

# Standard Chartered Hong Kong SME Leading Business Index

Results

Q3 2022



# Background

- The “Standard Chartered Hong Kong SME Leading Business Index”, is independently implemented by Hong Kong Productivity Council and sponsored by Standard Chartered Bank (Hong Kong) Limited.

## Survey Objectives



- To analyse Hong Kong SMEs' confidence in the recent business environment
- To look into the impacts of cross-border travel restrictions on Hong Kong SMEs

# Standard Chartered Hong Kong SME Leading Business Index

**Results**  
**Q3 2022**



# Key Points of This Quarter



**47.1**

Q3 Overall Index recorded the biggest increase of 11.4 points ever after suffering from the biggest drop in the last quarter



**77%**

Hong Kong SMEs were impacted by Mainland / international cross-border travel restrictions



**63%**

SMEs said their Sales was impacted by cross-border travel restrictions. Business Development and Management (48%) and Purchasing (45%) were other areas severely impacted



# Overall Index in Q3 2022

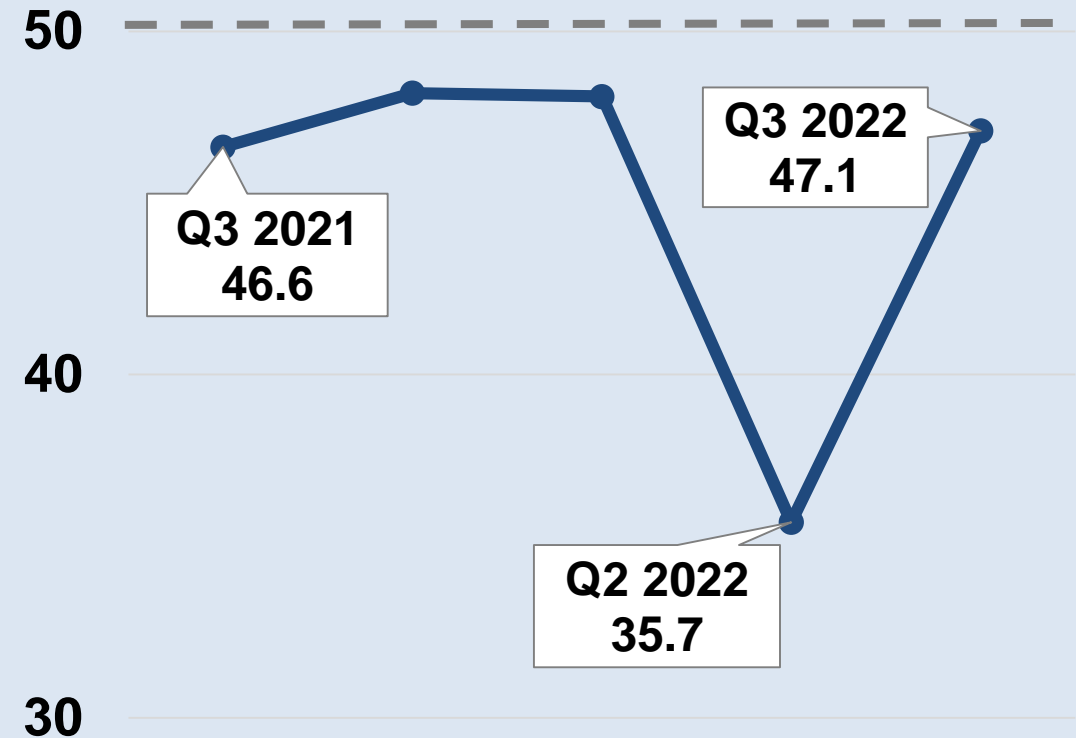
Quarter-over-quarter  
increase

47.1

+11.4



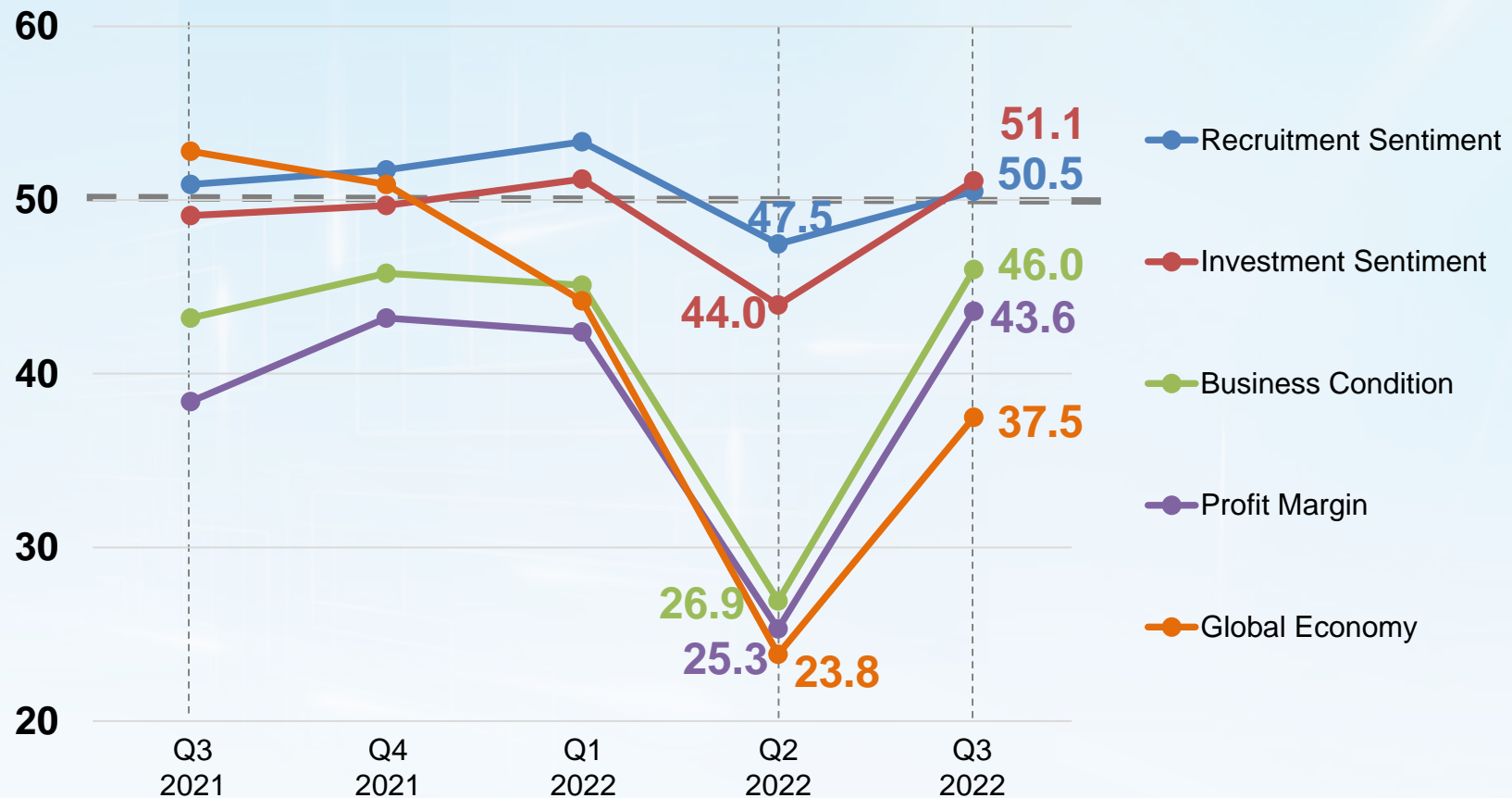
## Overall Index



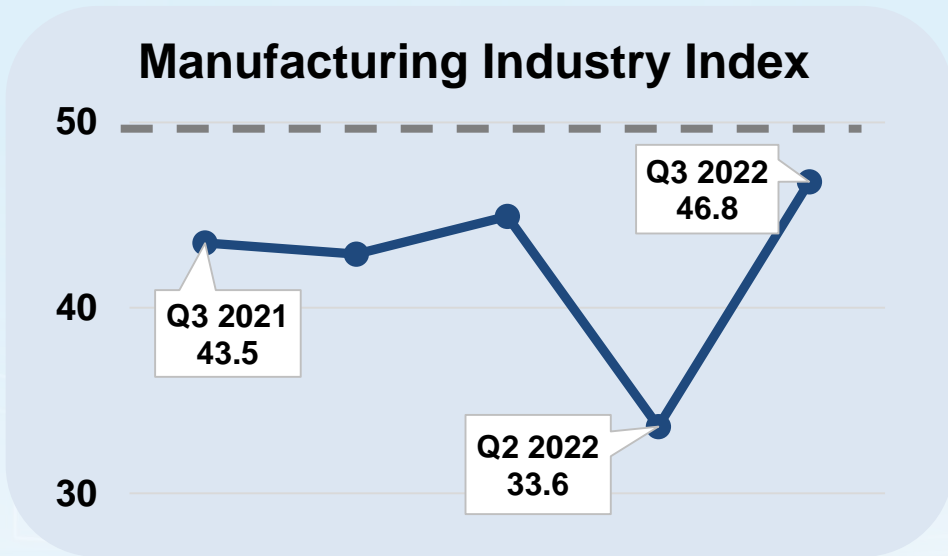
# Five Component Sub-Indices of Overall Index

- All five component sub-indices rebounded simultaneously among which “Investment Sentiment” and “Recruitment Sentiment” returned to above 50 neutral level
- “Business Condition” and “Profit Margin” recorded the most significant upturn, up by 19.1 and 18.3 respectively which were higher than the level prior to the fifth wave of pandemic in Q1 2022

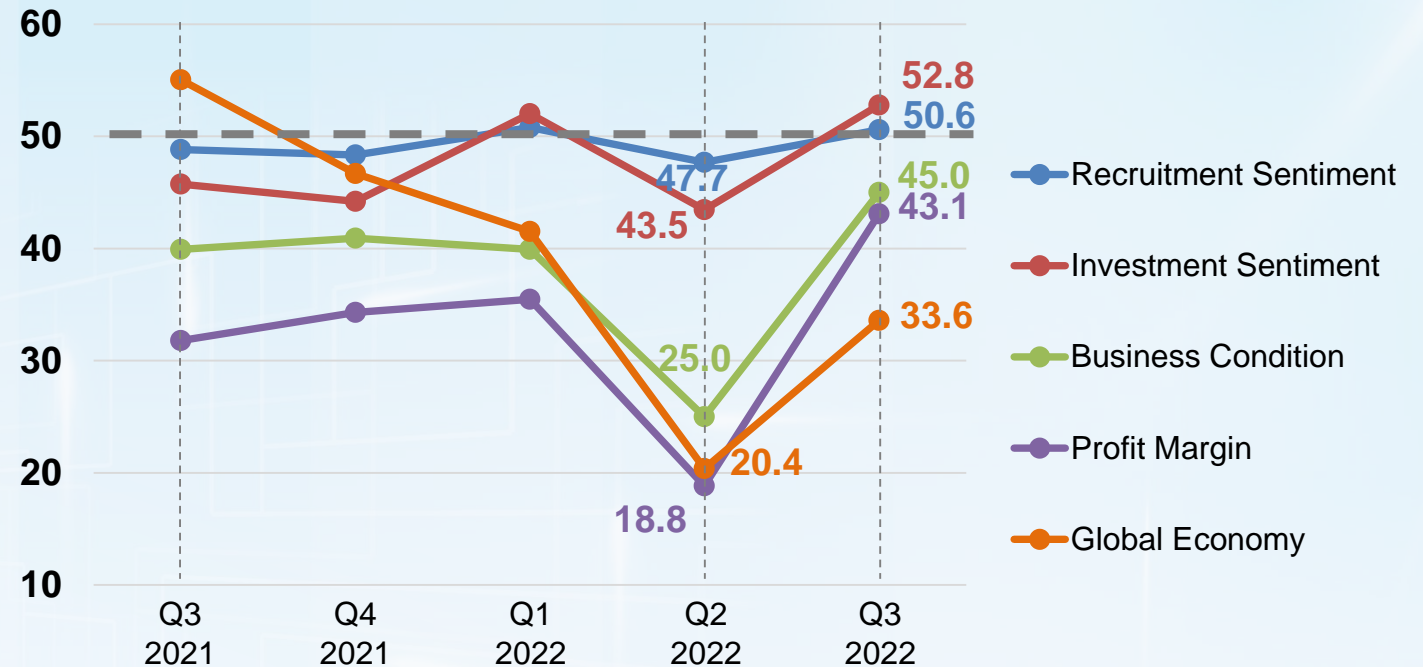
## Five Component Sub-Indices of Overall Index



# Manufacturing

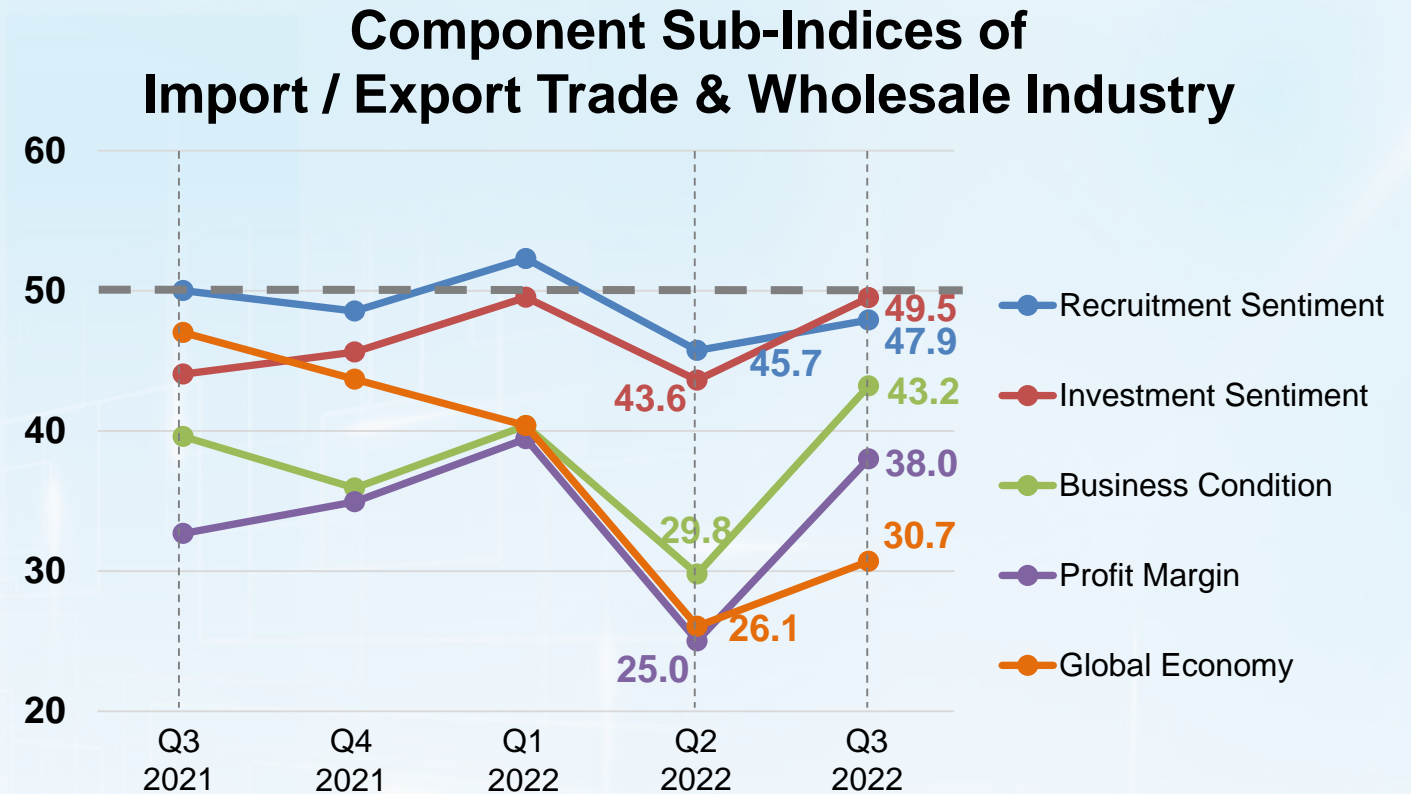
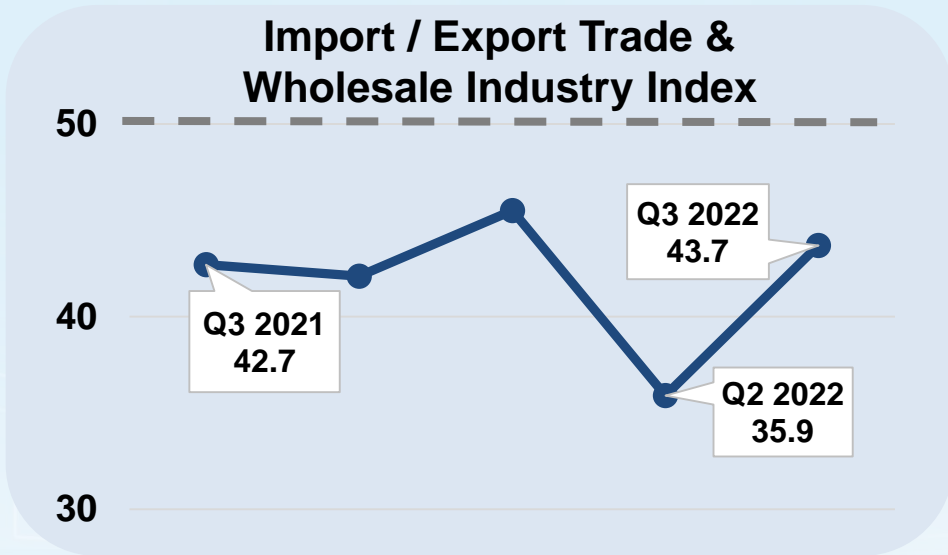


### Component Sub-Indices of Manufacturing Industry



- Industry index of Manufacturing Industry rebounded by 13.2 to 46.8 in this quarter
- All component sub-indices showed an upturn, and “Investment Sentiment” returned to a level higher than Q1 2022, reaching 52.8

# Import / Export Trade & Wholesale

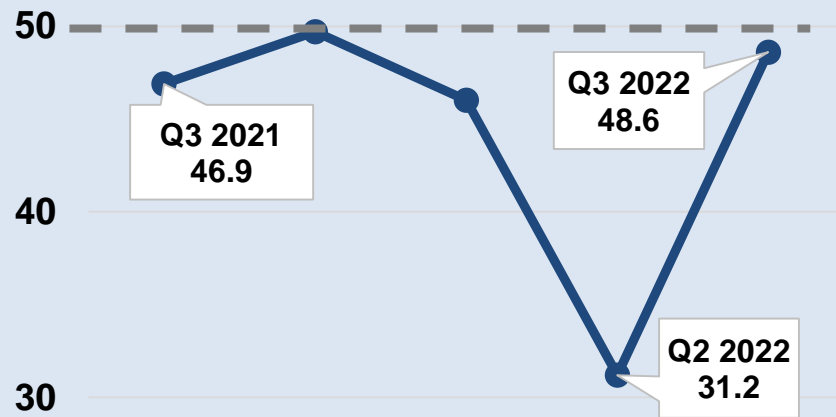


- Industry index of Import / Export Trade & Wholesale Industry increased by 7.8 to 43.7 compared to last quarter. It was the industry with the slowest recovery
- All component sub-indices showed an upturn, with “Business Condition” recorded the strongest upward trend, yet none returned to 50 neutral level

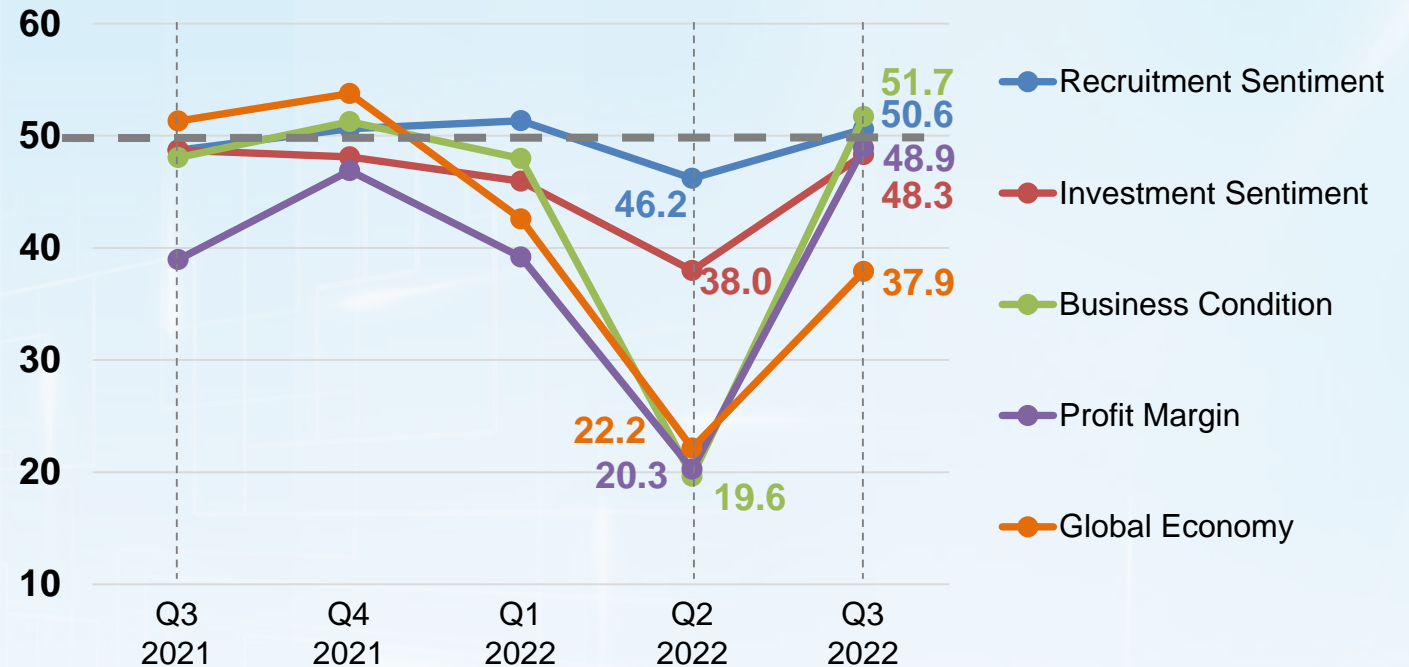


# Retail

### Retail Industry Index

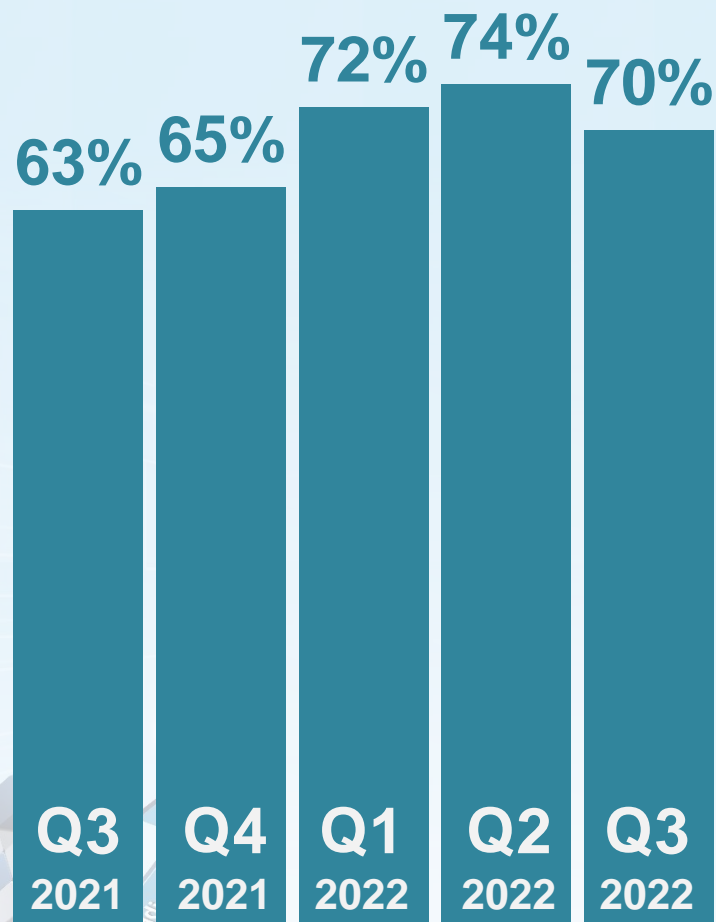


### Component Sub-Indices of Retail Industry

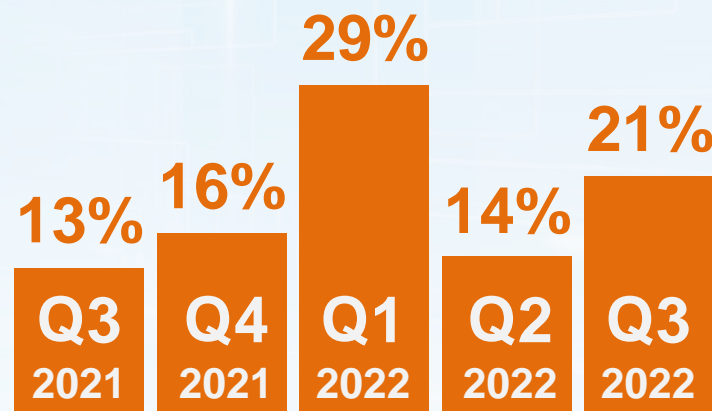


- Industry index of Retail Industry marked a significant rebound of 17.4 to 48.6 which was close to 50 neutral level, recording the biggest increase among all industries
- All component sub-indices showed an upturn, of which “Business Condition” marked the largest rebound, climbing by 32.1 to the highest level in this year (51.7)

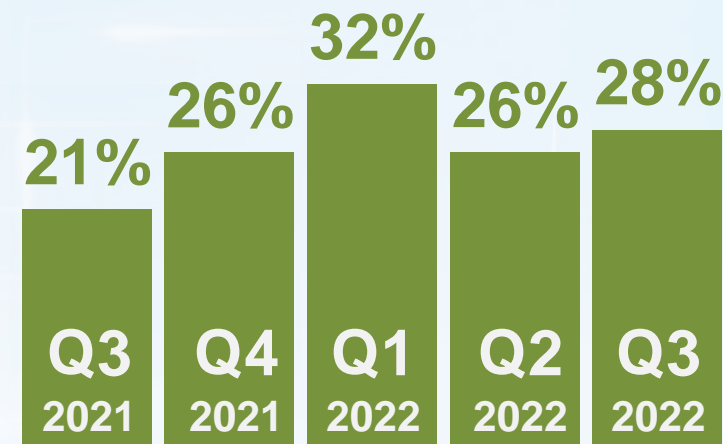
# Expectation towards Increase on Cost, Staff Salary and Price Factors



**Raw Materials  
Cost Increase**



**Staff Salary Increase**



**Product / Service  
Price Increase**

# Expectation towards Changes on Investment

**92%**

**SMEs expected no change or even an increase on the overall investment**

**SMEs expected to maintain or increase investment on the following items:**

**1 Training Related to E-commerce or Digital Technology**

**2 IT System**

**3 Research and Development**

**4 Online Marketing Promotion**



# Standard Chartered Hong Kong SME Leading Business Index

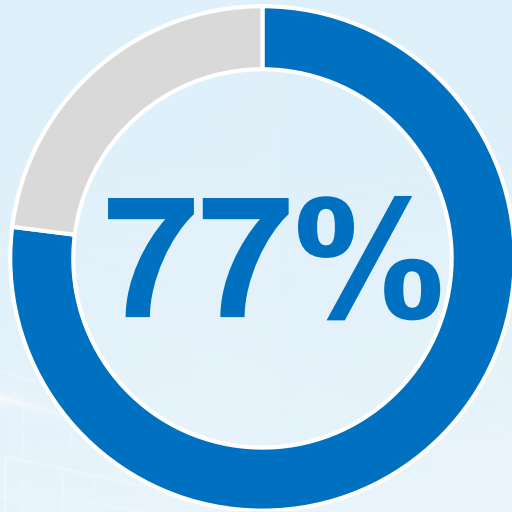
## Featured Topic

### **The Impacts of Cross-border Travel Restrictions on Hong Kong SMEs**

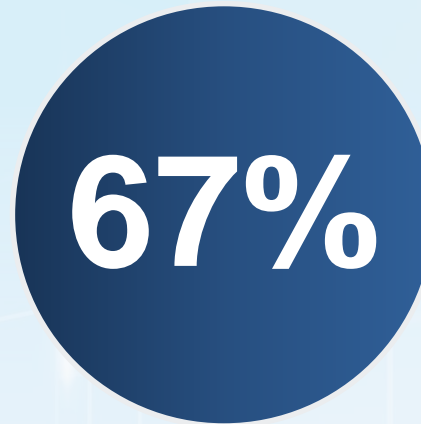




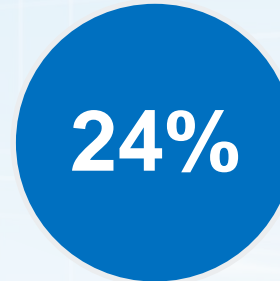
# The Impacts of Cross-border Travel Restrictions on SMEs



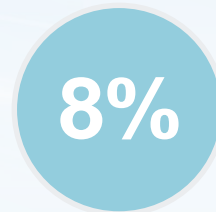
**SMEs were impacted by the Mainland / international cross-border travel restrictions**



**SMEs were impacted by both Mainland and international cross-border travel restrictions**

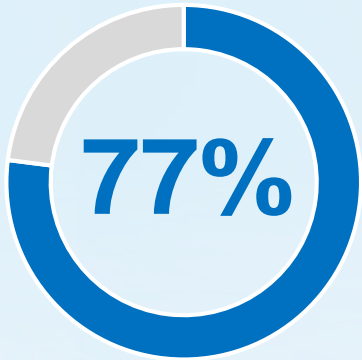


**SMEs were only impacted by the Mainland cross-border travel restrictions**



**SMEs were only impacted by the international cross-border travel restrictions**

# Top 5 Industries Most Impacted by Cross-border Travel Restrictions



Hong Kong SMEs were impacted by the Mainland / international cross-border travel restrictions

## Top 5 industries most impacted by cross-border travel restrictions:

1 Import / Export Trade and Wholesale

2 Construction

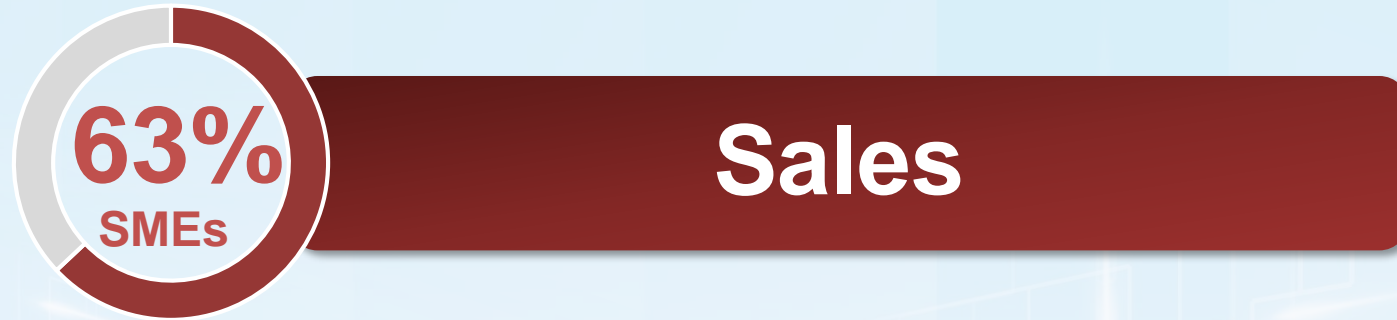
3 Retail

4 Accommodation and Food Services

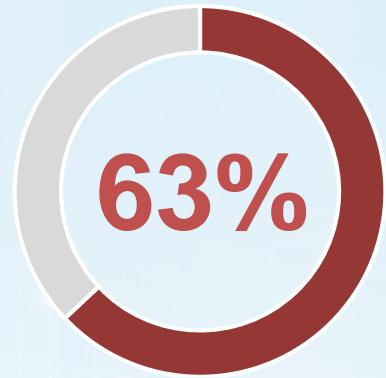
5 Manufacturing



# Top 3 Areas Impacted by Cross-border Travel Restrictions



# Top 3 Industries with Sales Impacted by Cross-border Travel Restrictions



**SMEs** said their **Sales** was impacted by the Mainland / international cross-border travel restrictions



## Top 3 industries with **Sales** most impacted:

- 1 **Retail**
- 2 **Import / Export Trade and Wholesale**
- 3 **Manufacturing**



# SMEs' Strategies in Response to the Challenges

If cross-border travel could not resume normal in this year:

## Sales Related

31% Do not have any plans

31% Enhance e-commerce

20% Reduce operation scale in Hong Kong

## Business Development and Management Related

30% Increase usage of digital technology

22% Maintain existing customers

16% Prioritise development of local market

14% Do not have any plans

## Purchasing Related

29% Increase usage of digital technology

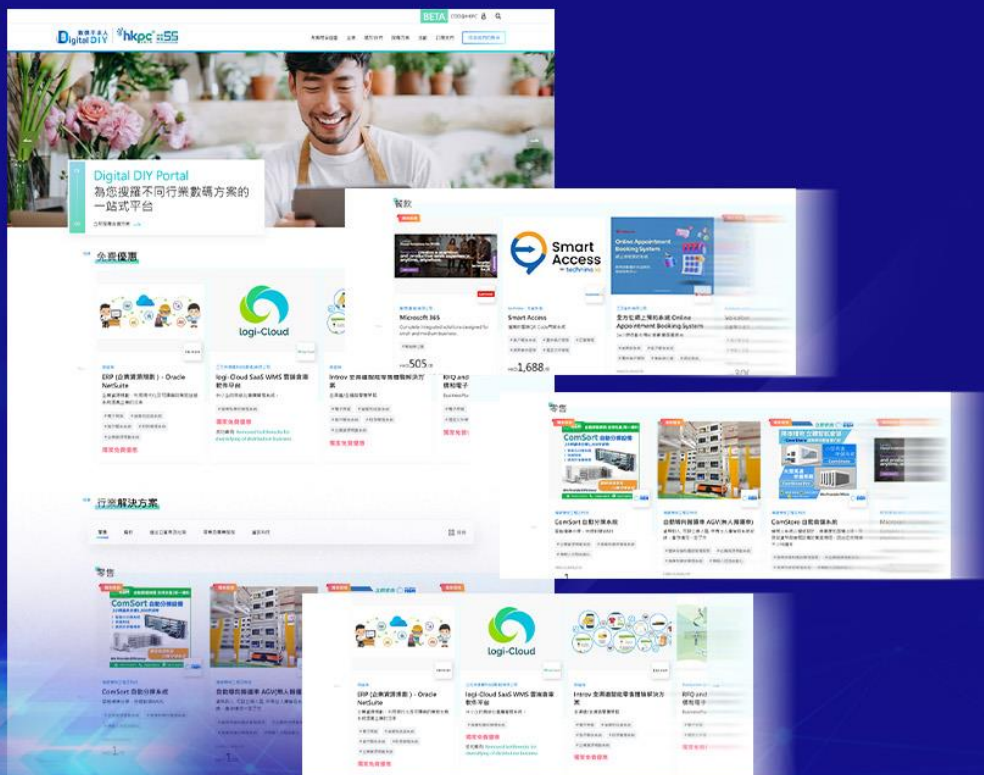
26% Enhance relationship with existing local suppliers

25% Change the mode of transport to reduce logistics cost

23% Change the mode of transport to ensure on-time delivery

**200+** Digital Solution Offers Available  
for SMEs to Support Digital Transformation

 [ddiy.hkpc.org/en](https://ddiy.hkpc.org/en)



E-commerce



Smart Office



Marketing and  
Communications



Cybersecurity  
Solutions



Analytics

And more...

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Results

**Expert's Analysis**





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Results

**Q3 2022**





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“Standard Chartered Hong Kong SME Leading Business Index”  
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<https://u.hkpc.org/scbi-en>



# Standard Chartered Hong Kong SME Leading Business Index

## Survey Background



# Introduction





# Diffusion Index



An index above 50.0 indicates **optimistic** business sentiment among SMEs

A reading at 50.0 indicates **neutral** business sentiment among SMEs

An index below 50.0 indicates **pessimistic** business sentiment among SMEs



# Methodology

## Survey Design

- Telephone Interview and Online Questionnaire
- The sample is stratified by referencing to the number of SMEs in relevant sectors
- This survey was conducted from June to July 2022
- Management of 921 SMEs were interviewed

## Business Category

1. Manufacturing
2. Construction
3. Import / Export Trade and Wholesale
4. Retail
5. Transportation, Storage and Courier Services
6. Accommodation and Food Services
7. Information and Communications
8. Financing and Insurance
9. Professional and Business Services
10. Real Estate
11. Social and Personal Services



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