

# Standard Chartered Hong Kong SME Leading Business Index

Results

Q1 2023



# 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 gauge SMEs' views on expanding their business into other GBA cities

# Standard Chartered Hong Kong SME Leading Business Index

Results

Q1 2023



# Key Findings of This Quarter



Overall Index was **46.7** for Q1 2023, rebounded by 2.5 from the previous quarter



**24%** of SMEs have already expanded / considered expansion to other GBA cities due to the *Outline Development Plan*



**35%** of SMEs claim to have understanding of the plans or policy measures related to the GBA

# Overall Index in Q1 2023

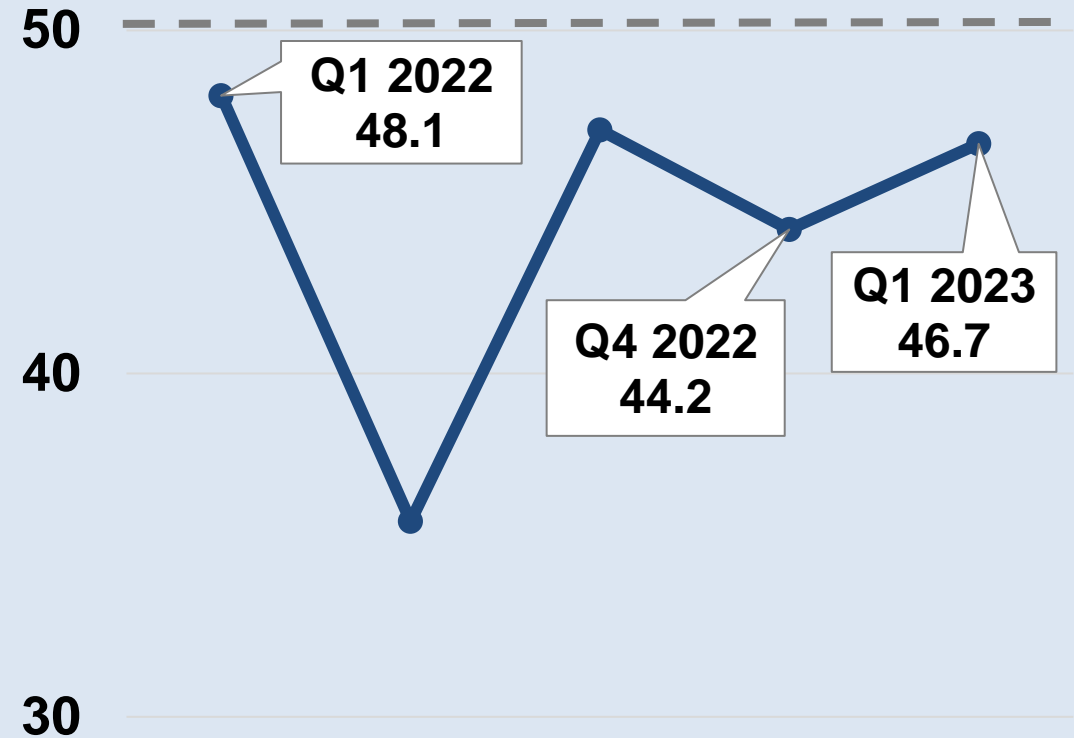
Quarter-over-quarter  
increase

46.7

+2.5



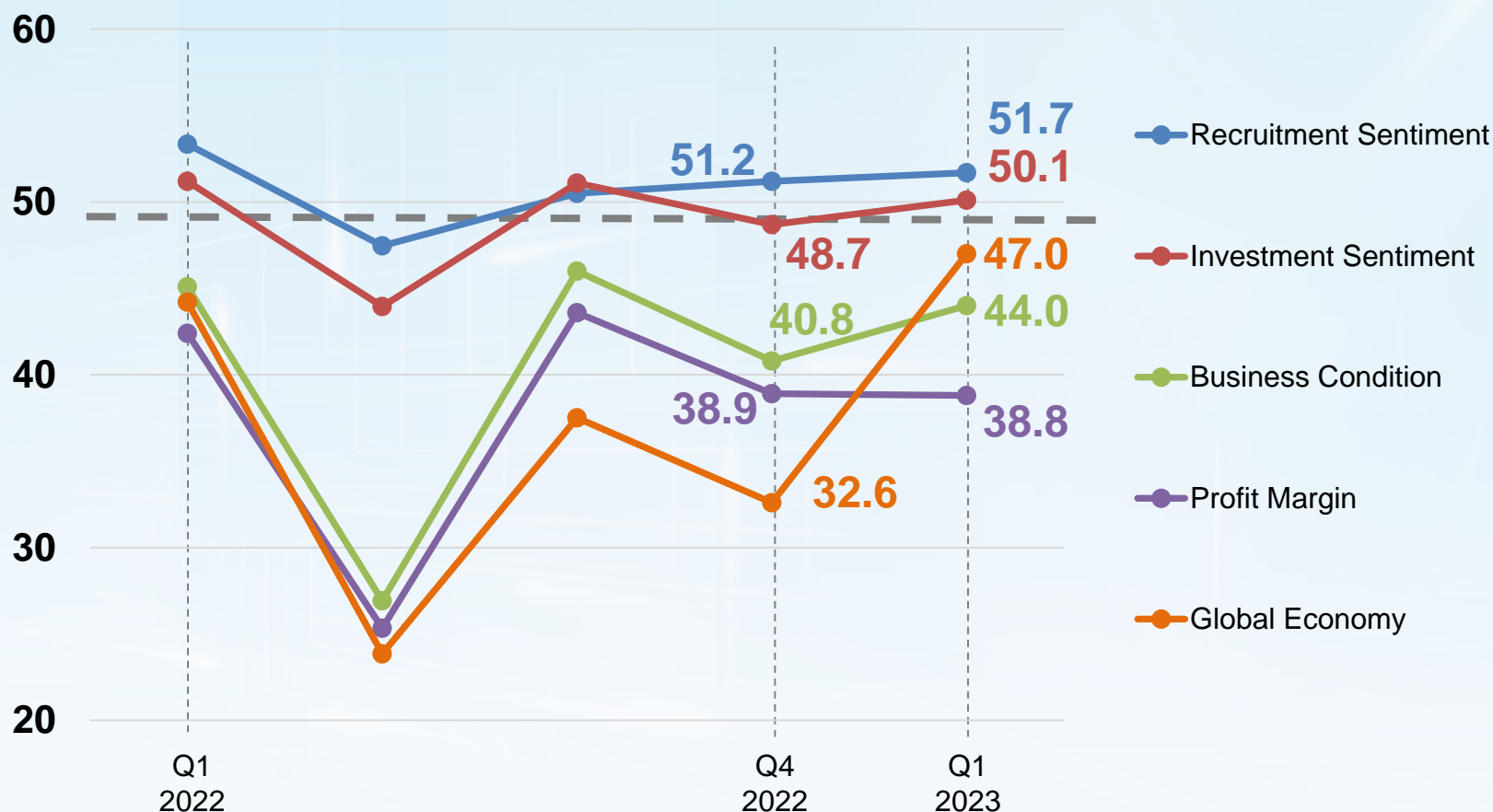
## Overall Index



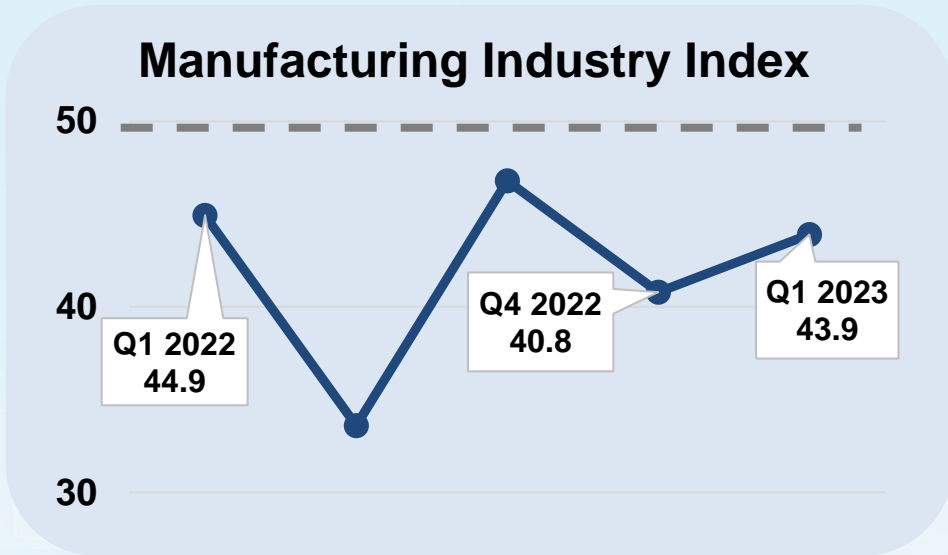
# Five Component Sub-Indices of Overall Index

- Except “Profit Margin” which was slightly down by 0.1, all other sub-indices were up simultaneously, of which “Recruitment Sentiment” further increased to 51.7, while “Investment Sentiment” returned to above 50 neutral line
- The uplift of “Global Economy” was most significant, climbing by 14.4 to 47.0 in this quarter. All industries registered uplift in this component sub-index

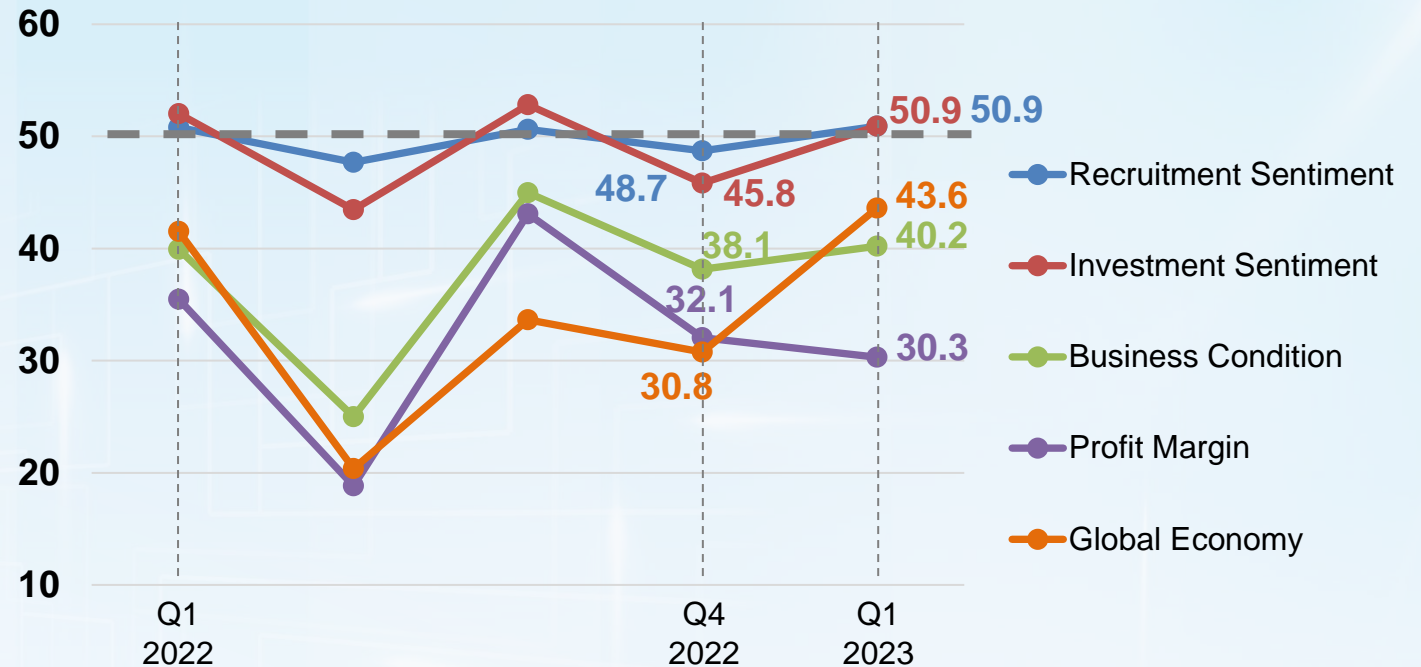
## Five Component Sub-Indices of Overall Index



# Manufacturing

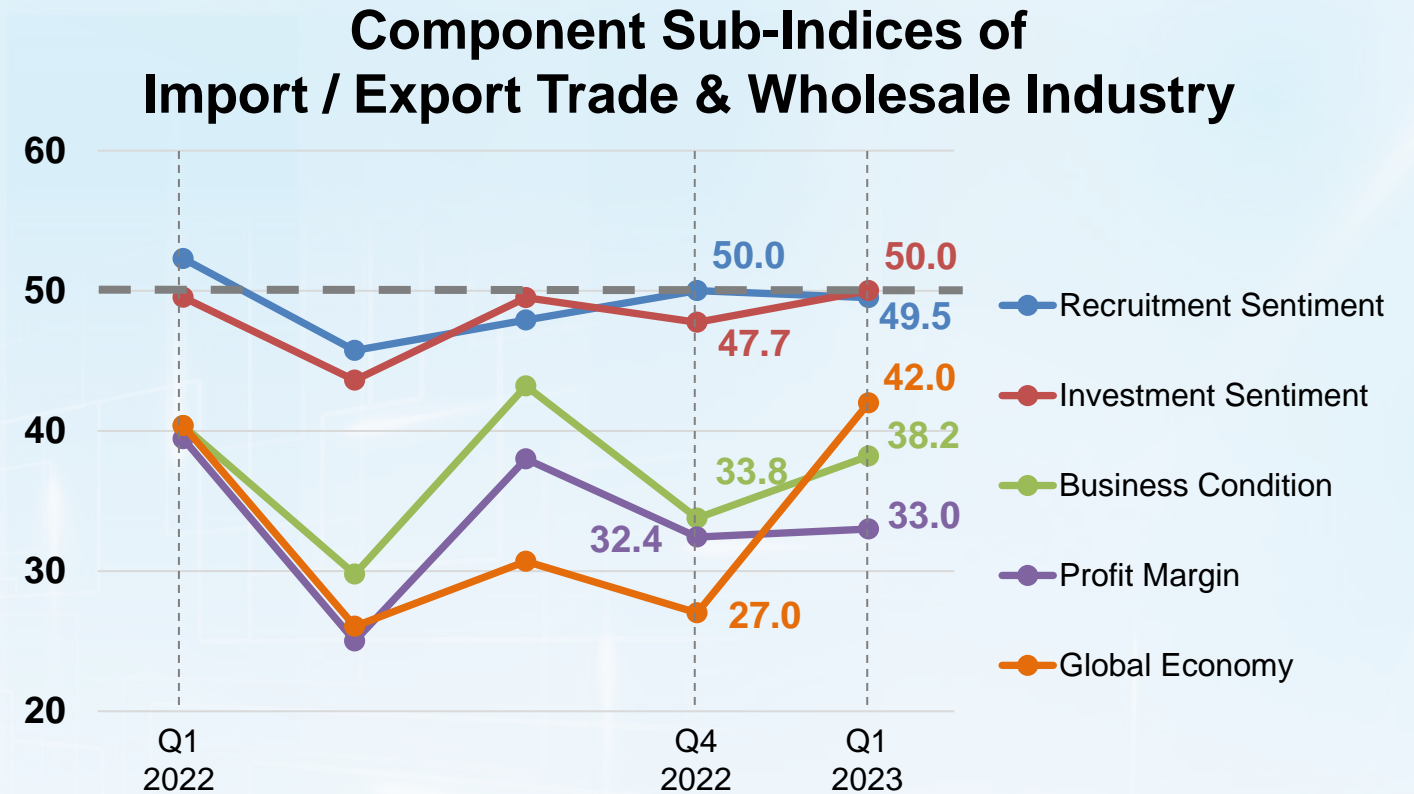
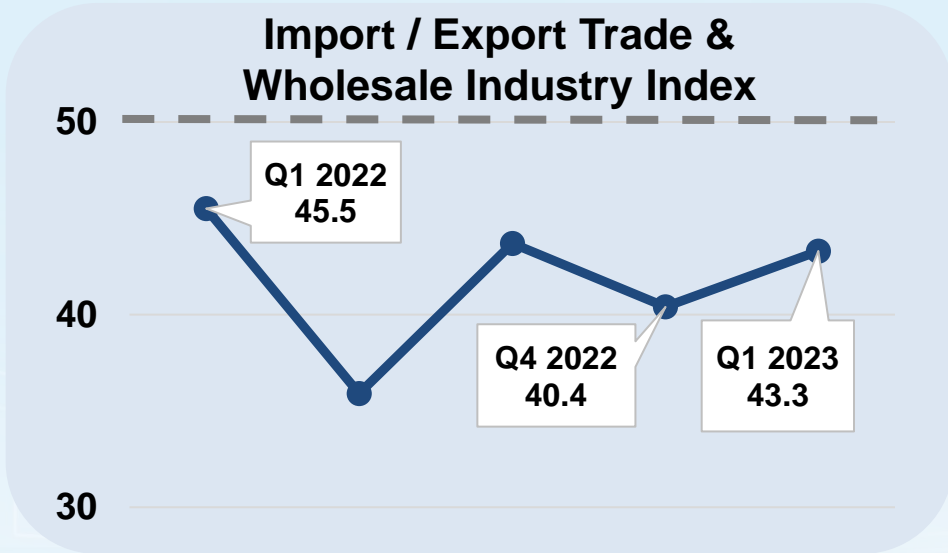


### Component Sub-Indices of Manufacturing Industry



- Industry index of Manufacturing Industry rebounded by 3.1 to 43.9 in this quarter
- Except “Profit Margin” which decreased further by 1.8, all other component sub-indices recorded an upturn, among which “Recruitment Sentiment” and “Investment Sentiment” returned to above 50 neutral line

# Import / Export Trade & Wholesale

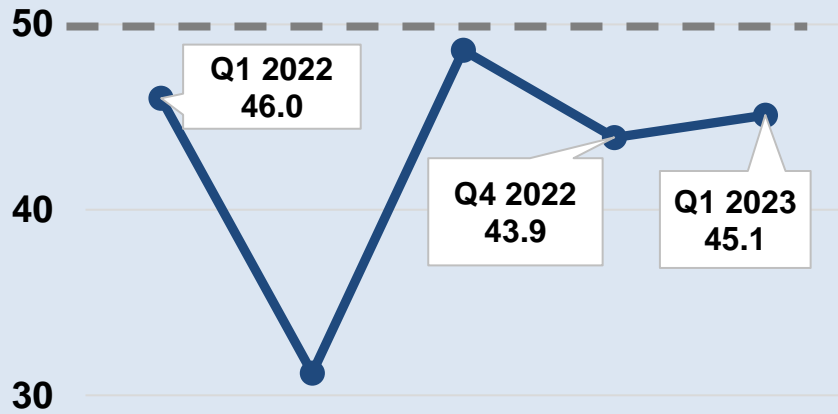


- Industry index of Import / Export Trade & Wholesale Industry increased by 2.9 to 43.3 in this quarter
- Except "Recruitment Sentiment" which was slightly down to 49.5, all other component sub-indices uplifted, of which "Investment sentiment" returned to 50 neutral level, and "Business Condition" rebounded by 4.4

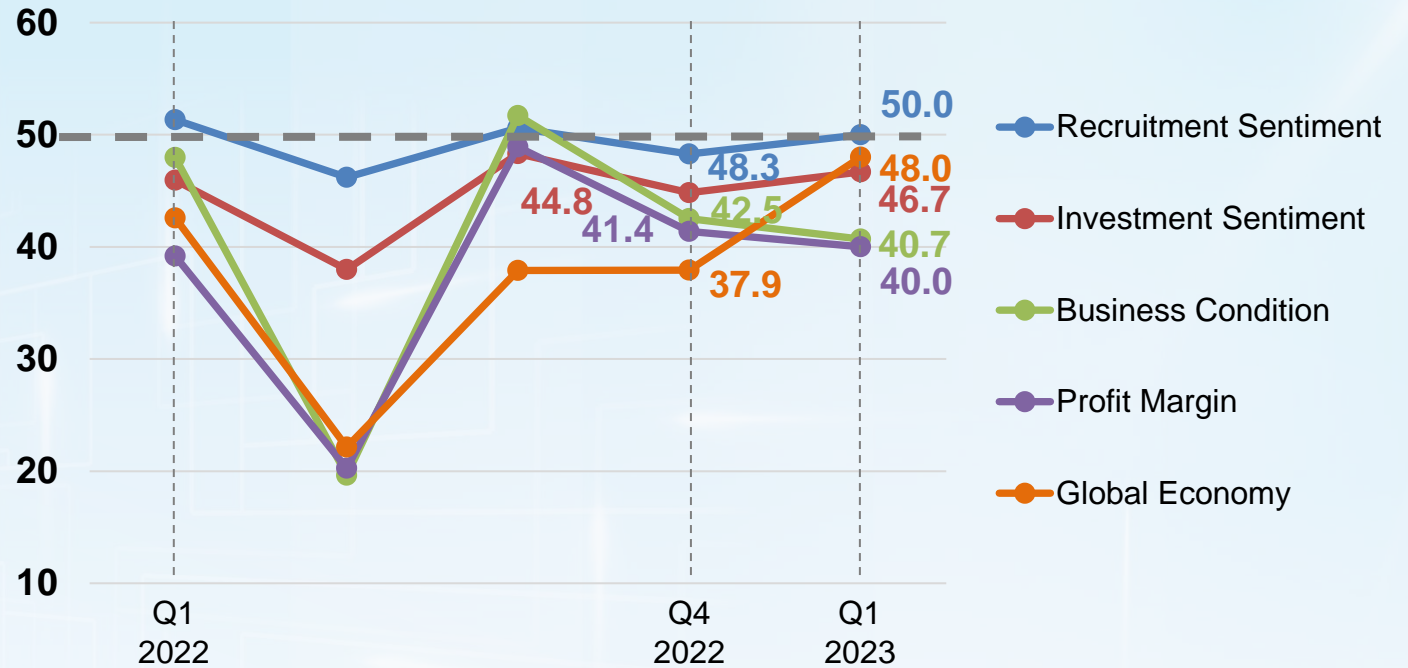


# Retail

## Retail Industry Index



## Component Sub-Indices of Retail Industry



- Industry index of Retail Industry was up by 1.2 to 45.1 in this quarter
- Despite the further retreats of “Business Condition” and “Profit Margin”, other component sub-indices stabilised, of which “Recruitment Sentiment” returned to 50 neutral level

# Top 5 Industries with the Largest Changes

## Industries Recording the Largest Increases

8.3

Financing and Insurance

5.5

Construction

3.4

Social and Personal Services

## Industries Recording Declines

1.7

Transportation, Storage and Courier Services

0.3

Accommodation and Food Services

# Expectation towards Changes on Investment

# 90%

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

**Industries with 90% or more SMEs  
Expecting No Change or  
Even Increase on the Overall Investment**

**1** Social and Personal Services **94%**

**1** Financing and Insurance **94%**

**1** Professional and Business Services **94%**

**4** Import / Export Trade and Wholesale **93%**

**5** Accommodation and Food Services **90%**

**5** Manufacturing **90%**



# Expectation towards Changes on Investment

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

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

**2** Overall Staff Training

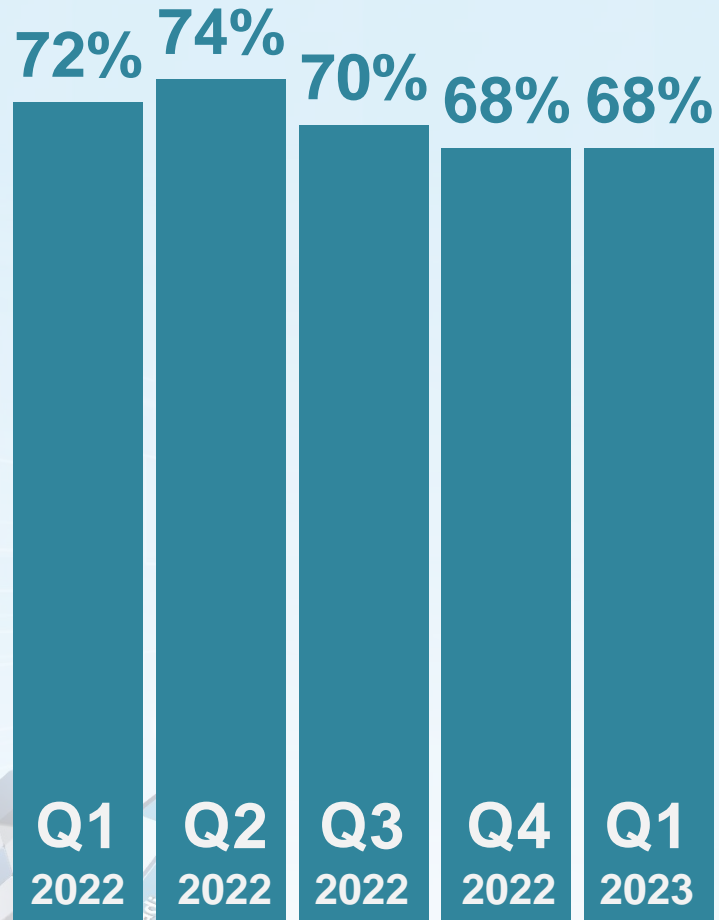
**3** Online Marketing Promotion

**4** Research and Development Facilities and Equipment

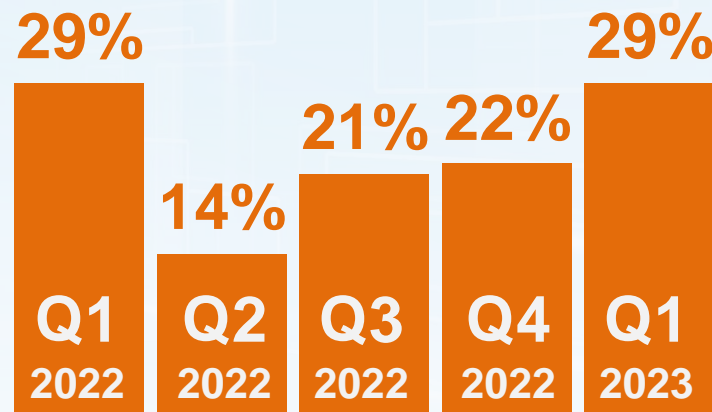
**5** Offline Marketing Promotion



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



**Raw Materials Cost Increase**



**Staff Salary Increase**



**Product / Service Price Increase**

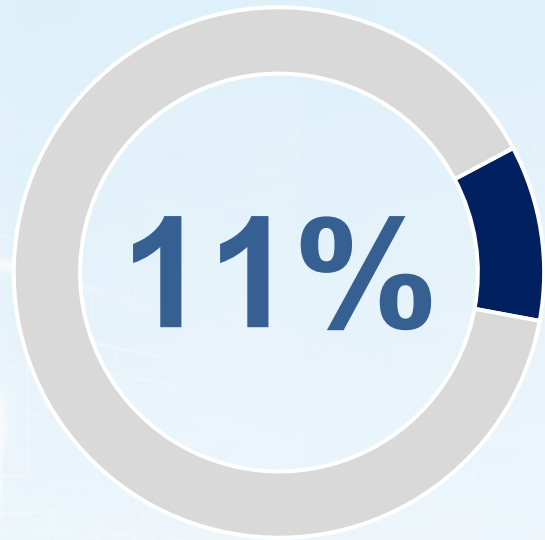
# Standard Chartered Hong Kong SME Leading Business Index

Featured Topic

**Hong Kong SMEs' Views of  
Expanding Business into  
Other GBA Cities**

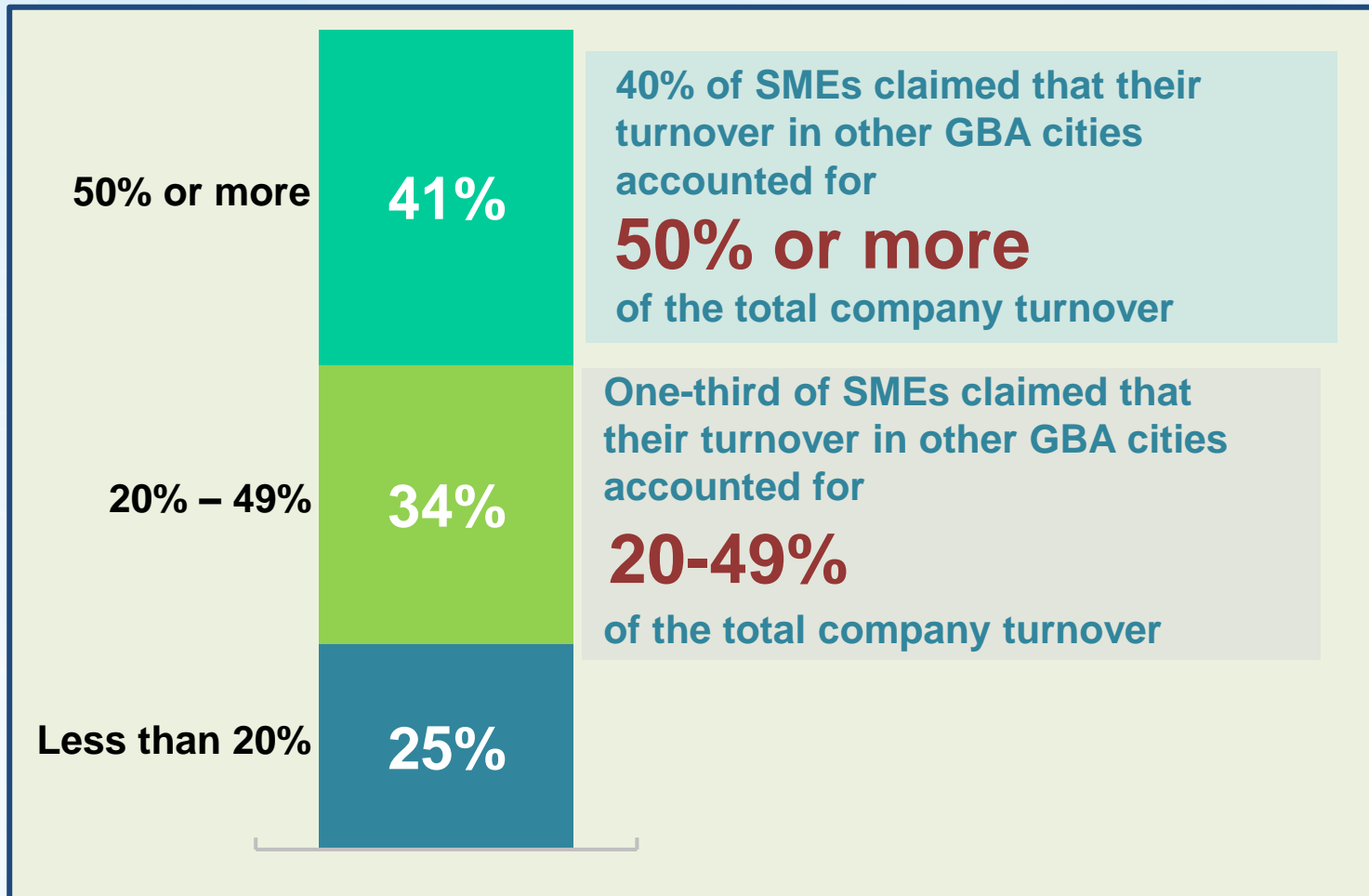


# SMEs' Current Business Status in Other GBA Cities



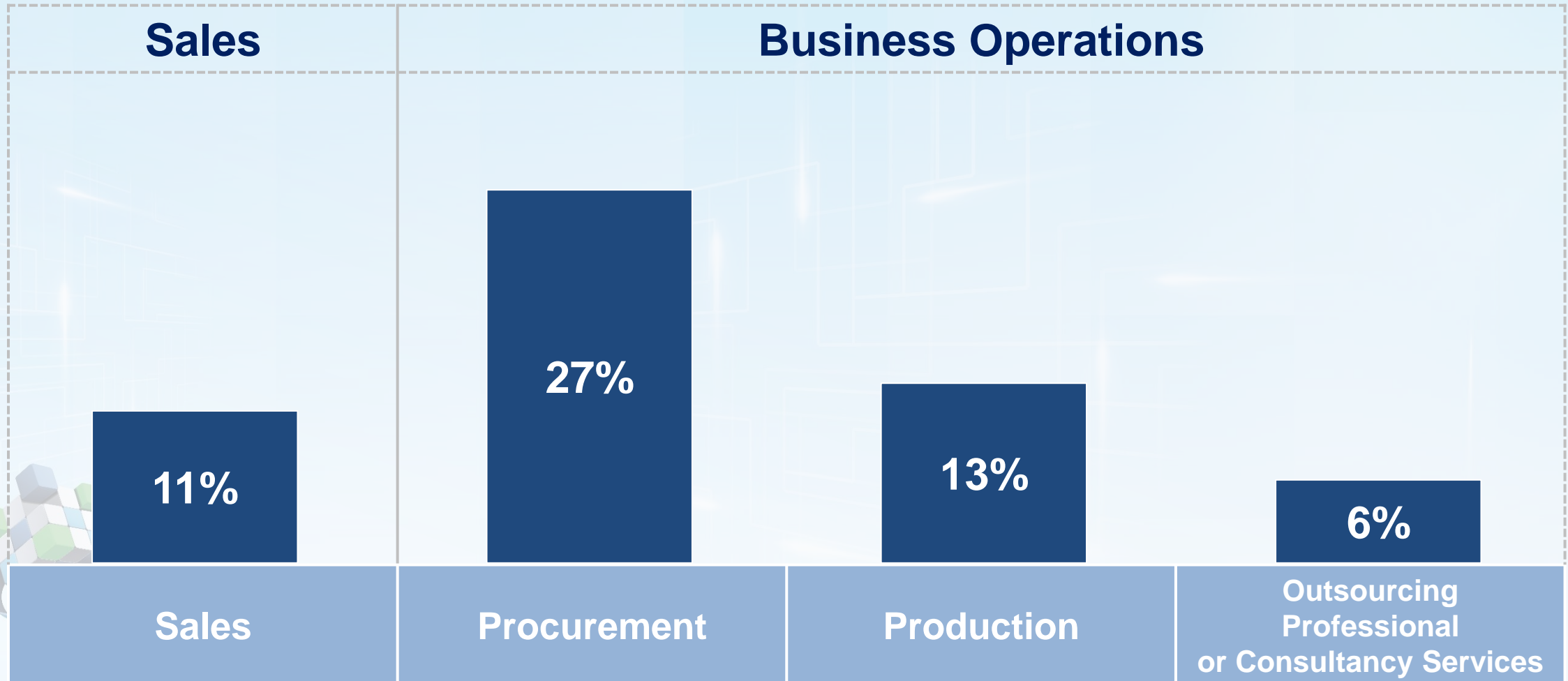
of SMEs currently have sales business in other GBA cities

## Proportion of SMEs' Sales Turnover in other GBA cities to Total Company Turnover:



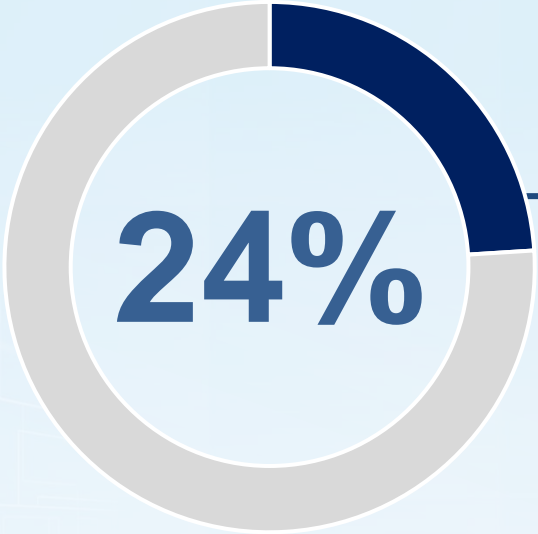
# SMEs' Current Business Status in Other GBA Cities

Proportion of SMEs Currently Running the Following Businesses in Other GBA Cities:





# SMEs' Current Business Status in Other GBA Cities



of SMEs have already expanded / considered expansion to other GBA cities due to the *Outline Development Plan*

## Key Areas of Business Expansion:

Sales

Sales

72%

Outsourcing Professional or Consultancy Services

44%

Business Operations

Procurement

36%

Production

12%

# Motivations behind SMEs' Expansion into Other GBA Cities

## Motivations behind Sales Expansion into Other GBA Cities:

34%

Larger market size

24%

Lower cost than Hong Kong and other areas

19%

More business partners

## Motivations behind Business Operations Expansion into Other GBA Cities:

61%

Lower cost than Hong Kong and other areas

47%

More choices of suppliers / outsourced service providers

16%

More relevant expertise

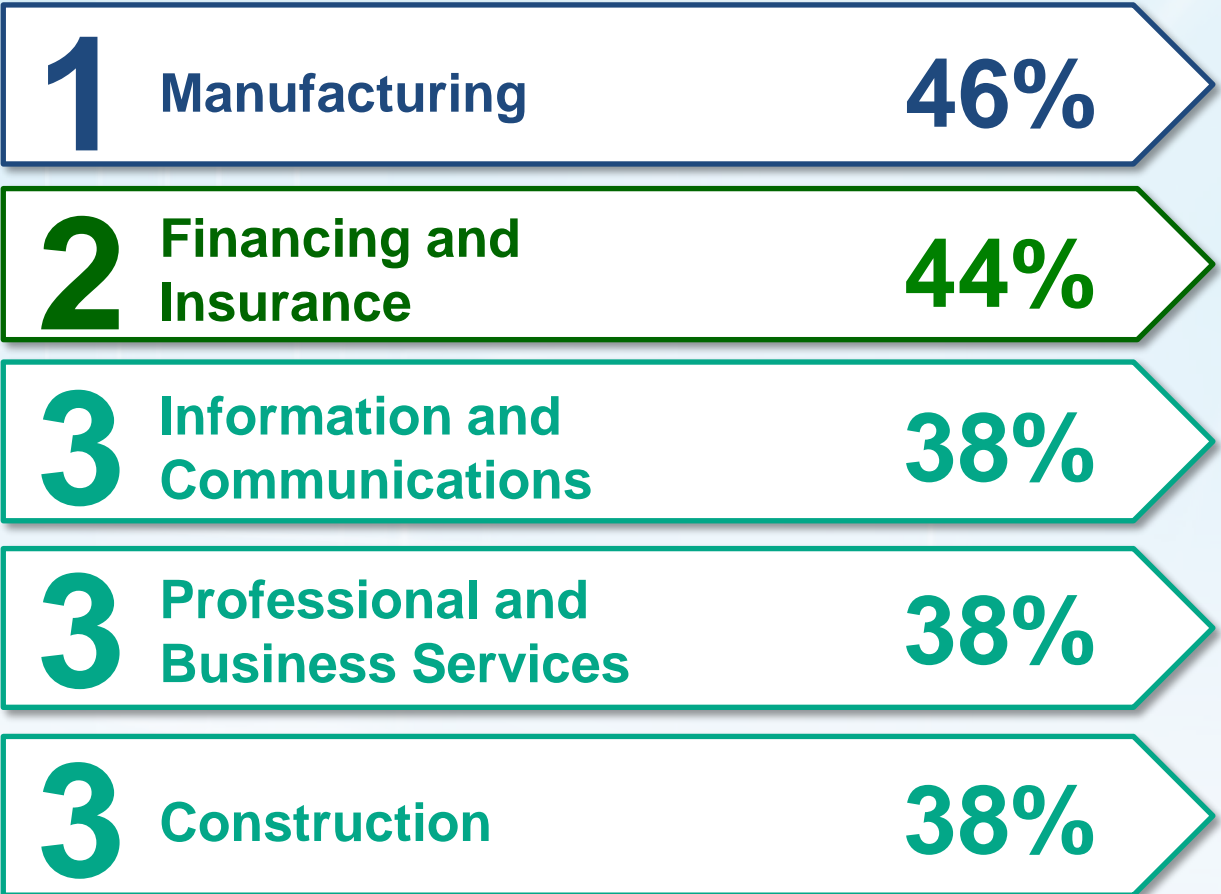
*Note: Business Operations covers Purchasing, Production, and Outsourcing Professional or Consultancy Services*

# SMEs' Awareness and Understanding of the Plans or Policy Measures Related to the GBA

**35%**

of SMEs claimed to be aware of the plans or policy measures of the GBA

## Top Industries with Understanding of the Plans and Policy Measures of the GBA:



# SMEs' Awareness and Understanding of the Plans or Policy Measures Related to the GBA

Top 3 most known GBA plans or policy measures among SMEs:

57%

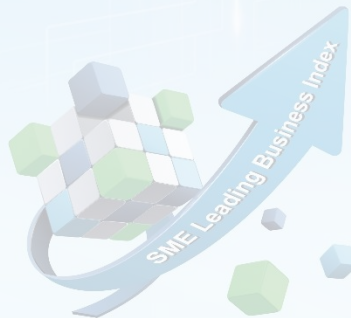
Certified professionals in Hong Kong are allowed to practice in the GBA

53%

Tax Concessions

47%

Cross-boundary Wealth Management Connect Scheme



# Challenges SMEs Have Encountered / Expected to Encounter when Expanding into Other GBA Cities

1

Foreign exchange control policy in the Mainland

2

Unfamiliar with the local laws and regulations

3

Products / Services not suitable for other GBA cities

4

Higher risk of investment

5

Differences in consumer needs in Hong Kong and other GBA cities

6

Unfamiliar with the local taxation system

