

Standard Chartered Hong Kong SME Leading Business Index


Results
Q1 2025



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 explore the impact of the U.S. presidential transition on Hong Kong SMEs and their deployment plans

Standard Chartered Hong Kong SME Leading Business Index

Results

Q1 2025



Key Findings of This Quarter



Overall Index was **42.8** for Q1 2025, down by 2.9 from the previous quarter and returned to the level in Q3 2024



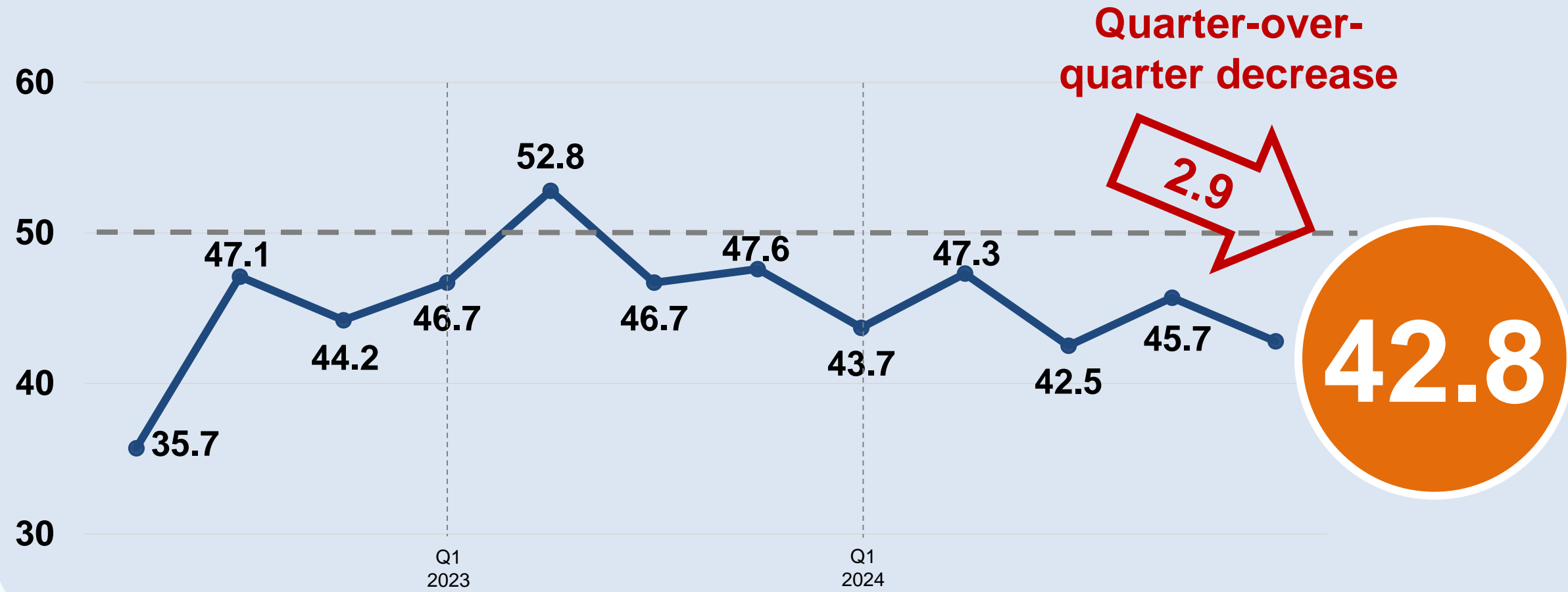
Nearly 40% of SMEs indicated that the U.S. presidential transition had posed impact on business confidence, mainly because the U.S. may impose new tariffs on imported goods



The strategies of SMEs for addressing future risks primarily focus on “Exploring more diverse suppliers” and “Enhancing employees’ knowledge and skills”

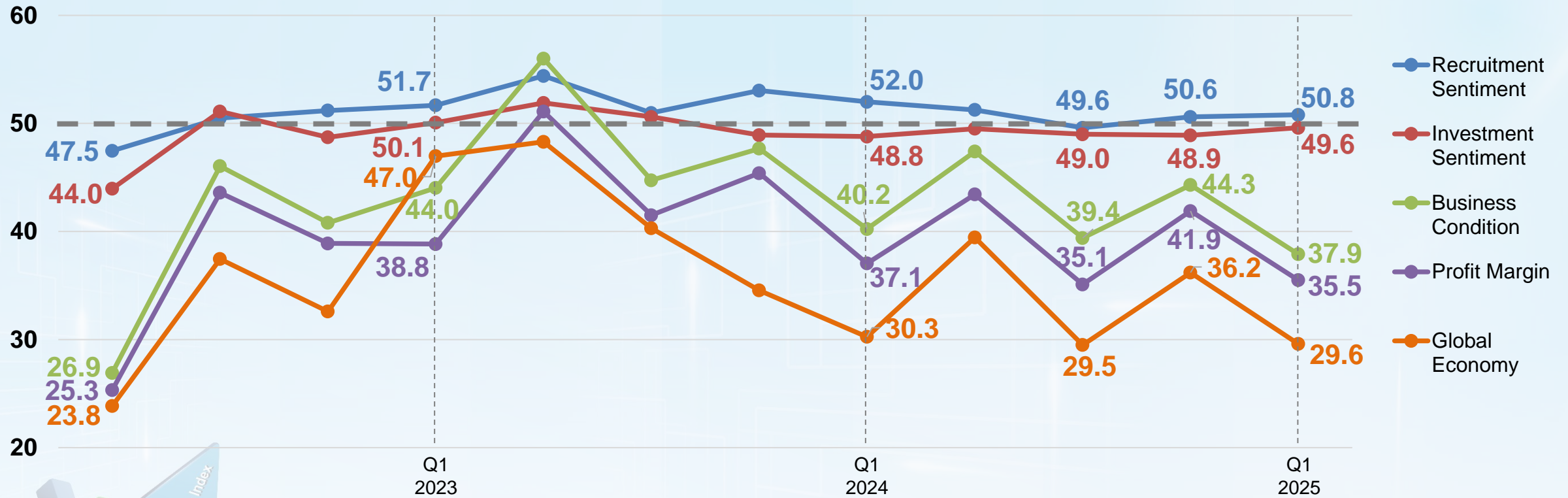
Overall Index in Q1 2025

Overall Index



Five Component Sub-Indices of Overall Index

Five Component Sub-Indices of Overall Index

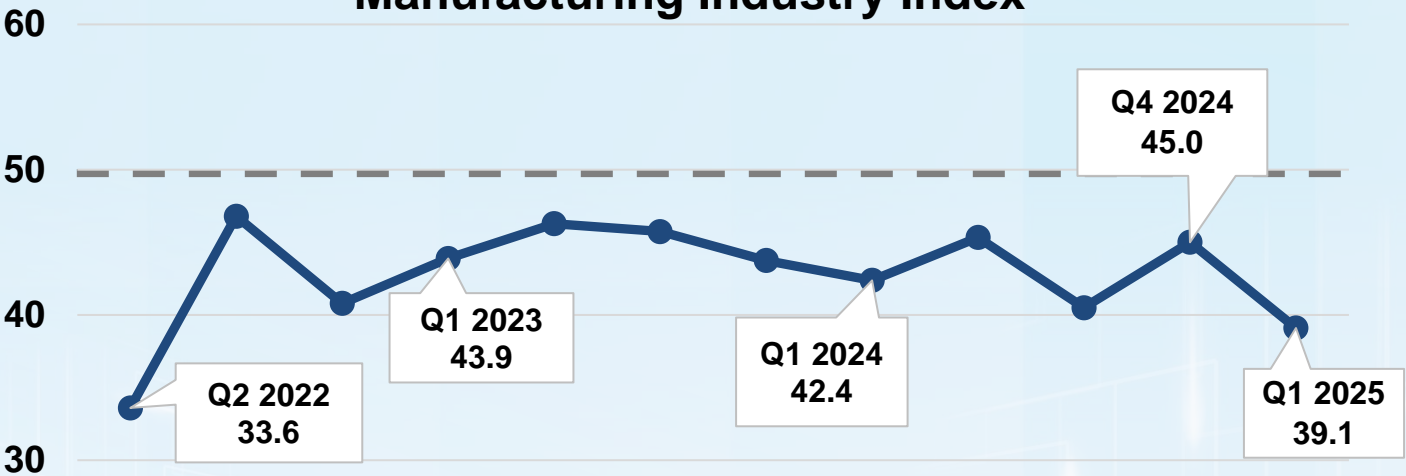


- “Recruitment Sentiment” and “Investment Sentiment” recorded a slight increase, maintaining a stable performance over the past two years
- “Business Condition”, “Profit Margin” and “Global Economy” recorded drops of 6.4, 6.4 and 6.6 respectively, returning to a similar level as Q3 2024



Manufacturing

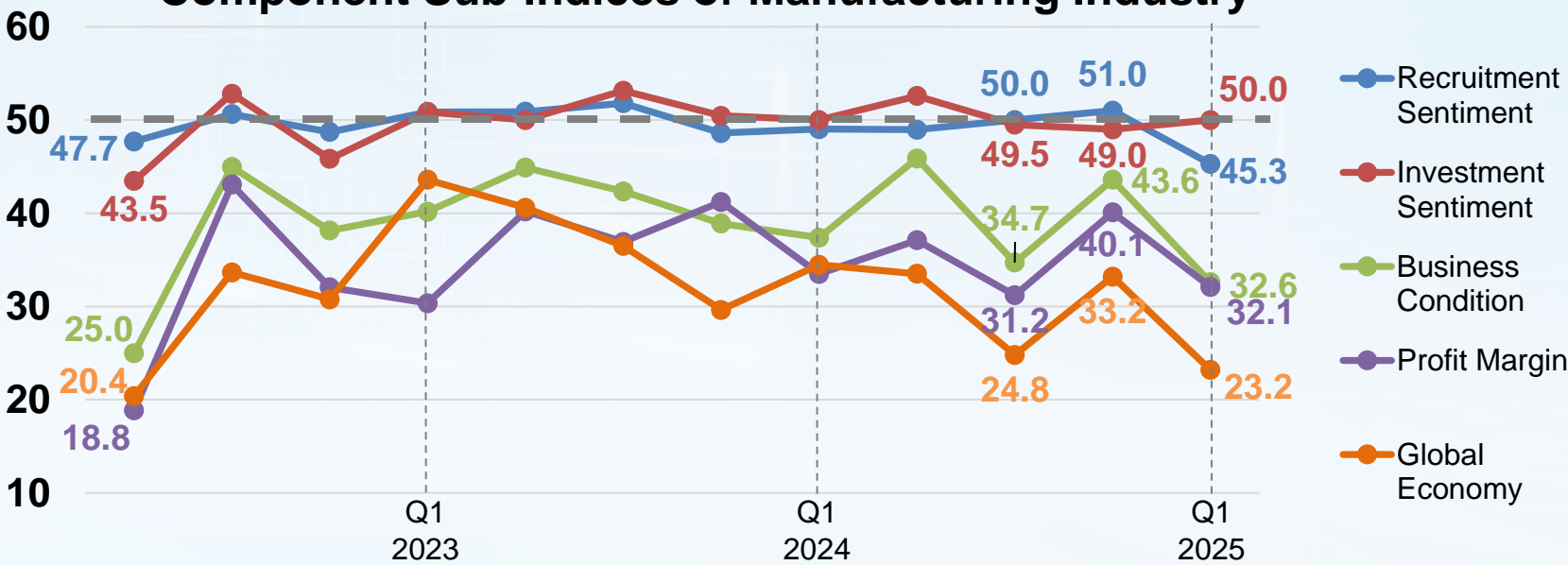
Manufacturing Industry Index



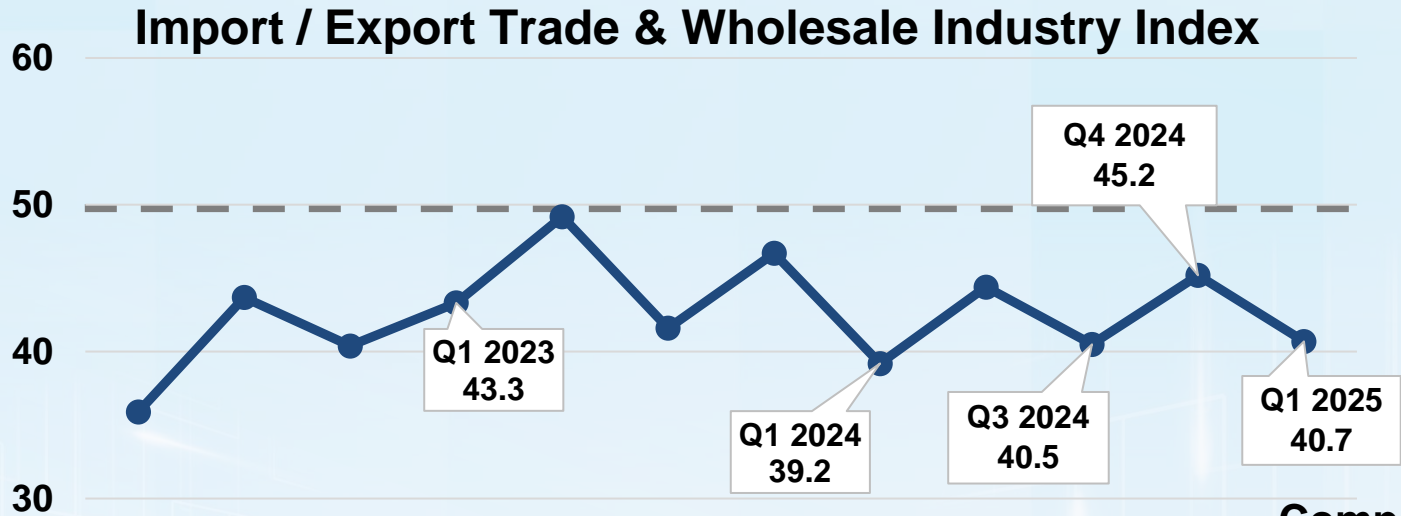
Industry index of Manufacturing Industry was down by 5.9 to 39.1 in this quarter, marking its lowest level since Q3 2022

Except for “Investment Sentiment” which slightly increased, all other component sub-indices recorded declines, particularly for “Recruitment Sentiment” which fell to its lowest level since Q2 2021

Component Sub-Indices of Manufacturing Industry

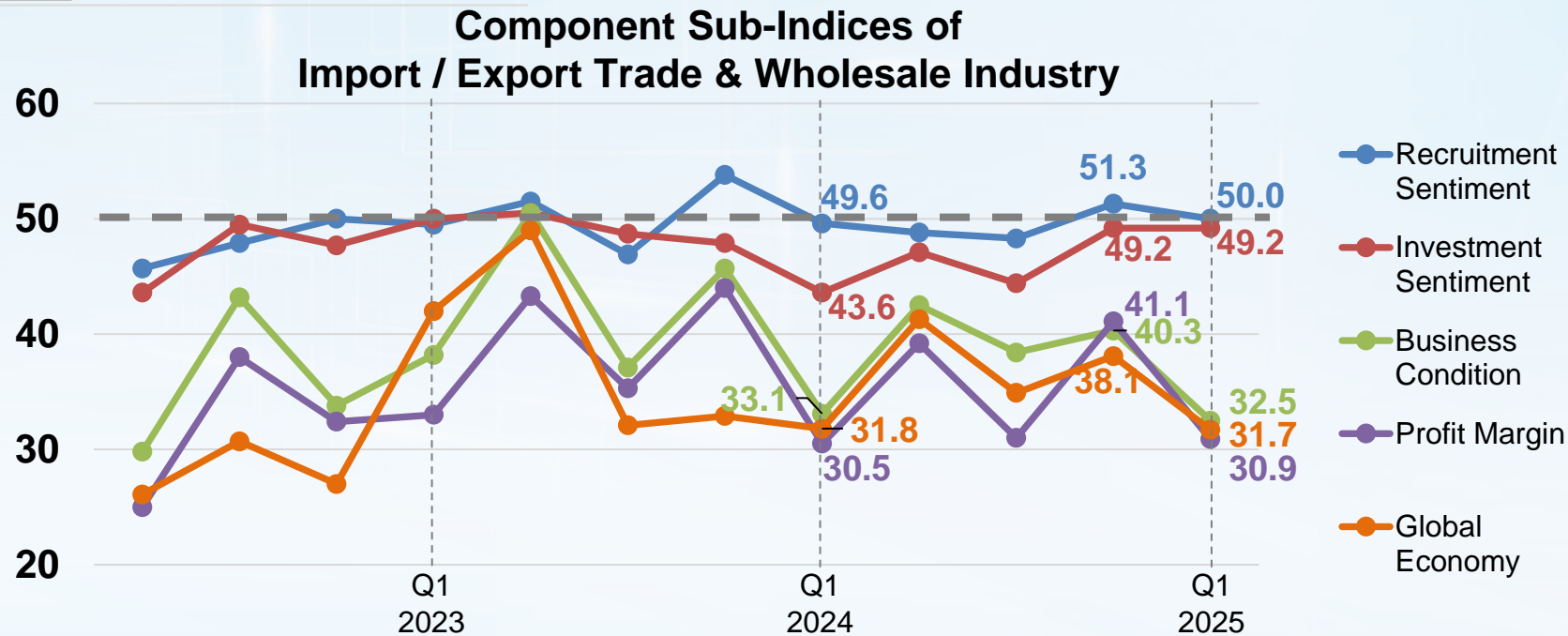


Import / Export Trade & Wholesale



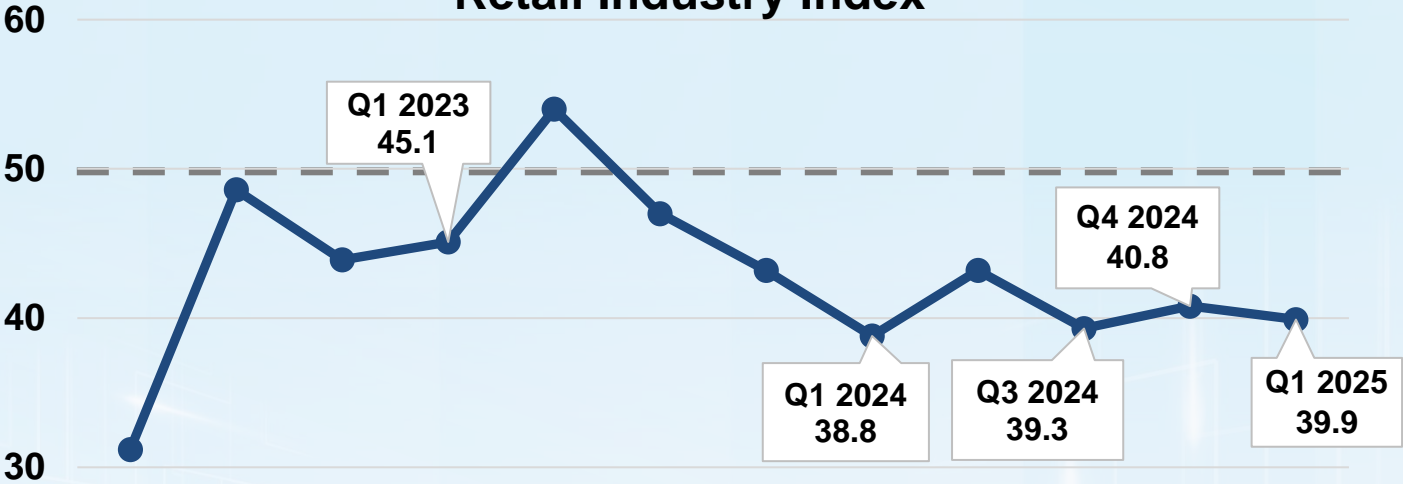
Industry index of Import / Export Trade & Wholesale Industry was down by 4.5 to 40.7 in this quarter, returning to a similar level as Q3 2024

Except “Investment Sentiment” which remained stable, other component sub-indices retreated simultaneously, of which “Profit Margin” marked the largest drop of 10.2. “Business Condition” also dropped significantly by 7.8



Retail

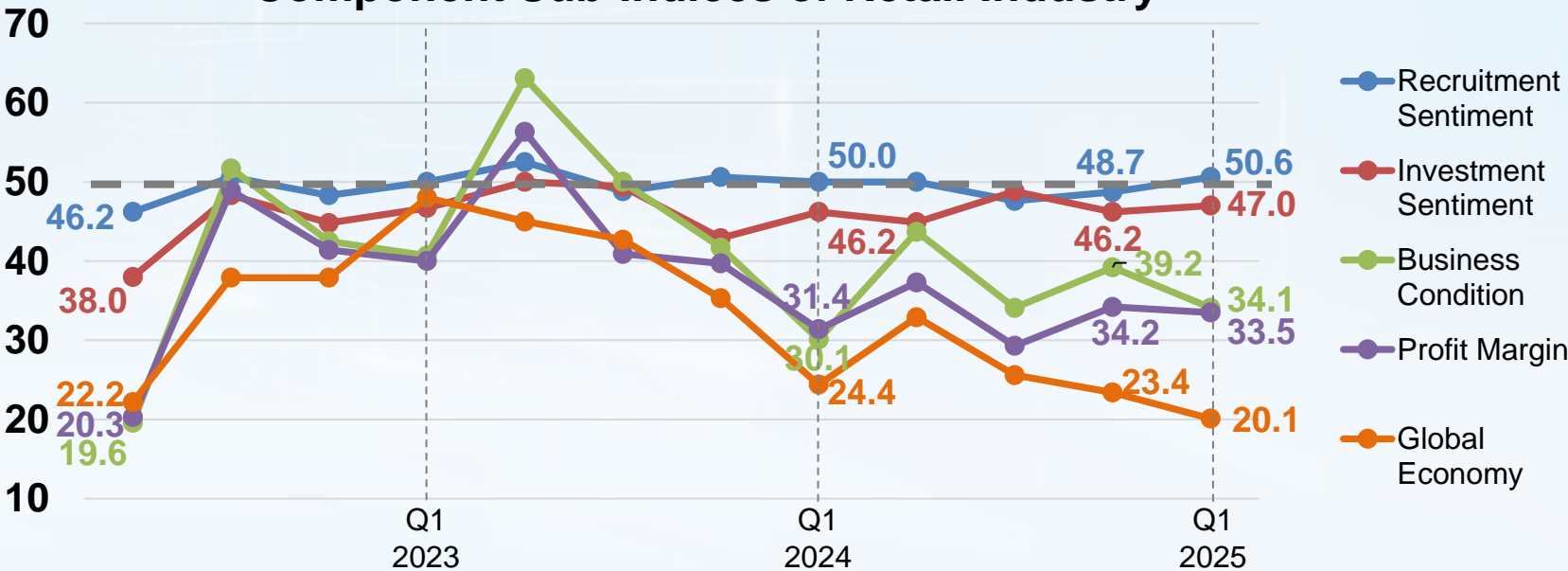
Retail Industry Index



Industry index of Retail Industry was slightly down by 0.9 to 39.9 this quarter

“Global Economy” sub-index declined further by 3.3 to 20.1, reaching its lowest level since Q4 2020

Component Sub-Indices of Retail Industry



Industries with the Largest Changes

Top 5 Industries Recording the Largest Declines

5.9

Manufacturing

5.5

Accommodation
and Food Services

5.8

Transportation, Storage and
Courier Services

4.5

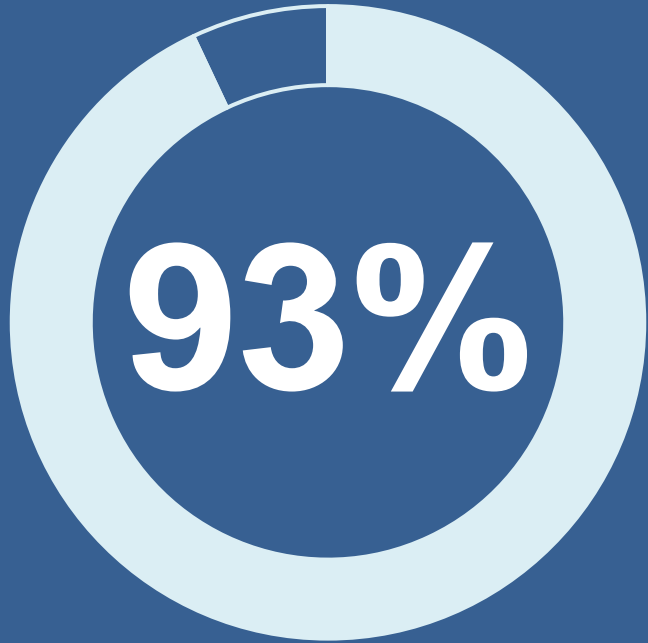
Import / Export Trade
and Wholesale

5.6

Construction



Expectation towards Changes on Investment



SMEs expected to maintain or increase their overall investment

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

Training Related to E-commerce or Digital Technology

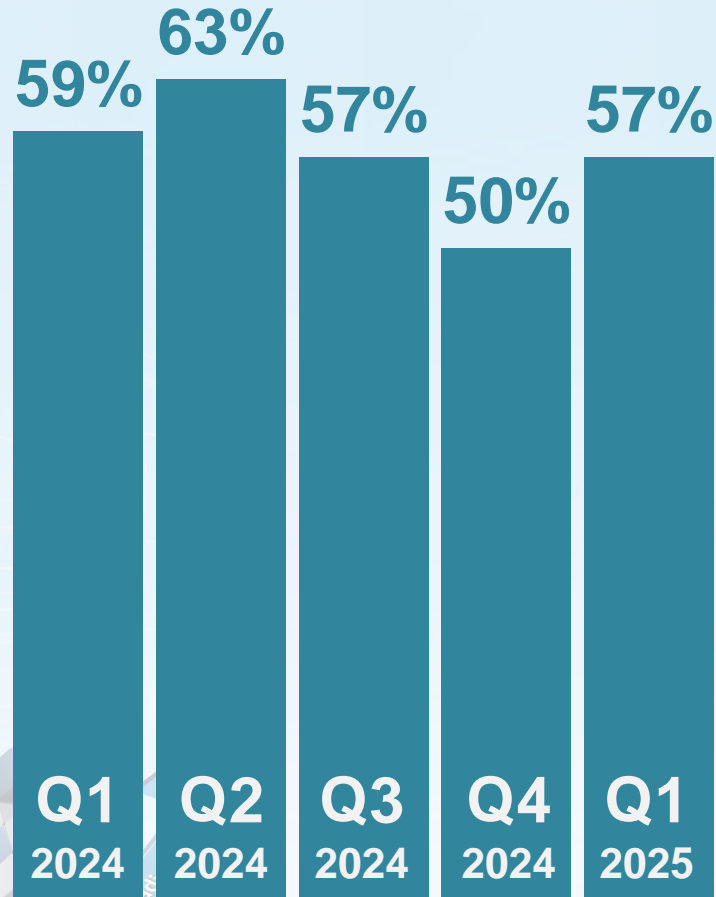
IT Systems

Research and Development

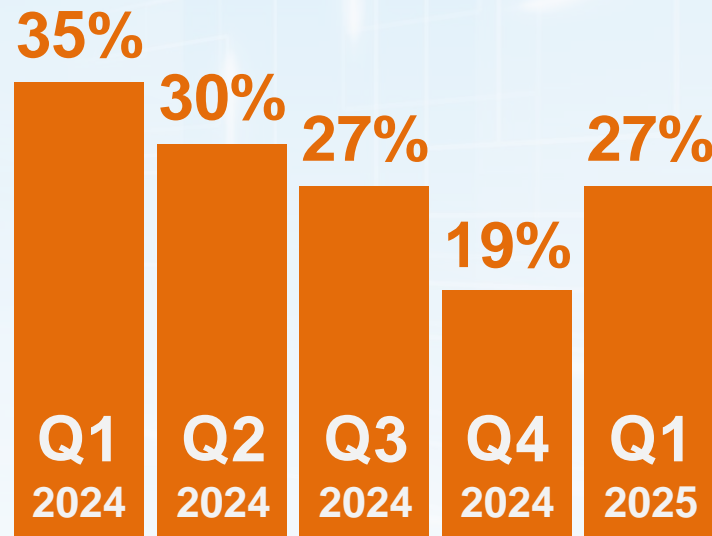
Online Marketing Promotion

Expectations towards Increases on Raw Materials Cost, Staff Salary and Price Factors

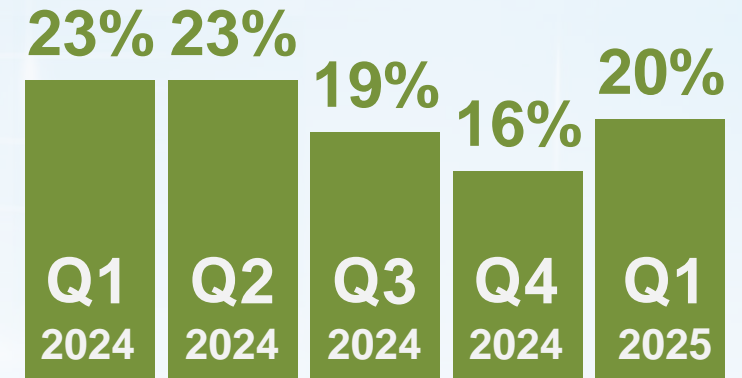
Proportion of surveyed SMEs:



**Raw Materials
Cost Increase**



Staff Salary Increase



**Product / Service
Price Increase**

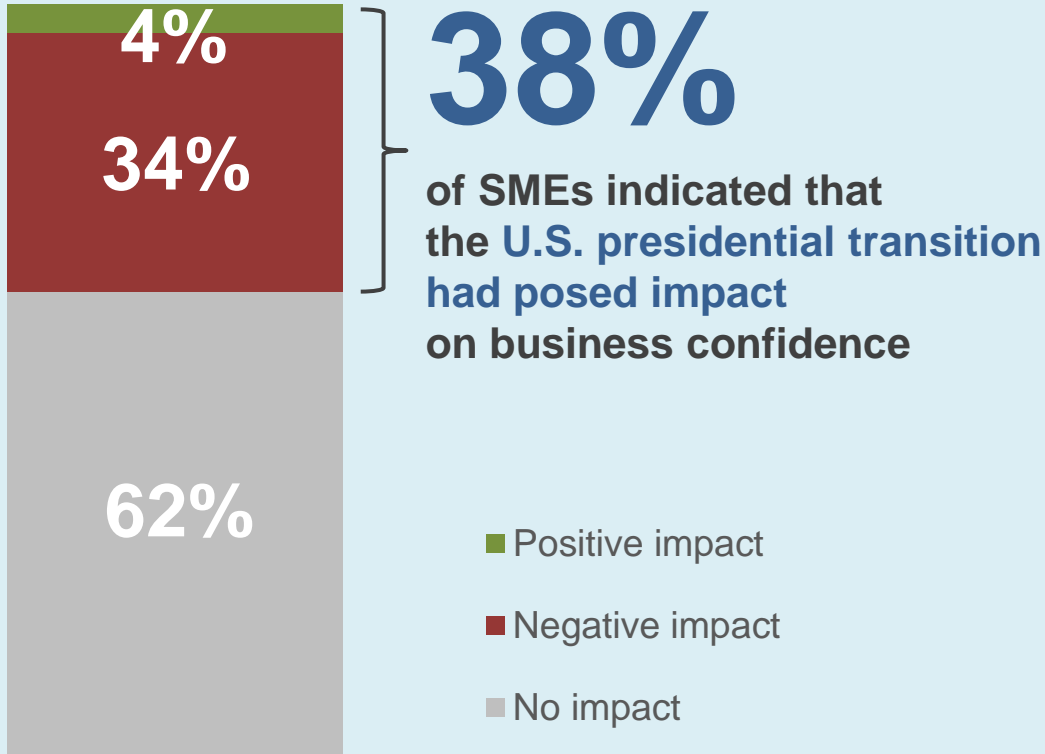
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Thematic Topic

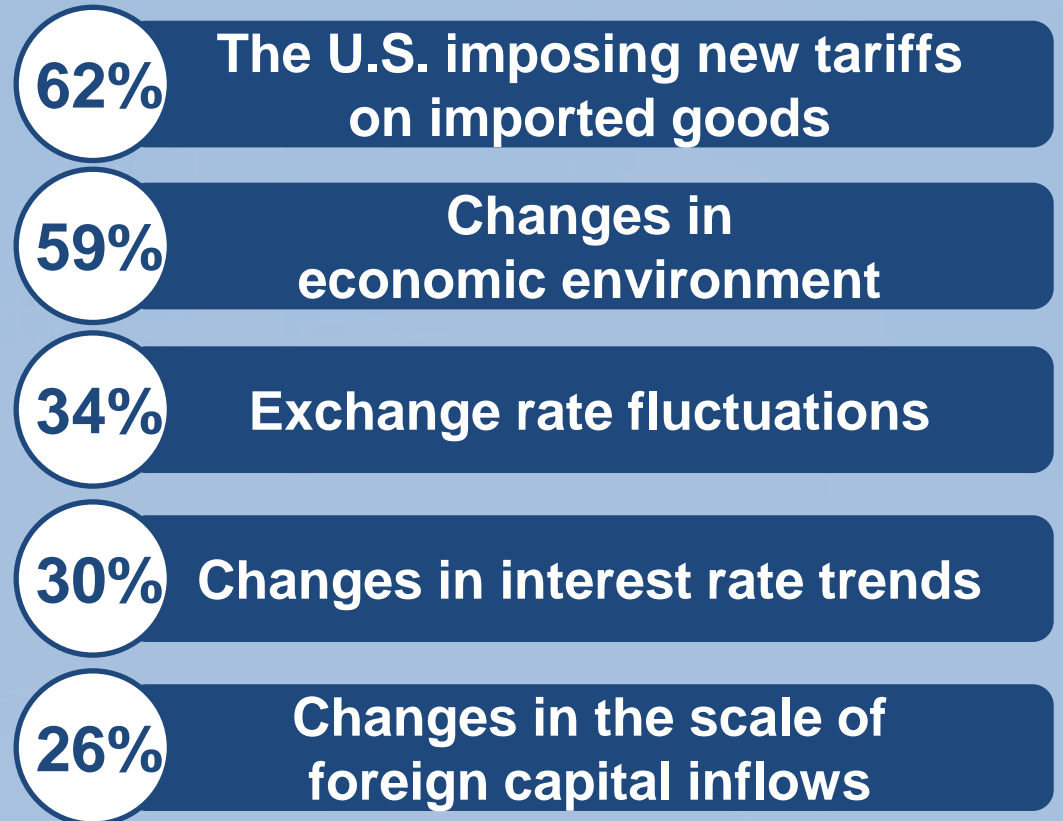
**Impact of the U.S. Presidential
Transition on Hong Kong SMEs
and Their Deployment Plans**



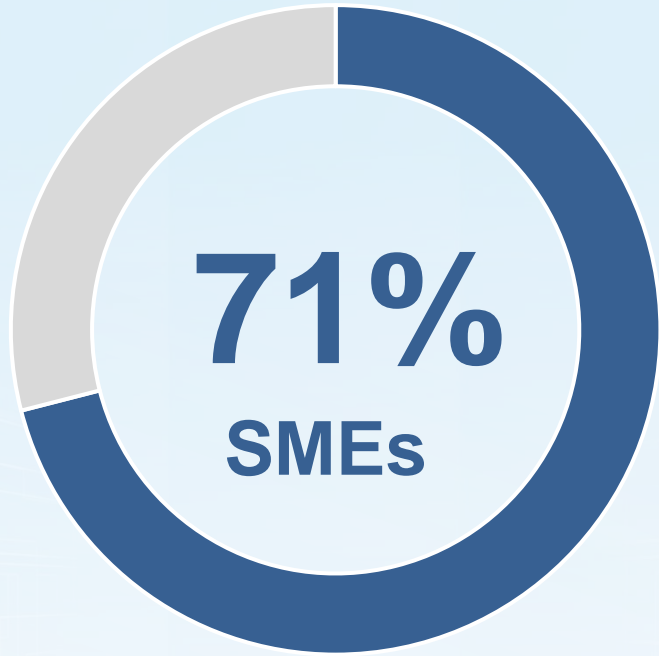
Impact of the U.S. Presidential Transition on Business Confidence



Top 5 factors that impact business confidence:



How SMEs Address Potential Risks in the Future Business Environment



Have implemented strategies to address potential risks in the future business environment

Five key strategies:

1 Exploring more diverse suppliers **31%**

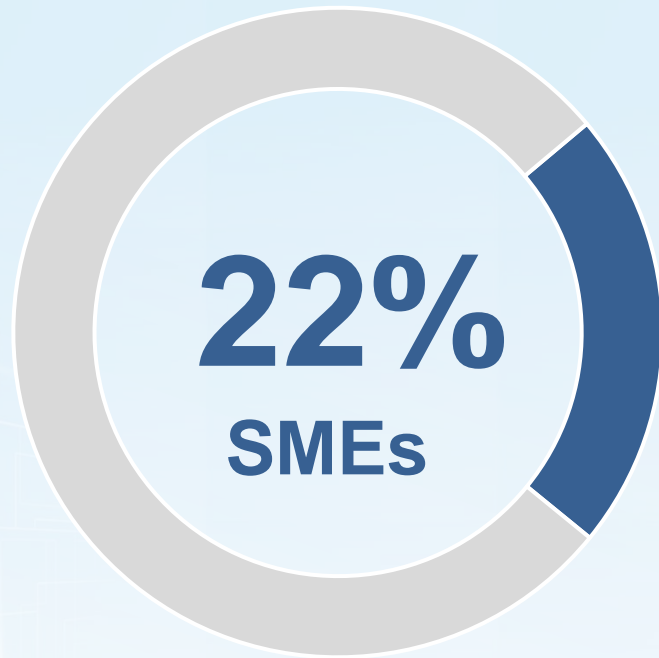
2 Enhancing employees' knowledge and skills **29%**

3 Expanding into new markets **24%**

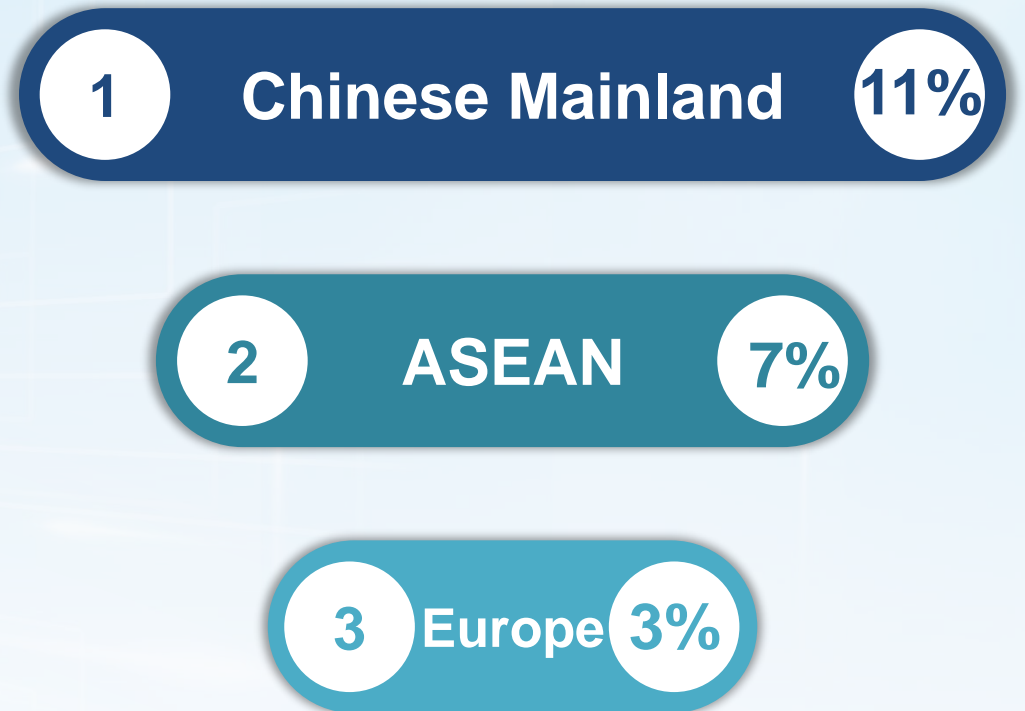
4 Increase adoption of digital technology in operations to reduce costs **19%**

5 Increase resources to develop online sales **18%**

Regions Considered for Business Expansion in the Next Three Years



Most considered regions:



Consider expanding their business to other regions in the next three years



Opportunities Brought by the “Belt and Road Initiative” for Companies

50%

**“Belt and Road Initiative”
could bring opportunities**

32%

No opportunity

18%

**Unfamiliar with the
“Belt and Road Initiative”**

Five major opportunities:

29%

Market expansion

25%

Gaining new partners

11%

Reducing operation costs

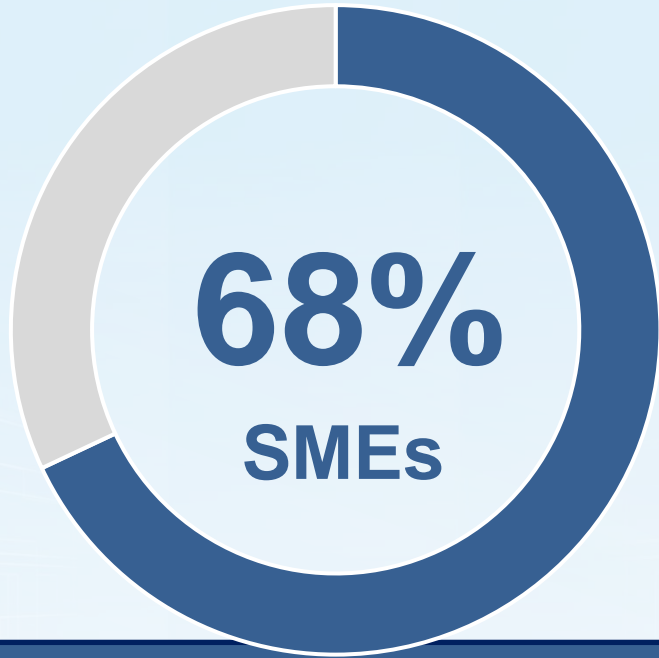
9%

Enhancing competitiveness

6%

**Technology transfer and
innovation**

Challenges in Expanding into New Markets along the Countries and Regions of the “Belt and Road Initiative”



Reported facing challenges in expanding into new markets along the countries and regions of the “Belt and Road Initiative”

Top 3 challenges:

Differences in regulations and product / service standards across countries 34%

Unfamiliarity with the plans or policies of the “Belt and Road Initiative” 32%

Cultural differences 24%

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