ka Cheong (Student no.:213229), certify this work is the result of my own investigations, except where otherwise stated. All references have been duly cited.”

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## Synopsis

Upon the confirmation of COVID-19 in Hong Kong in January 2020, the economy has plunged rapidly like many other parts of the world which affected nearly every aspect of business, from domestic to international. The tourism and travel industry are one of the most challenging business segments, business-to-business (B2B) trade shows industry act as a major role. This analytical report will examine the strategies for sustainable development of the world's leading trade show organizer, **HKTDC**, in relation to the impact of the pandemic on their business. Additionally, it proposes the strategies of how to sustain the business during this exceptional difficult time.

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# 1. 1. Introduction

## 1.1 Research motivation

The COVID-19 strikes the economic all over the world since Dec 2019, every industry had impacted of it, the tourism and travel industry had never been so difficult as ever. Many countries or cities that rely on tourism have suffered mandatory crisis, they responded quickly with their own policies to prevent the virus spread widely in flash. Hong Kong was not exceptional; the government had launched various kinds of policy to battle this outbreak included the access control and quarantine. These policies restricted people to arriving in Hong Kong from various places outside the Mainland China, including compulsory quarantine in designated hotels for up to 14 days. Returnees from the Mainland and Macao may undergo them up to a 14-day compulsory quarantine (with an exemption for those fulfilling certain criteria) at home or other designated places (including hotels that are not designated for quarantine).

<https://www.discoverhongkong.com/eng/latest-travel-advisories.html>

Thus, Hong Kong as an international city, it is well known as Shopping and Food paradise, the tourism and travel industry function as a major role in four key industries, they are 1) financial services, 2) tourism & travel, 3) trading & logistic and 4) professional services & other producer services. The tourism & travel industry itself has carried up to 4.5% GDP in 2018 before the pandemic, it took just two years had dropped 90% to 0.4% GDP in 2020 [https://www.censtatd.gov.hk/en/web\\_table.html?id=188](https://www.censtatd.gov.hk/en/web_table.html?id=188) and it is ongoing.

This analytical report aims to examine the strategies for sustainable development of trade shows organizer, HKTDC in Hong Kong during the COVID-19. Through the study of the revenue and cost structures, compare the differences of their performances before the outbreak and after, summaries the impact on the company's profitability, analysis and discuss the internal and external challenges, provide the suggestion to sustain the business during this period and the development in the future.

## 1.2 Research framework

This research framework includes the study of the current situation of the impact of the trade shows during the COVID-19, and throughout the findings from the annual report of HKTDC to identify the company background, the cost and revenue structures.

Evaluate from HK tourism board to compare the number of tourists before and after COVID-19. It also to understand the internal and external business environments of the current business, which summarize the impact of the revenue brought into the company.

Analysis the statistics from Census & Statistics Department to determine the impact of tourism and travel industry.

## 2. Company background

In this section, we are going to have a brief describe of the role and the financial structure of the selected company, the purpose to let the audience to more understand of the background of the company.

### 2.1 Company profile:

**The Hong Kong Trade Development Council (HKTDC)** is the main institution responsible for promoting, assisting, and developing Hong Kong's trade worldwide which is established in 1966. With 50 offices worldwide, including 13 in Mainland China, the HKTDC promotes Hong Kong as a two-way global hub for both investment and business. In addition to organizing business to business (B to B) exhibitions, conferences, and business missions, it facilitates the search for business opportunities in the mainland China and overseas for companies of small and medium-sized enterprises (SMEs) (HKTDC, 2020/21 page 5.)

<https://aboutus.hktdc.com/en/>

The geographic advantage of Hong Kong held an exciting platform for exhibitions and a practical meeting point for exhibitors. With a popularity for extra special infrastructure and efficiency, the metropolis affords the right gateway to Asia, attracting tens of thousands and thousands of enterprise tourists each year. It is likewise a sourcing hub withinside the Asia-Pacific region, web website hosting a normal movement of customers from many main global companies.

Each year Hong Kong host approximately 1,000 events, and those encompass numerous world`s biggest and maximum prestigious exhibitions and conferences. Among the maximum brilliant are the most important, the Hong Kong Jewellery Fair in June is the world`s number one jewellery event, the second one biggest timepiece event beside The Basel World is the Hong Kong watch and clock fair holds in September, don't forget the largest toy fair in Asia, the Hong Kong toy fair, in addition The Gift and Premium Fair, The Houseware and Electronics Fair, Wine & Spirits, Fashion, and also The Licensing Shows, they are mostly organized by HKTDC at the Hong Kong Convention and Exhibition Centre (HKCEC).

<https://www.hkcec.com/en/exhibitions>

### 2.2 The cost structures

The trade shows business nearly covers every corner of the entire economy, from production and development, marketing, branding and sales. Every company must meet new customers or suppliers to develop their business, therefore it makes this industry so profitable and special. As we mentioned, each year it brings up to 4.5% GDP in Hong Kong before the COVID-19, to understand how this business work? We should understand what are the revenues and expense items of it? Here is a look at the most common revenue and expense items you'll find in a professional trade show business plan.

#### Fixed cost:

- Rent and rate: The fee paid to operate the offices to market their trade promotion services. The trade shows organiser set up the office to enrol the exhibitors and buyers, especially to assist the (SMEs) to create more opportunities to reach more customers, they have to a tiered structure for a trade show to allocate a large area to set up the booths, structure the rent based on the position of the floor. In addition, to organize many conferences to promote these services.
- Depreciation: This area included the depreciation of the Hong Kong Convention and Exhibition Centre, land, office, building & staff quarter, equipment, fitting, leasehold improvements, motor vehicles and assets & exhibition stand system.

#### Valuable cost:

- Labour cost: HKTDC hire nearly 1,000 employees <https://www.linkedin.com/company/hong-kong-trade-development-council/about/> to operate the business, from trainees to executives which covered a high percentage of the total costs.
- Exhibitions and missions: The main objective of HKTDC promotes Hong Kong as a two-way global hub for both investment and business, which separate in two areas, exhibitions in Hong Kong and overseas, and organize the mission trips to visit the prudential markets overseas through different programmes, such as belt and road  
<https://www.beltandroadsummit.hk/>
- Other promotion and trade actives: which include some marketing fees and small events.
- Exchange rate: Because of the business nature, which involve plenty of foreign transitions, therefore the exchange differences occurred.

Table 1: The Cost structure of the HKTDC in percentage

(For the Year Ended 31st March)

|                                                | Before COVID-19 | After COVID-19   |                 |                  |
|------------------------------------------------|-----------------|------------------|-----------------|------------------|
| Year                                           | 2018            | 2019             | 2020            | 2021             |
| <b>Fixed cost (%)</b>                          |                 |                  |                 |                  |
| Rent and Rate                                  | 132,514 4.80%   | 146,941<br>5.12% | 146,877<br>5.46 | 124,758<br>8.11% |
| Depreciation of property, plant, and equipment | 135,678 4.95%   | 135,357          | 132,202         | 129,722          |

|                          |                  |                    |                    |                   |
|--------------------------|------------------|--------------------|--------------------|-------------------|
|                          |                  | 4.73%              | 4.99               | 8.43%             |
| <b>Variable cost (%)</b> |                  |                    |                    |                   |
| Labour cost              | 774,835 28.34%   | 788,994<br>28.11%  | 823,189<br>31.02   | 753,532<br>49.09% |
| Exhibition and mission   | 1,286,403 47.02% | 1,359,233<br>47.24 | 1,095,296<br>41.22 | 192,402<br>12.51% |
| Other promotion          | 420,680 15.37%   | 413,648<br>14.04   | 429,557<br>16.51   | 327,215<br>21.21% |
| Trade-related activities | 20,205 0.72%     | 18,375<br>0.44     | 20,645<br>0.68     | 20,356<br>1.32%   |
| Exchange Rate (gain)     | (33,253) (1.20%) | 8,976<br>0.32      | 3,392<br>0.12      | (10,706)<br>0.67% |
| Total cost (100%)        |                  |                    |                    |                   |

Sources: HKTDC Annual report 2018/19 to 2020/2021 (HKTDC, 2018) (HKTDC, 2019) (HKTDC, 2020) (HKTDC, 2021)

Note: Percentage added up to 100% due to rounding.

Table 1 shows the differences of the financial period (For the Year Ended 31st March) from 2018 before the COVID-19 outbreak to 2021, the percentage of the cost structures remind unchanged in the period of 18/19 to 19/20, but the main business of Exhibition and mission dropped significantly from 47.02% in 18/19 to 12.51% in 20/21 during the outbreak.

### 2.3 The revenue structures:

There is nearly all business related to exhibition and trade shows. That should show how profitable this industry can be. To understand this, let's look at the comparison of the annual reports of HKTDC, in which area the revenues bring to this industry before and after the COVID-19.

Which breakdown into two parts:

#### 1) Government Subvention:

- The subsidized form the HKSAR government was used to fund the trade-related events organized by The Hong Kong Shippers' Council and the government-related services.

#### 2) Revenue from operating activities:

- Exhibitions and Mission: Vendor fees paid by exhibitors to display or market their products at the fair. Most fairs have a tiered pricing structure based on the position of the booth on the floor. The more

prominent the position, the higher the fee for renting that space. In addition to booth rental fees, vendors also pay for booth upgrades such as additional tables, electrical outlets, and audio-visual equipment. These upgrades are usually added on by the exhibition managers to generate more revenue.

- Product magazines and online marketing: the reason why suppliers pay an exhibition fee is that they have access to a large group of buyers. Attracting visitors is perhaps the biggest responsibility of running a trade show. Therefore, marketing plays a vital role in the viability of the business plan. HKTDC provide a special offer for the exhibitors to join their marketing plan on magazines and website.

<https://sourcing.hktcdc.com/>

- HKCEC operations: The HKCEC has ten restaurants, showrooms, meeting rooms and other services to bring in the revenue to HKTDC.

<https://www.hkcec.com/en/facilities-information>

Table 2: Revenue structure of HKTDC in percentage

|                                        | Before COVID-19  | After COVID-19   |                  |                |
|----------------------------------------|------------------|------------------|------------------|----------------|
|                                        | 2018             | 2019             | 2020             | 2021           |
| Income (%)                             |                  |                  |                  |                |
| Government Sub                         | 385,523 13.66%   | 435,523 14.17%   | 441,523 19.80%   | 597,221 46.02% |
| Exhibitions and Mission                | 1,960,315 69.46% | 2,002,179 68.71% | 1,485,408 66.64% | 70,663 5.45    |
| Product magazines and online marketing | 160,021 5.67%    | 150,204 5.23%    | 123,176 5.52%    | 66,255 5.11    |
| HKCEC operations                       | 152,336 5.37%    | 187,971 6.05%    | 142,885 6.40%    | 107,011 8.24%  |
| Other operations incomes               | 44,728 1.59%     | 61,336 2.14%     | 46,878 2.103%    | 14,933 1.15%   |
| Investments                            | 98,845 3.50%     | 83,216 2.90%     | (34,017) (1.53%) | 330,380 25.46% |
| Interest on bank deposits              | 5,702 0.20%      | 10,359 0.36%     | 11,194 0.50%     | 2,045 0.16%    |
| Misc., Incomes                         | 14,675 0.48%     | 12,651 0.44%     | 12,096 0.54%     | 109,071 8.40%  |
| Total cost (100%)                      | 2,822,145        |                  | 2,229,143        | 1,297,579      |

Sources: HKTDC Annual report 2018/19 to 2020/2021 (HKTDC, 2018) (HKTDC, 2019) (HKTDC, 2020) (HKTDC, 2021)

Note: Percentage added up to 100% due to rounding.

Table 2 illustrates the variation of the financial period (For the Year Ended 31st March) from 2018 before the COVID-19 outbreak to 2021, the percentage of the revenue structures remind consistent in the period of 18/19 to 19/20, but the core business in Exhibition and mission has collapsed significantly from average 69% in 18/19 to 5.45% left in 20/21 during the outbreak. The amount from \$1,960,315,000 to 70,663,000 which reflected the influence of the COVID-19 to hammer the trade shows industry deadly.

### 3. The Company's current business performance

In this section, we are going to discuss the current business performance in trade show industry, to review the internal and external business environment during this difficult time, which also help us to go deeper to analysis in next section.

#### 3.1 External business environment

The impact of COVID-19 on the trade show industry worldwide, Hong Kong is not alone; the special location was used to be an international interchange when the trader travel to Mainland China or other Asia countries, they usually dropped by Hong Kong. A new emergency response level of The Hong Kong Special Administrative Government (HKSAR Government) was established for COVID-19 of public health importance under the "Preparedness and Response Plan for Novel Infectious Disease of Public Health Significance" on 25 January 2020. Several large-scale trade shows and public events held in the Hong Kong Convention and Exhibition Centre (HKCEC) and Asia World-Expo (AWE) organized by the HKTDC have been cancelled as part of the government's strategy to reduce the risk of viral outbreaks in the community in February 2020.

<https://exhibitions.org.hk/en/media-centre/186-updates-on-novel-coronavirus>

Under the HKSAR Government's Disease Prevention and Control Measures (Implemented) as of 8 February 2020, the following polices introduced:

Measures of port health are enhanced:

- No passengers allowed to pass through Hong Kong, there is a temperature check taking place at Hong Kong International Airport (Airport) for both departing and transit passengers. No boarding is allowed for passengers with fever.
- Inbound travellers must submit a health declaration and temperature check at the Airport, Shenzhen Bay Control Point, and the Hong Kong-Zhuhai-Macao Bridge Control Point.
- Anyone from Hubei Province over the past 14 days into Hong Kong is restricted.
- The quarantine period of 14 days applies to everyone entering Hong Kong from the Mainland or anyone visiting the Mainland China within 14 days of arriving in Hong Kong starting from 8 February 2020.
- Transportation services to/from the mainland reduced/suspended

Based on the Legco questions of commerce and economic development bureau written by Hon Vincent Cheng to Mr. Edward Yau on 09<sup>th</sup> December. 2020, The trade show industry has brought significant benefits to Hong Kong. In 2016, for example, the exhibition industry contributed \$52.9 billion in expenditure effects to Hong Kong, equivalent to 2.1% of GDP, and provided 77,000 full-time jobs. The industry has been at a standstill for almost a year under the impact of COVID-19. As a result, exhibition organisers, and the professionals related in the industry have suffered huge losses and some companies are nearly closed. In addition, there were 238 shows postponed or cancelled at HKCEC and 126 shows at C&E events originally scheduled for February to November 2020.

<https://www.cedb.gov.hk/en/legco-business/questions/2020/p2020120900359.html>

Table 3: Business Receipts Indices of selected service industries and service sectors, Q3 2019 to Q3 2020

(2015年按季平均指數 = 100)  
(Quarterly average of 2015 = 100)

|                                                           | 2019             |                  | 2020              |                  |                 | Q1-Q3 2020#      |
|-----------------------------------------------------------|------------------|------------------|-------------------|------------------|-----------------|------------------|
|                                                           | Q3               | Q4               | Q1                | Q2               | Q3 #            |                  |
| 服務行業<br>Service Industry                                  |                  |                  |                   |                  |                 |                  |
| 服務界別<br>Service Domain                                    |                  |                  |                   |                  |                 |                  |
| 旅遊、會議及展覽服務<br>Tourism, convention and exhibition services | 71.0<br>(-26.8%) | 57.4<br>(-49.3%) | 23.0#<br>(-78.6%) | 5.1#<br>(-94.8%) | 6.7<br>(-90.6%) | 11.6<br>(-87.4%) |
| 電腦及資訊科技服務<br>Computer and information technology services | 92.6<br>(-8.8%)  | 99.2<br>(-9.7%)  | 78.9<br>(-12.0%)  | 89.1<br>(-3.7%)  | 92.5<br>(-0.1%) | 86.9<br>(-5.2%)  |

註釋: # 臨時數字。

() 括號內的數字表示與上年同期比較的變動百分率。

Notes: # Provisional figures.

() Figures in brackets denote percentage changes as compared with the same

Sources: <https://www.censtatd.gov.hk/tc/>

Table 3: It has been extracted from the Census and Statistic Department HKSAR to show the indices of business revenue and percentage differences in the two service industries of tourism, convention and exhibition services, and computer and I.T. services from Q3 2019 to Q3 2020.

Overall, the tourism, convention and exhibition services industries were smash hard compared to computer and I.T. services, which were hit by COVID -19 and computer and I.T. services recall a stable Q3 2019 to Q3 2020.

With regards, we see that the stock fell 26.8% in Q3 2019 due to the protests, and the downward trend continues in Q4 2019, up to almost 50%. But the real damage has been done by COVID -19 starting in Q1 at 80%, Q2 at 94.8% and Q4 at almost 90%, averaging 87.4% in 2020 out of three quarters.

On the other hand, computer and I.T. services reflect the fact that no matter how difficult the external environment? The demand for these services remains unchanged.

A comparison of tourism, convention and exhibition services and computer and I.T. services before and after the impact of COVID -19 shows that both service sectors have declined due to the external business environment. But computer and I.T. services currently have a better business performance.

### 3.2 Internal business environment

Since the impact of COVID-19, the B2B physical fair, overseas and mainland China traders have been restricted. Therefore, HKTDC has opened the entire Hong KONG Watch Fair exhibition to the public for the first time instead of the pervious shows on the last day to respond to the decrease of the overseas buyers, As the result, it changed the nature of the shows from B2B to Business to customers (B2C).

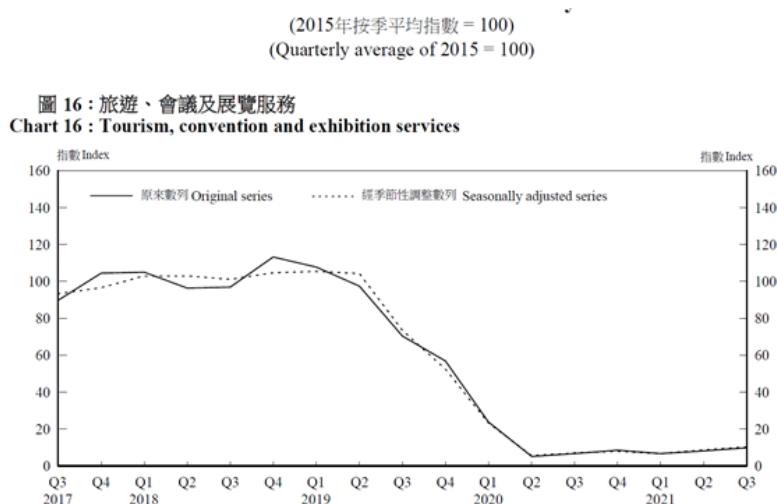
<https://inews.hket.com/article/3042360>

The demanded of knowledge in online business, training and marketing information increased due to the unexpected challenge of COVID-19.

### 3.3 A summary of the Covid-19 impacts on the company's profitability

After the outbreak of COVID -19, 238 shows at HKCEC were postponed or cancelled and 126 shows at C&E events were postponed and these shows were awaited by new exhibitors and buyers. At the time of this report, the fifth wave of the pandemic the Omicron hit 6000 case per day in Hong Kong, which saw a 95% drop from table 2 in revenue from exhibitions and missions, Government policies became more extreme, restricting social distance, immigration control and quarantine regulations, limiting the chance to attract exhibitors and buyers from overseas. And the industry has no idea that business is returning to normal.

Table 4: Diagrams with indices of business receipts of tourism, convention & exhibition services from Q3 2017 to Q3 2021.



Source: <https://www.censtatd.gov.hk/tc/>

Table 4 the given line chart illustrates the data from Census and Statistic Department HKSAR to show the indices of business of revenue tourism, convention & exhibition services by quarters since 2017Q3 to 2021Q3.

Overall, in 2017Q3, the index increased from 85 to 105 by the end of the year, which remained constant for another quarter until 2018Q1. In 2018Q2, it started to fall again from 105 to 90 and remained unchanged until 2018Q3. The graph shows that it reached a record high of 120 in 2019Q4 which indicted the outbreak of COVID-19.

In contrast, during the first wave of COVID -19 tourism convention and exhibition services became a disaster zone. From a record high of 120 in 2018Q4, the cliff fell to a low of 5 in 2020Q2, lasting 15 months to stop downward trend, during the third wave of COVID-19 in Hong Kong.

The trend became slightly fluctuating from 5 in 2020Q2 to ending at 10 in 2021Q3. However, we do not have any clue in this line chart to see an upward trend or any indication that the tourism, convention & exhibition service will recoup its losses to return to normal.

In summary, even calculated according to the seasonally adjusted series, the external business environment was the main reason for the impact on tourism, convention & trade fair services.

## 4. Analysis and discussion

### 4.1 Identification of the major challenges

Using the above passages, we have discussed the current situation under the attack of COVID -19, despite the border control policy and quarantine preventing travellers from visiting Hong Kong and business partners to attend the Mainland China nor overseas fairs organised by HKTDC, plenty of them had already postponed or cancelled. There are still some major challenges affecting this industry.

Here are three biggest challenge of trade show business:

**- Lack of space:** For the organisation of successful fairs and events (in normal/favourable time) this area is an interesting topic. As we know, the world-famous trade shows like Hong Kong Watch & Clock Fair or Hong Kong International Fair need a lot of space to cope with the growth of exhibitors and buyers. The expansion policy, first introduced in 2017, was to demolish the original government buildings and the bridge to combine the HKECC into one building to increase the area for the largest capacity.

Although this policy has been discussed for a long time, do industry stakeholders disagree? They do not expect this policy to improve the current situation in a short time, even after the pandemic.

<https://news.hket.com/article/2812210/%E3%80%90%E6%96%BD%E6%94%BF%E5%A0%B1%E5%91%8A2020%E3%80%91%E6%93%B4%E5%BB%BA%E6%96%B0%E4%B8%80%E6%9C%9F%E6%9C%83%E5%B1%95%E5%8F%8A%E4%BA%9E%E5%8D%9A%E9%A4%A8%E3%80%80%E6%A5%AD%E7%95%8C%EF%BC%9A%E5%8D%81%E5%B9%B4%E5%89%8D%E6%93%B4%E5%BB%BA%E5%B9%AB%E5%8A%A9%E6%9C%83%E6%9B%B4%E5%A4%A7>

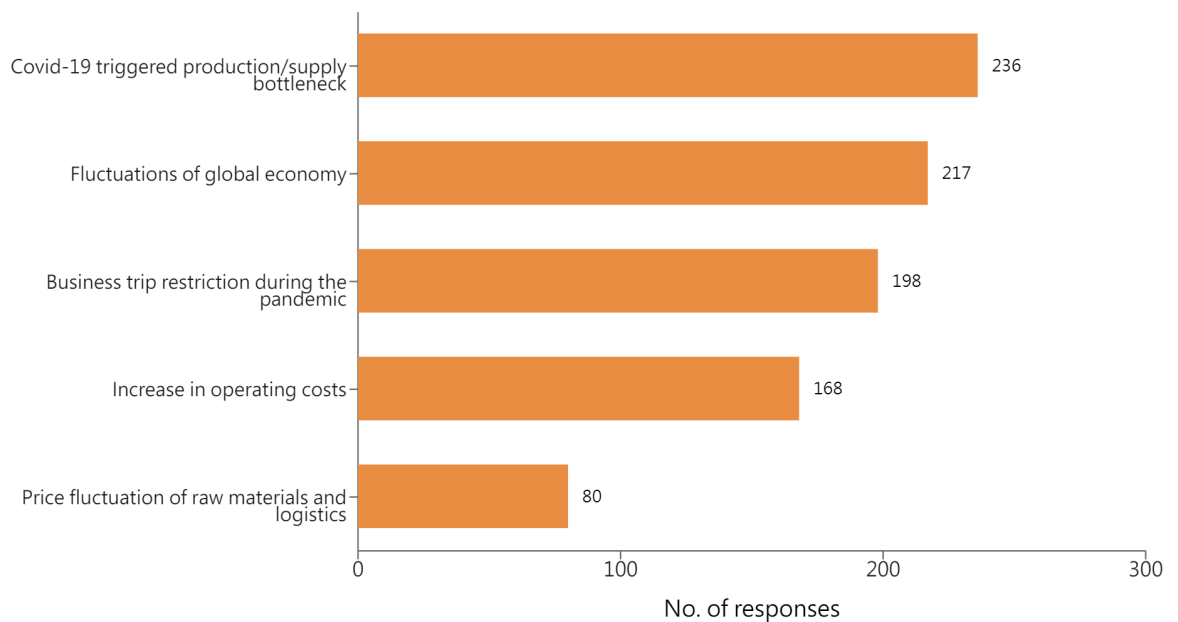
We can see a little deeper referring to the annual report of HKTDC as follows, this extra cost had already spent up to 1.48 billion and after deducting depreciation, the net book value is 645 million, which is a big lost in the net book value.

| 7. PROPERTY, PLANT AND EQUIPMENT                                                                                                                                                            |             | 7. 物業、設備及器材                          |                                                    |                                                                     |                   |                                                           |           |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------------------------------|----------------------------------------------------|---------------------------------------------------------------------|-------------------|-----------------------------------------------------------|-----------|
|                                                                                                                                                                                             |             | HKCEC<br>Atrium<br>Link<br>Extension | Land,<br>Office<br>Buildings and<br>Staff Quarters | Furniture<br>Equipment,<br>Fitting and<br>Leasehold<br>Improvements | Motor<br>Vehicles | Operating<br>Assets and<br>Exhibition<br>Stand<br>Systems | Total     |
| (HK\$'000)                                                                                                                                                                                  | (港幣千元)      | 香港會議<br>展覽中心<br>中庭擴建                 | 土地、<br>辦事處樓宇<br>及職員宿舍                              | 傢俬、裝置<br>及租賃樓宇<br>內部裝修                                              | 汽車                | 經營資產<br>及展覽<br>攤位裝置                                       | 總額        |
| <b>2020/21</b>                                                                                                                                                                              |             |                                      |                                                    |                                                                     |                   |                                                           |           |
| Cost                                                                                                                                                                                        | 原值          |                                      |                                                    |                                                                     |                   |                                                           |           |
| At 1 April 2020                                                                                                                                                                             | 於2020年4月1日  | 1,481,419                            | 457,794                                            | 573,762                                                             | 3,718             | 149,525                                                   | 2,666,218 |
| Additions                                                                                                                                                                                   | 增置          | -                                    | -                                                  | 27,258                                                              | -                 | 1,425                                                     | 28,683    |
| Disposals                                                                                                                                                                                   | 出售          | -                                    | (163)                                              | (18,101)                                                            | -                 | (9,054)                                                   | (27,318)  |
| At 31 March 2021                                                                                                                                                                            | 於2021年3月31日 | 1,481,419                            | 457,631                                            | 582,919                                                             | 3,718             | 141,896                                                   | 2,667,583 |
| Accumulated Depreciation                                                                                                                                                                    | 累計折舊        |                                      |                                                    |                                                                     |                   |                                                           |           |
| At 1 April 2020                                                                                                                                                                             | 於2020年4月1日  | 836,183                              | 165,797                                            | 496,008                                                             | 2,802             | 132,332                                                   | 1,633,122 |
| Depreciation                                                                                                                                                                                | 折舊          | 74,347                               | 7,759                                              | 38,777                                                              | 478               | 8,361                                                     | 129,722   |
| Depreciation written back on disposals                                                                                                                                                      | 出售時的折舊回撥    | -                                    | (163)                                              | (17,961)                                                            | -                 | (9,051)                                                   | (27,175)  |
| At 31 March 2021                                                                                                                                                                            | 於2021年3月31日 | 910,530                              | 173,393                                            | 516,824                                                             | 3,280             | 131,642                                                   | 1,735,669 |
| Net Book Value                                                                                                                                                                              | 賬面淨值        |                                      |                                                    |                                                                     |                   |                                                           |           |
| At 31 March 2021                                                                                                                                                                            | 於2021年3月31日 | 570,889                              | 284,238                                            | 66,095                                                              | 438               | 10,254                                                    | 931,914   |
| <b>2019/20</b>                                                                                                                                                                              |             |                                      |                                                    |                                                                     |                   |                                                           |           |
| Cost                                                                                                                                                                                        | 原值          |                                      |                                                    |                                                                     |                   |                                                           |           |
| At 1 April 2019                                                                                                                                                                             | 於2019年4月1日  | 1,481,419                            | 457,794                                            | 552,248                                                             | 3,718             | 154,825                                                   | 2,650,014 |
| Additions                                                                                                                                                                                   | 增置          | -                                    | -                                                  | 33,774                                                              | -                 | 11,128                                                    | 44,902    |
| Disposals                                                                                                                                                                                   | 出售          | -                                    | -                                                  | (12,260)                                                            | -                 | (16,438)                                                  | (28,698)  |
| At 31 March 2020                                                                                                                                                                            | 於2020年3月31日 | 1,481,419                            | 457,794                                            | 573,762                                                             | 3,718             | 149,525                                                   | 2,666,218 |
| Accumulated Depreciation                                                                                                                                                                    | 累計折舊        |                                      |                                                    |                                                                     |                   |                                                           |           |
| At 1 April 2019                                                                                                                                                                             | 於2019年4月1日  | 761,837                              | 158,027                                            | 468,179                                                             | 2,181             | 139,333                                                   | 1,529,557 |
| Depreciation                                                                                                                                                                                | 折舊          | 74,346                               | 7,770                                              | 40,079                                                              | 621               | 9,386                                                     | 132,202   |
| Depreciation written back on disposals                                                                                                                                                      | 出售時的折舊回撥    | -                                    | -                                                  | (12,250)                                                            | -                 | (16,387)                                                  | (28,637)  |
| At 31 March 2020                                                                                                                                                                            | 於2020年3月31日 | 836,183                              | 165,797                                            | 496,008                                                             | 2,802             | 132,332                                                   | 1,633,122 |
| Net Book Value                                                                                                                                                                              | 賬面淨值        |                                      |                                                    |                                                                     |                   |                                                           |           |
| At 31 March 2020                                                                                                                                                                            | 於2020年3月31日 | 645,236                              | 291,997                                            | 77,754                                                              | 916               | 17,193                                                    | 1,033,096 |
| During the year, net gain on disposal of property, plant and equipment amounting to HK\$95.87 million was included in "Miscellaneous Income" (2020: HK\$0.64 million in "Office Expenses"). |             |                                      |                                                    |                                                                     |                   |                                                           |           |
| 於本年度內，出售物業、廠房及設備的淨收益為港幣9,587萬元，計入「雜項收益」(2020年：港幣64萬元計入「辦公室費用」)。                                                                                                                             |             |                                      |                                                    |                                                                     |                   |                                                           |           |

As a result, we can understand that more investment brings more revenue. In this case, reflecting a multiple time of SMEs also creating revenue through fixed assets, under a good and healthy business, which is a good strategy to maximise profit while fighting inflation, it seems to be a traditional method in Hong Kong. But is it a wise move in these difficult times ( COVID -19), as the article questions, worth discussing?

- Challenge for major competitor: In every business, its always have competitor, Informa markets and HKJMA are the biggest rivals of HKTDC. Let’s have a brief introduction of Informa market

### Top 5 Business Challenges in 2022



Note: At max. 3 choices allowed.

Total responses received from 547 respondents: 1,230

Source: HKTDC survey

Source: <https://research.hktdc.com/en/article/OTA4MzU1MjY3>

Table 5:

According to the survey of the Hong Kong Watch & Clock Fair and the 9th Salon de TE, organised by the HKTDC, the Hong Kong Watch Manufacturers Association and the Federation of Hong Kong Watch Trades and Industries in September 2021, which provided insight into the top five business challenges. The survey was answered by 384 buyers and 163 exhibitors in face-to-face interviews at the 2021 show.

Supply chain bottlenecks have been driving up logistics costs and thus having a negative effect on business planning since the outbreak of COVID-19. The trade shows business relying on the professional services from the partners in booth setting,

supply chain included all the cost from vender to supply

This remains the biggest challenge ahead, followed by the global economic turbulence.

Out of a total of 1,230 responses picking out the three biggest business challenges in 2022, 236 indicated that supply chain bottlenecks would cause problems. It was the option selected by 43.1% of all buyers and exhibitors and accounted for nearly 20% of all the options chosen. 217 responses indicated that fluctuations in the global economy were a grave concern, an option selected by 40% of respondents and representing about 18% of all responses.

Consider the benefits and risks to your business when deciding to exhibit your product or service. These will be different for each event, however, there can be a lot to gain from promoting your product in person within a different environment.

### Benefits

Trade shows are generally targeted at an industry and people involved or interested in that industry. Exhibiting at a trade show can be a great way to advertise to a target market and create brand awareness.

Exhibitions are open to a large and sometimes diverse range of audiences (usually the general public). This provides you with a platform to promote your product or service to a broader group that may have little or no knowledge of your products and services.

Depending on your type of business, product and market testing can be carried out at trade shows and exhibitions to gain industry or general opinion about your offering.

Being involved in a trade show or exhibition can provide you with opportunities to branch out to business-to-business trading and create a customer database from the visitors to your display booth.

<https://www.business.qld.gov.au/running-business/marketing-sales/marketing-promotion/show-exhibition/benefits>

## 4.2 Strategies to ensure business continuity under the Covid-19 crisis

### 4.2.1 The business continuity plan

### 4.2.2 Implementation process

## 5. Conclusion and recommendations

### 5.1 Conclusion

In conclusion,

### 5.2 Recommendations

## 6. References

HKTDC (2021) *Hong Kong Watch & Clock Fair* Available at: [https://event.hktdc.com/fair/hkwatchfair-en/s/2321-General\\_Information/HKTDC-Hong-Kong-Watch-and-Clock-Fair/Fair-Details.html](https://event.hktdc.com/fair/hkwatchfair-en/s/2321-General_Information/HKTDC-Hong-Kong-Watch-and-Clock-Fair/Fair-Details.html) (Accessed: 10th December 2021)

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