

Standard Chartered Hong Kong SME Leading Business Index


Results
Q2 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 Hong Kong SMEs' strategies in face of future business environment

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Results

Q2 2025



Key Findings of This Quarter



Overall Index was **43.8** for Q2 2025, increased by 1.0 from the previous quarter, on par with the levels observed in recent quarters



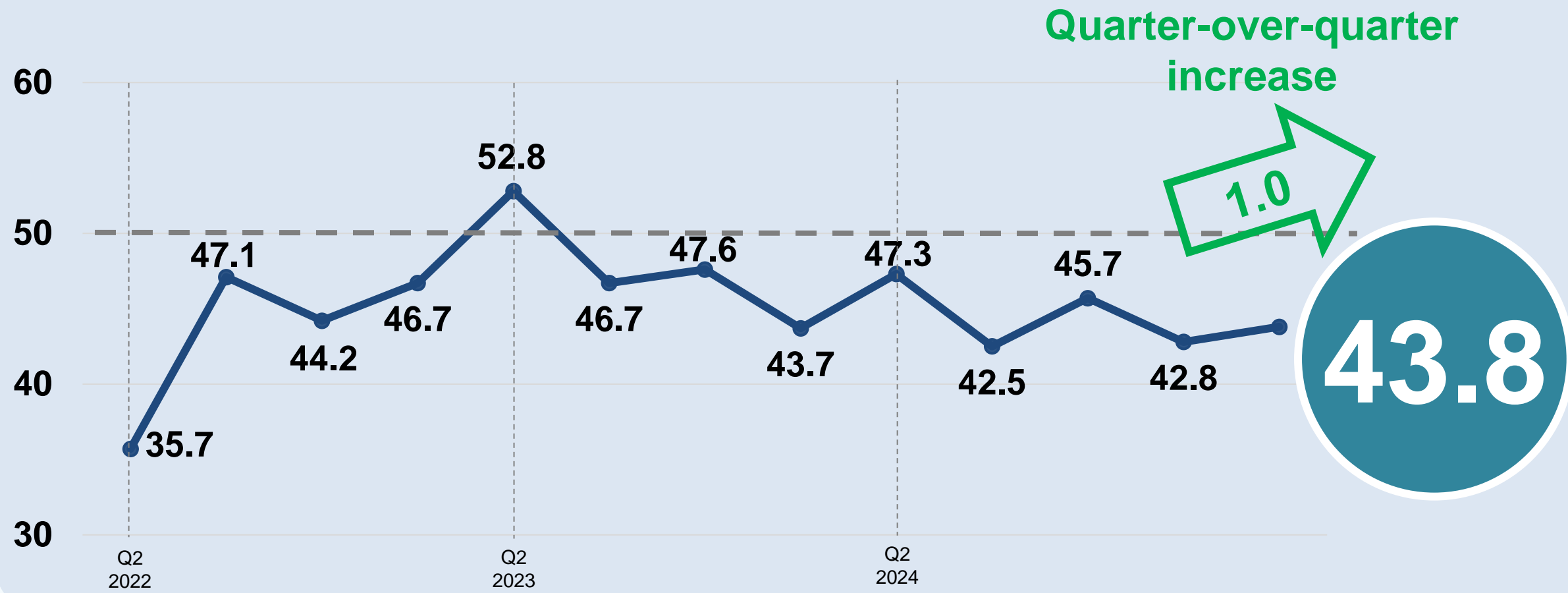
The “Global Economy” sub-index further declined to **24.9**, returning to a level similar to Q2 2022



The strategies for SMEs in the coming year primarily focus on “Increase local customer base” and “Enhancing AI / digital applications in operational processes”

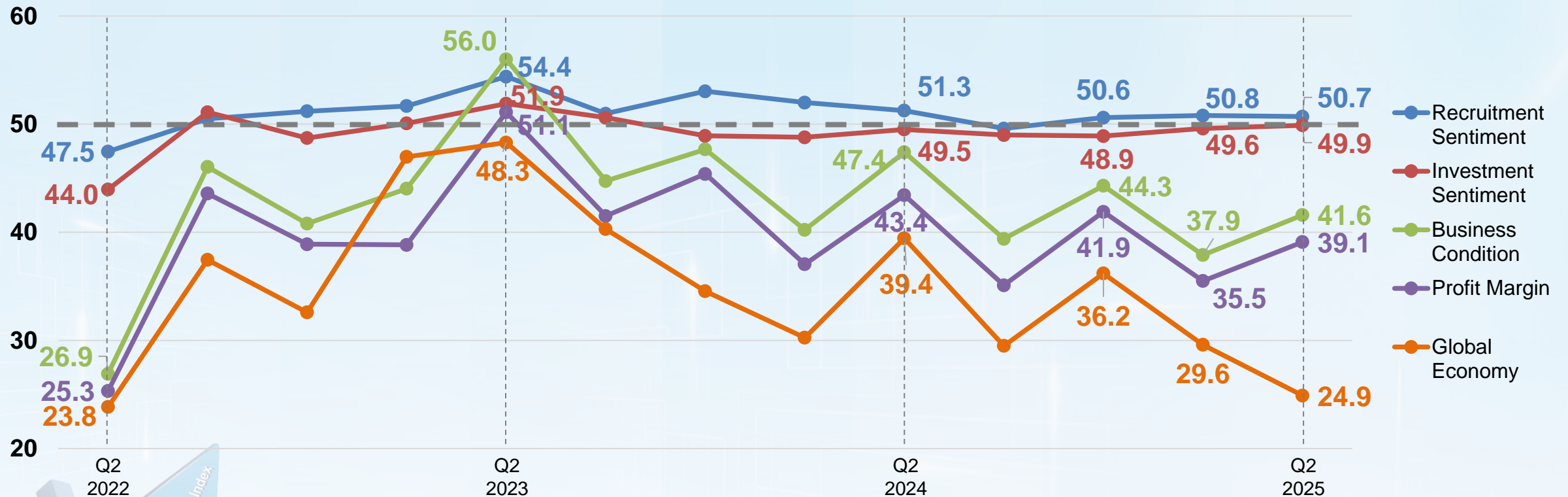
Overall Index in Q2 2025

Overall Index

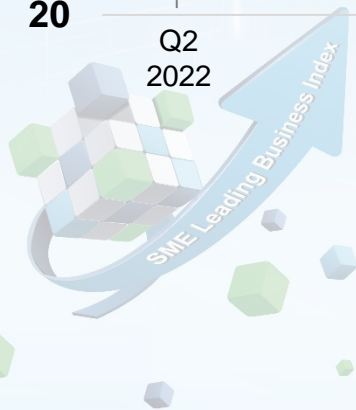


Five Component Sub-Indices of Overall Index

Five Component Sub-Indices of Overall Index



- “Business Condition” and “Profit Margin” showed a remarkable rebound
- “Recruitment Sentiment” and “Investment Sentiment” remained stable since 2024
- “Global Economy” sub-index further declined, returning to a level similar to Q2 2022



Global Economy Sub-Index



Key Events

Q2 2020:

- Tightening of social distancing measures during the pandemic and the implementation of border closure measures

Q3 2021:

- Pandemic slows down

Q2 2022:

- 5th wave of the pandemic
- Russia-Ukraine conflict

Q2 2023:

- Full border reopening
- Resumption of multiple international events

Q4 2024:

- U.S. Federal Reserve announced interest rates cut in September
- Major economic stimulus measures in China

Global Economy Sub-Index

“Global Economy” sub-index for “Import / Export Trade and Wholesale”, “Manufacturing” and “Professional and Business Services” recorded the largest declines this quarter, with decreases of 8.1, 7.9 and 7.8 respectively.

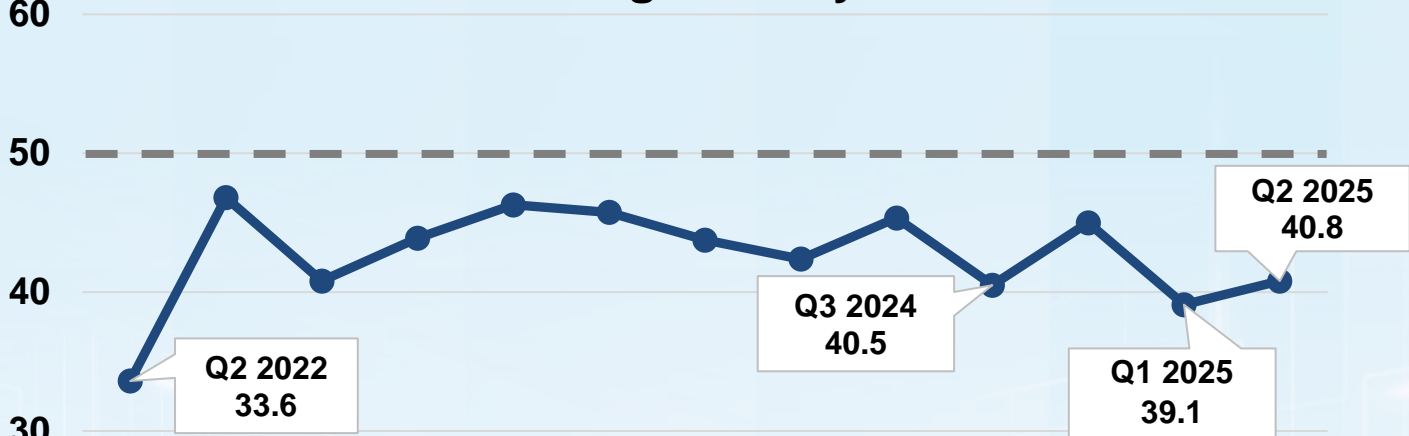
This was followed by “Social and Personal Services”, “Transportation, Storage and Courier Services” and “Accommodation and Food Services”.

Industries Recording the Largest Declines in “Global Economy”



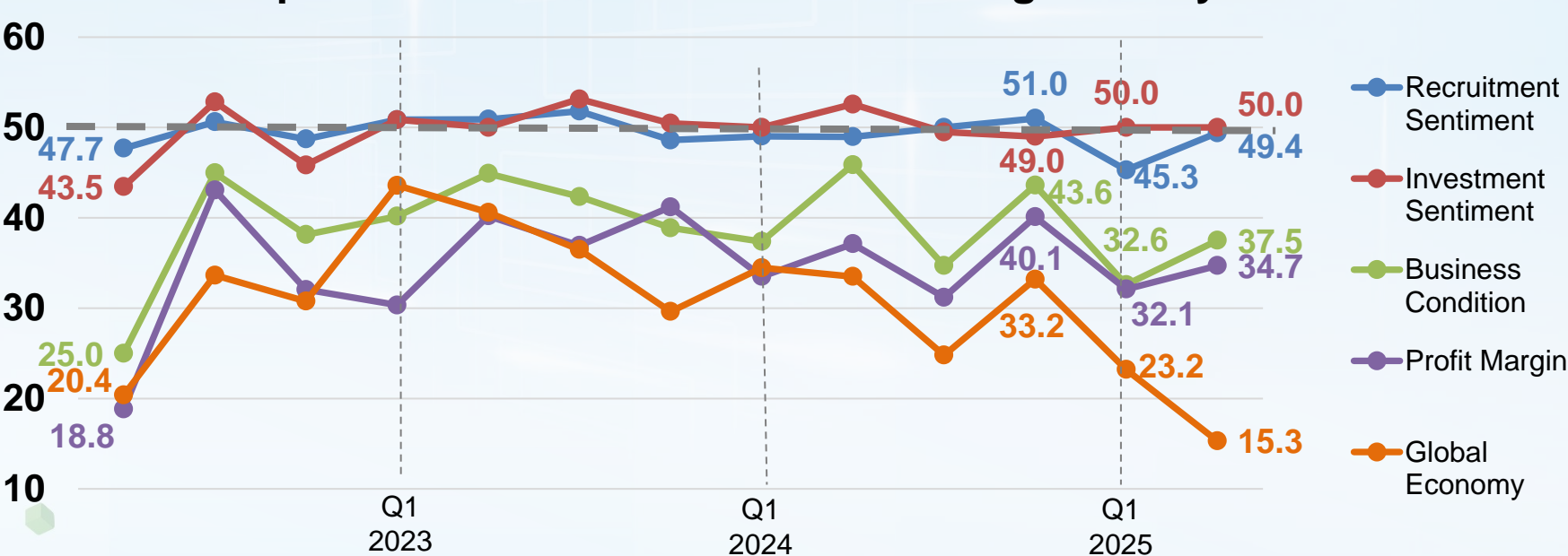
Manufacturing

Manufacturing Industry Index



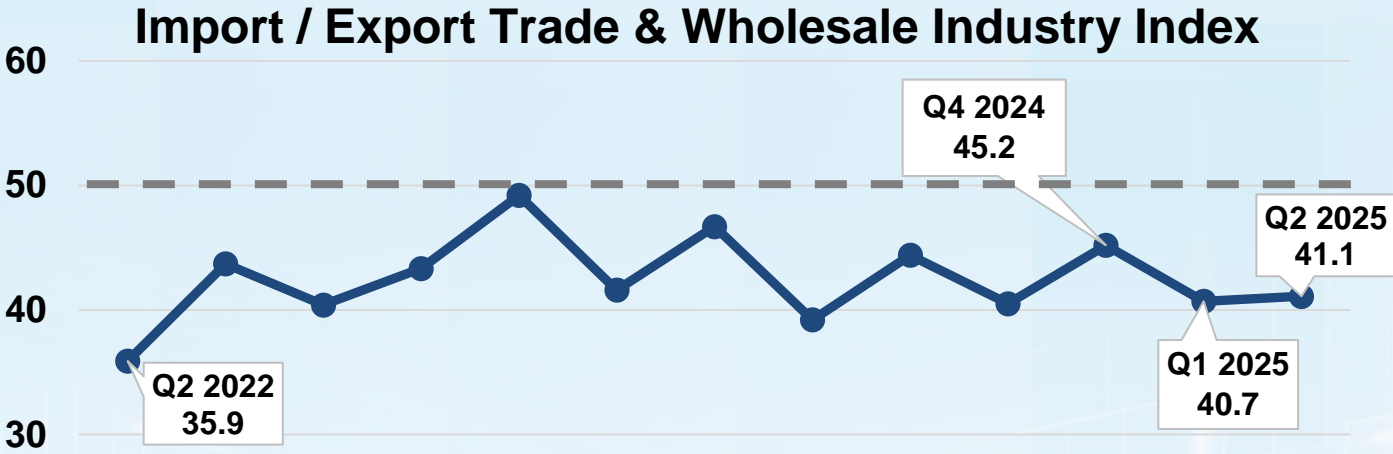
Industry index of Manufacturing Industry increased by 1.7 from the previous quarter to 40.8 this quarter, returning to the level observed in Q3 2024

Component Sub-Indices of Manufacturing Industry



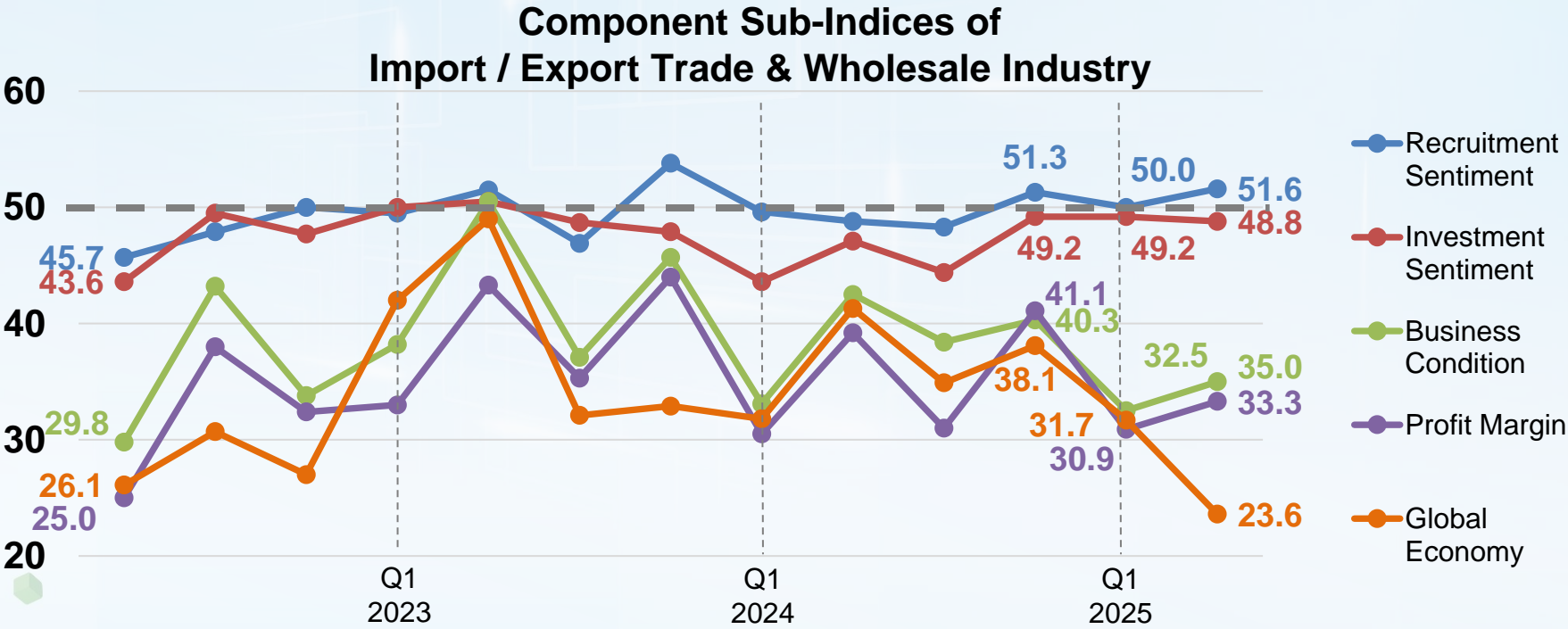
“Investment Sentiment”, “Business Condition” and “Profit Margin” recorded improvements in this quarter. However, “Global Economy” continued to decline, falling even below the level of Q2 2022

Import / Export Trade and Wholesale



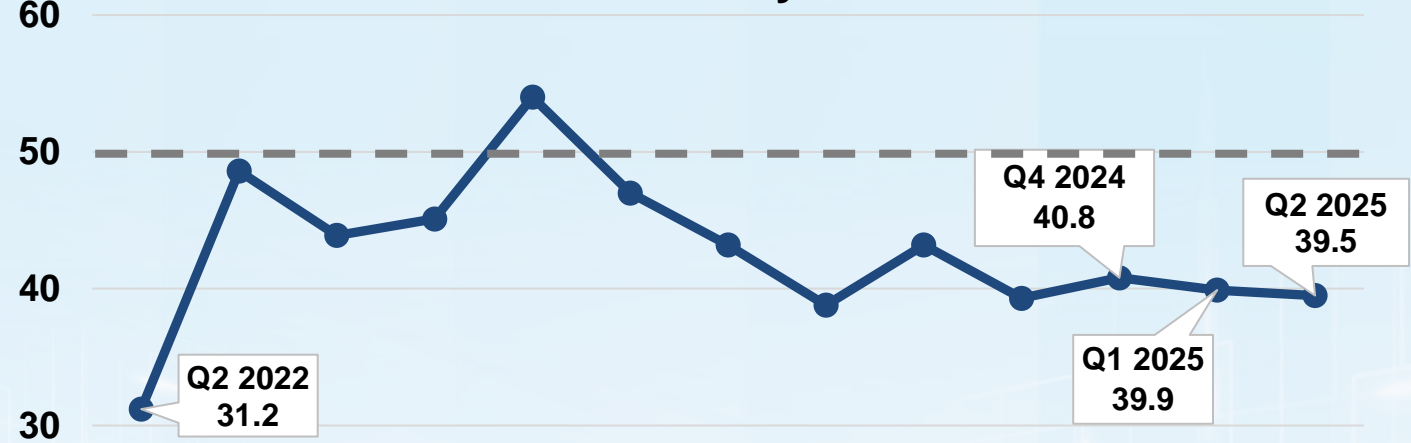
Industry index of Import / Export Trade and Wholesale Industry slightly increased by 0.4 from the previous quarter to 41.1

“Recruitment Sentiment”, “Business Condition” and “Profit Margin” recorded slight increases. However, “Global Economy” continued to decline quarter-on-quarter, dropping by 8.1 to 23.6, which was below the level of Q2 2022



Retail

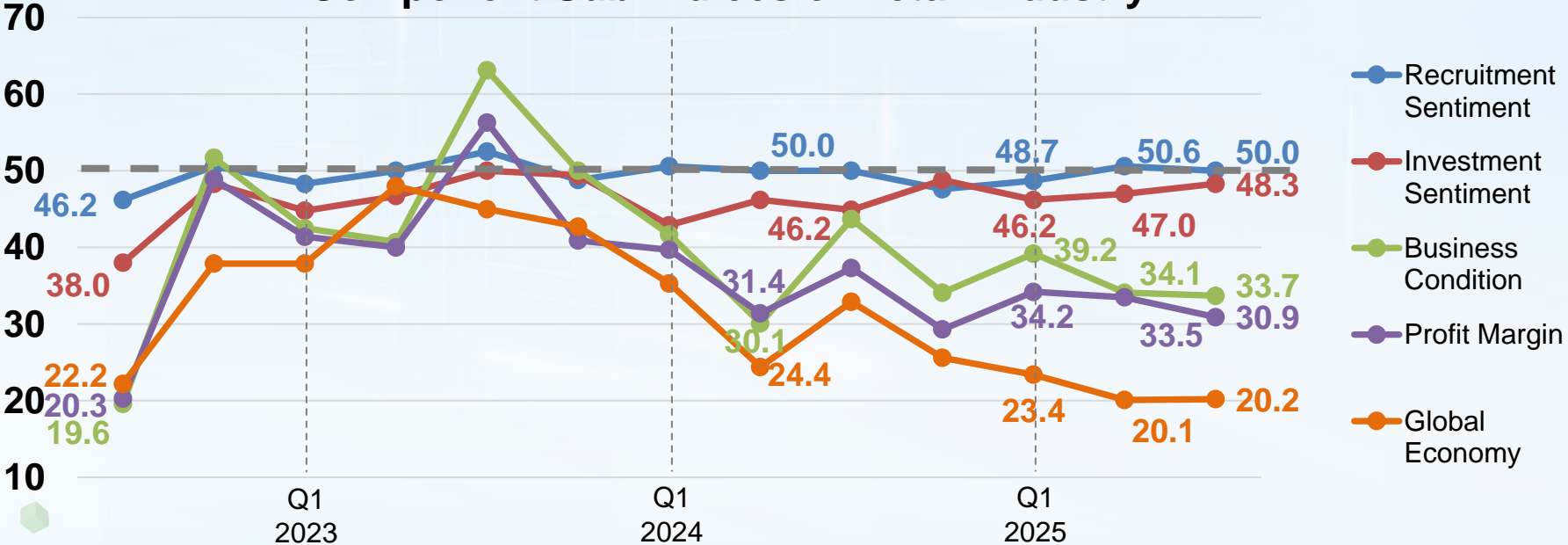
Retail Industry Index



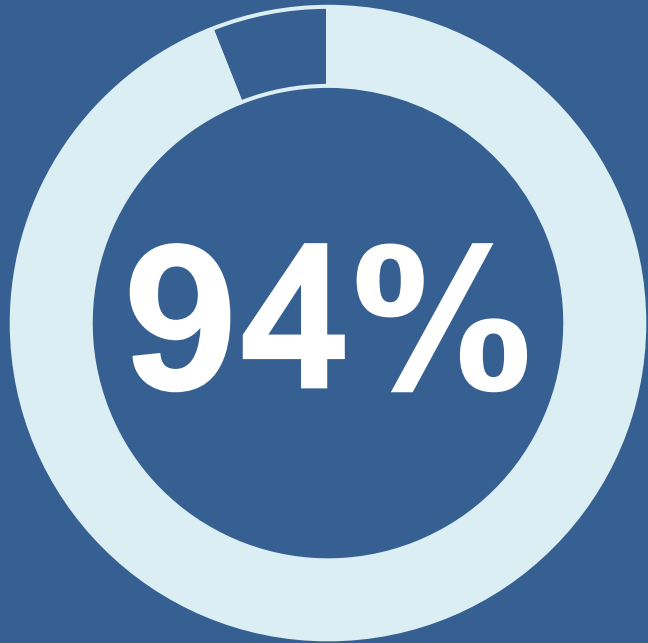
Industry index of Retail Industry continued to record slight declines, with a cumulative decrease of 1.3 since Q4 2024, reaching 39.5 this quarter

Similarly, “Business Condition” and “Profit Margin” continued to record slight declines since Q4 2024, with cumulative decreases of 5.5 and 3.3 respectively. In contrast, “Investment Sentiment” continued to rise, with a cumulative increase of 2.1

Component Sub-Indices of Retail Industry



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:

Online Marketing Promotion

Training Related to E-commerce or Digital Technology

IT Systems

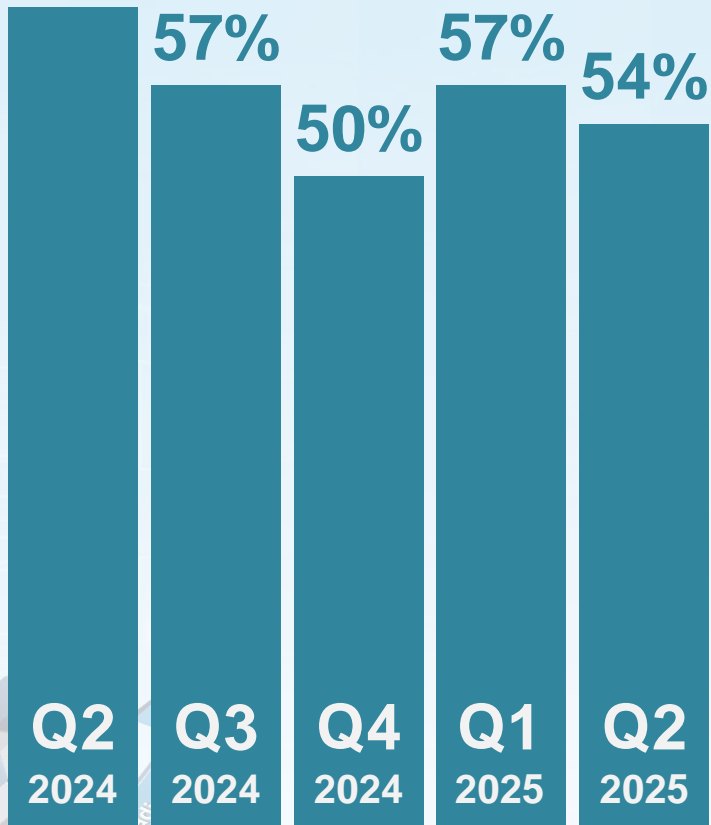
Research and Development

Overall Staff Training

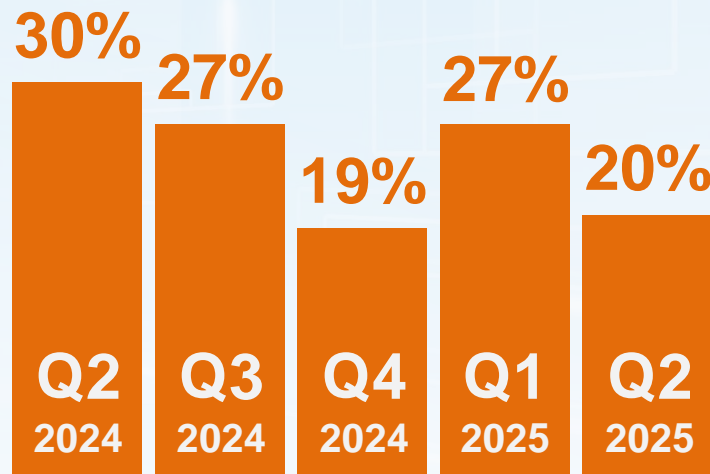
Expectations towards Increases on Raw Materials Cost, Staff Salary and Price Factors

Proportion of surveyed SMEs:

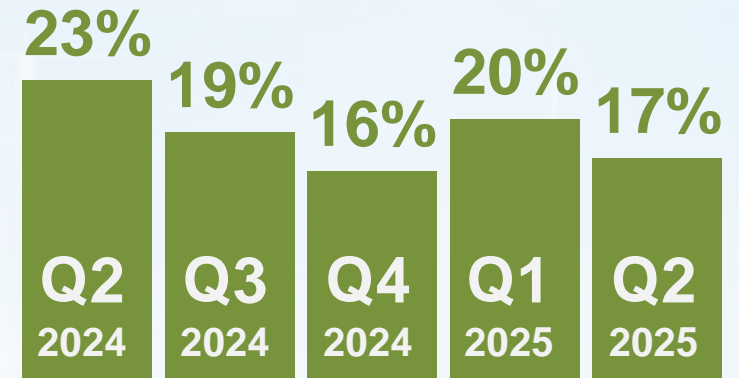
63%



**Raw Materials
Cost Increase**



Staff Salary Increase



**Product / Service
Price Increase**

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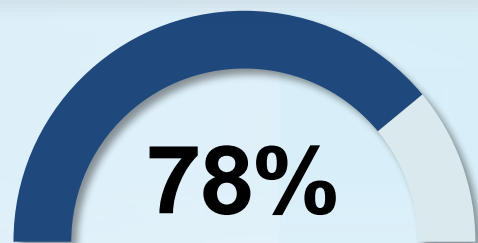
Thematic Topic

**Hong Kong SMEs' Strategies in Face of
Future Business Environment**

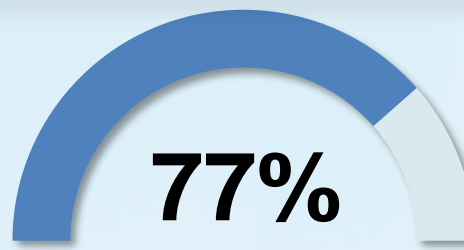


Company's Top-Priority Development Plans for the Coming Year

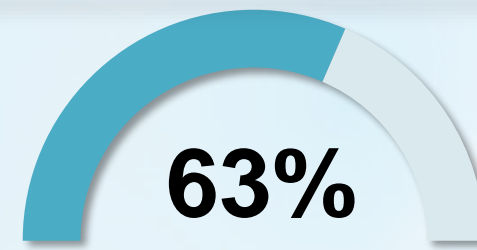
With
development plans for
the coming year



Overall SMEs



Manufacturing



Import / Export Trade
and Wholesale

Increase local customer base

47%

22%

33%

Enhancing AI / digital applications
in operational processes

27%

16%

23%

Allocate more resources to
develop other markets

19%

43%

17%

Establish more online sales
channels / develop e-commerce

14%

17%

18%

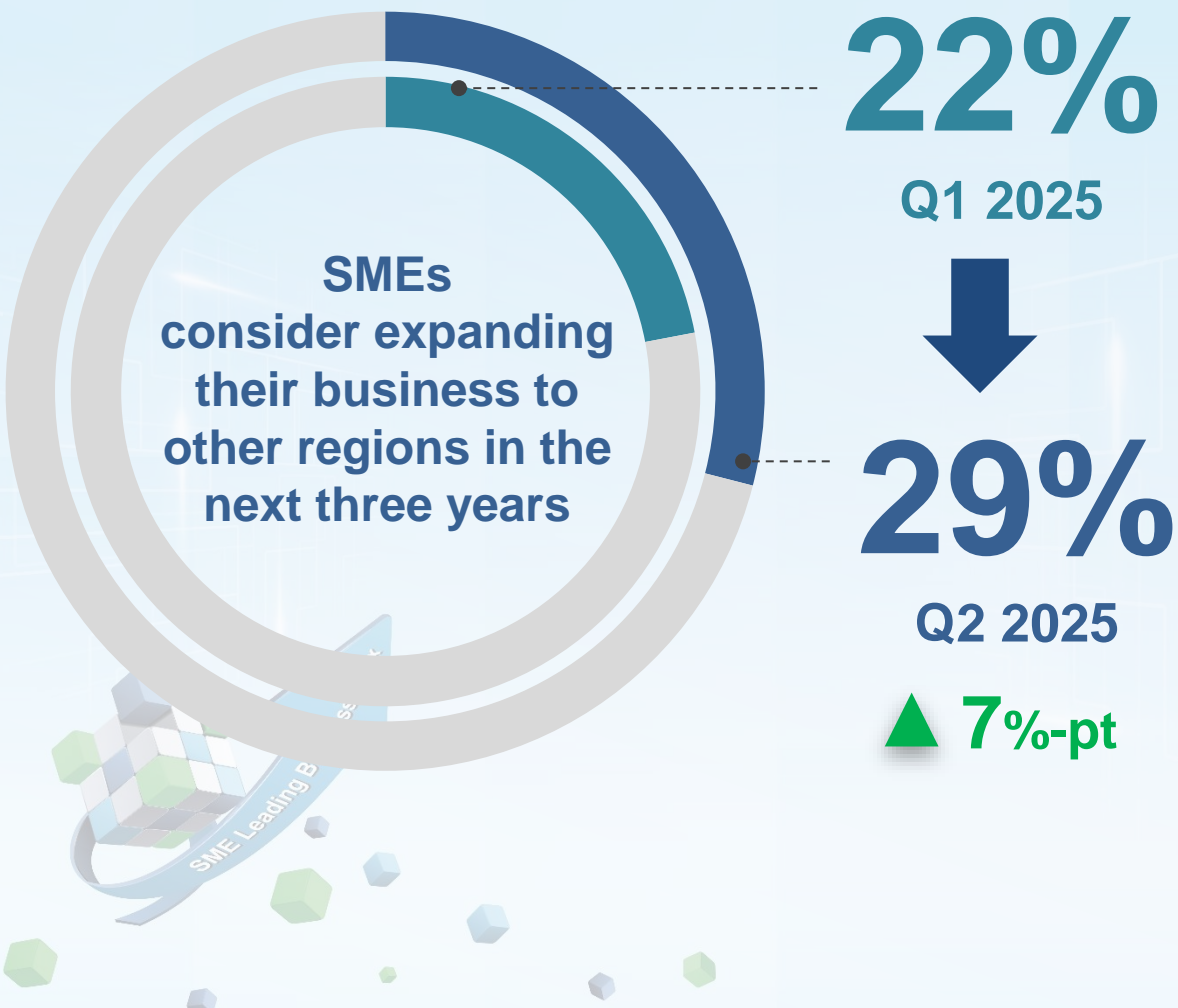
Attract more tourists

14%

9%

8%

Regions Considered for Business Expansion in the Next Three Years



Most considered regions:

