

A wide-angle photograph of a Hong Kong highway interchange. In the background, several tall skyscrapers are visible against a blue sky with scattered white clouds. The foreground shows a multi-lane highway with various vehicles, including cars and vans, navigating a curve. The road is flanked by green grass and landscaped areas with small trees and shrubs. A tall, thin light pole stands on the right side of the road. The overall scene depicts a busy urban environment.

Standard Chartered Hong Kong SME Leading Business Index

Quarter 4, 2026

About the Index

Sponsored by Standard Chartered Bank (Hong Kong) Limited, the “Standard Chartered Hong Kong SME Leading Business Index” (Standard Chartered SME Index) is a forward-looking survey on local SMEs’ confidence on the recent business environment. HKPC’s professional team interviews no less than 800 local SMEs’ top management from the Manufacturing, Construction, Import / Export Trade and Wholesale, Retail, Transportation, Storage and Courier Services, Accommodation and Food Services, Information and Communications, Financing and Insurance, Professional and Business Services, Real Estate, as well as Social and Personal Services every quarter. The survey covers SMEs’ perception of their “Business Condition”, “Profit Margin”, “Investment Sentiment”, “Recruitment Sentiment”, and “Global Economy” in this quarter.

Methodology

Sample Distribution

Data were collected from 820 SMEs using publicly available SME directories and HKSAR Census database. The sample was stratified by the Hong Kong Standard Industrial Classification (HSIC) version 2.0, and based on the number of SME establishments in Hong Kong. The stratified sample covers eleven categories namely: 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, and 11) Social and Personal Services.

Index Calculation

Standard Chartered SME Index is a composite index based on the diffusion indices of the five surveyed areas with the following weights:

Diffusion Indices	Weights
Recruitment Sentiment	25%
Investment Sentiment	25%
Business Condition	20%
Profit Margin	20%
Global Economy	10%

Respondents indicated the change of business sentiments in three ways: increase, no change or decline. Each diffusion index is calculated using the following formula:

$$\text{Increase\%} \times 100 + \text{No Change\%} \times 50 + \text{Decline\%} \times 0$$

Diffusion indices, which have been broadly used as leading indicators, are convenient summary measures indicating the prevailing direction of change in business sentiments. An index above the 50 neutral level generally indicates optimistic business sentiment, while that below 50 neutral level indicates pessimistic business sentiment. A reading at 50 neutral level indicates neutral business sentiment.



Summary

The 58th survey of the Standard Chartered Hong Kong SME Leading Business Index was conducted in August and September 2026. Top management of 820 SMEs were surveyed to gauge their views on the outlook of the overall business environment in Q4 2026 and to explore their cross-border business development and digitalisation plans. To further understand the performance and challenges faced by SMEs that have already established sales operations in other Greater Bay Area (GBA) cities, the survey also included an additional 24 local SMEs that had expanded into these cities as booster samples for supplementary analysis.

Key Findings

The Q4 2026 “Standard Chartered SME Index” was 44.8, edging up by 0.7 from the previous quarter. The findings reflected improved confidence among SMEs in their business and profit outlook, although overall sentiment remained cautious. Key findings of the survey are as follows:

- ⊕ Among the five component sub-indices, “Business Condition” (42.3, +1.8) and “Profit Margin” (39.9, +2.1) rebounded, both reaching their highest levels this year. In the “Accommodation and Food Services” industry, both sub-indices rose markedly by 11.7, while the “Retail” industry also recorded improvements of 5.8 and 5.3 respectively. “Investment Sentiment” (50.8, +0.8) edged up and remained above the 50 neutral line. Meanwhile, “Recruitment Sentiment” (50.1, -0.4) stayed broadly stable, while “Global Economy” (31.5, -1.6) declined, indicating that SMEs remained cautious about the external economic outlook;
- ⊕ Regarding the changes in cost components, the proportion of SMEs expecting raw material costs to increase fell for the second consecutive quarter, dropping by 11 percentage points to 53%. The proportion anticipating staff salary increases also continued to decline, falling by 3 percentage points to 14%, indicating that pressures from rising costs and salaries continued to ease. Meanwhile, 20% of SMEs planned to raise the prices of their products or services, up slightly by 1 percentage point and remaining broadly stable overall;
- ⊕ The survey also examined the operating conditions and major challenges faced by SMEs that have established sales operations in other GBA cities. Results showed that these SMEs expected their overall revenue in other GBA cities to remain stable, with 70% anticipating no change. On costs, 34% expected operating costs to increase, down 5 percentage points from the previous quarter, indicating some easing in cost pressures. Among those still expecting higher costs, raw material / procurement costs and staff salaries were the main drivers. Intense market competition remained the leading challenge, with the proportion rising from 41% to 47%, followed by differences in customer demand between Hong Kong and the Chinese Mainland, regulatory differences / compliance requirements, and customs clearance procedures / cross-border logistics.



Key Findings (cont.)

⊕ The thematic survey of this quarter explored Hong Kong SMEs' cross-border business development and digitalisation plans:

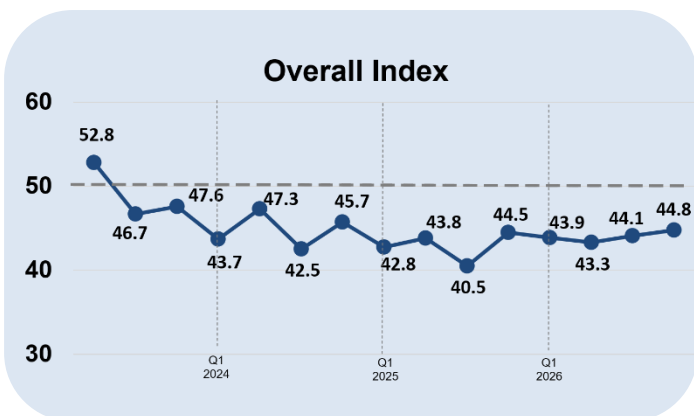
- The survey revealed that around one-third (32%) of surveyed SMEs are currently engaged in cross-border business or plan to expand cross-border operations within the next year. By industry, "Manufacturing" recorded the highest proportion at 82%, followed by "Transportation, Storage and Courier Services" (56%) and "Import / Export Trade and Wholesale" (44%);
- Among SMEs planning to expand into cross-border business within the next year, the Chinese Mainland (49%) and Asian markets (42%) were the most preferred destinations. ASEAN was among the Asian markets most commonly considered by SMEs, while some were also considering expansion into Europe, the Americas and the Middle East. When selecting target markets, SMEs mainly considered market demand and growth potential, existing customer bases or business networks, and operating costs;
- Digitalisation has also become an important enabler of SMEs' cross-border expansion. More than 90% of SMEs currently operating cross-border business indicated that they would like to leverage digital tools to support their cross-border operations. The most commonly used tools included social media marketing, cross-border payment and remittance platforms, and AI tools. In terms of practical applications, SMEs most wanted digital tools to help them find overseas customers and business opportunities, followed by marketing and brand promotion, and market intelligence and data analytics;
- Looking ahead to the next three years, among SMEs currently operating or planning to expand into cross-border business within the next year, 48% believed that growth in international market demand would support cross-border business development. This was followed by government support measures (38%), opportunities arising from regional economic cooperation (34%), and the adoption of AI and digital technologies (31%), reflecting that market demand, policy support and technology adoption will be key drivers of SMEs' overseas expansion.



Standard Chartered SME Index

Q4 2026

44.8

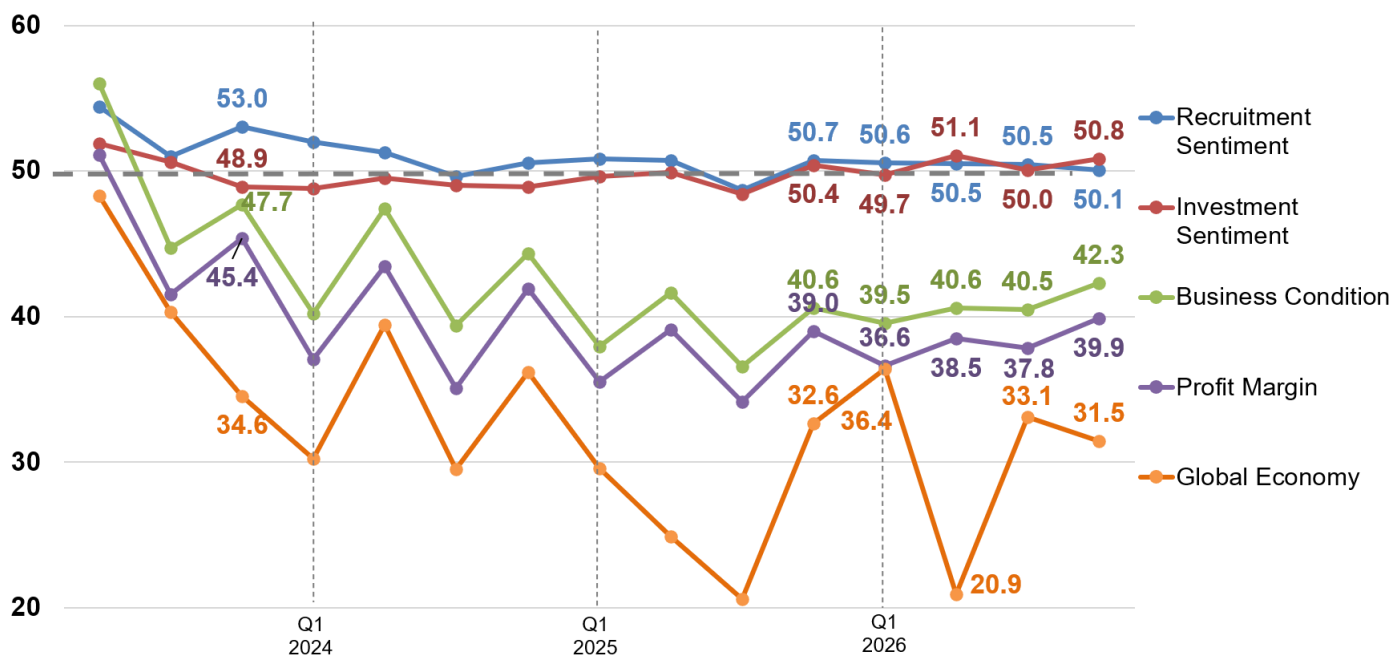


The Q4 2026 Overall Index was 44.8, edging up by 0.7 from the previous quarter. “Business Condition” and “Profit Margin” sub-indices rebounded to 42.3 and 39.9 respectively, both reaching their highest levels this year. The findings reflected improved confidence among SMEs in their business and profit outlook, although overall sentiment remained cautious.

Among the five component sub-indices, “Business Condition” (42.3, +1.8) and “Profit Margin” (39.9, +2.1) rebounded, both reaching their highest levels this year. In the “Accommodation and Food Services” industry, both sub-indices rose markedly by 11.7, while the “Retail” industry also recorded improvements of 5.8 and 5.3 respectively. “Investment Sentiment” (50.8, +0.8) edged up and remained above the 50 neutral line. Meanwhile, “Recruitment Sentiment” (50.1, -0.4) stayed broadly stable, while “Global Economy” (31.5, -1.6) declined, indicating that SMEs remained cautious about the external economic outlook.

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Five Component Sub-Indices of Overall Index

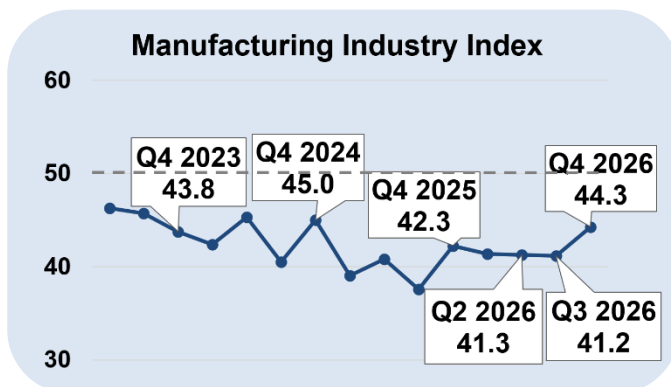


The 3 Key Industry Indices

Manufacturing Industry 44.3

Industry index of Manufacturing Industry rose by 3.1 to 44.3, the highest in nearly two years. "Business Condition" and "Profit Margin" increased by 7.9 and 3.3 respectively, lifting the industry index. "Investment Sentiment" also rebounded by 3.6 to 51.4.

Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	47.2	Down	Down
Investment Sentiment	51.4	Up	Down
Business Condition	45.1	Up	Up
Profit Margin	36.6	Up	Up
Global Economy	33.1	Up	Up

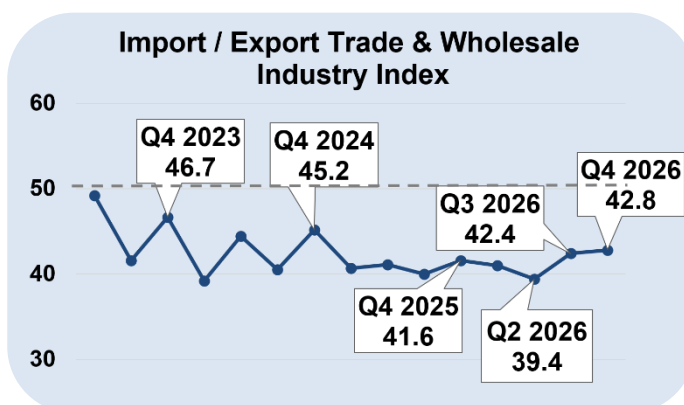


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Import / Export Trade and Wholesale Industry 42.8

Industry index of Import / Export Trade and Wholesale Industry rose for the second consecutive quarter, gaining a cumulative 3.4 to reach 42.8, a nearly two-year high. "Investment Sentiment" rebounded by 2.2 to 50.3, returning above the 50 neutral line. "Global Economy" also recorded an increase, rising by 3.6 to 32.7.

Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	48.0	Down	Down
Investment Sentiment	50.3	Up	Up
Business Condition	39.0	Up	Up
Profit Margin	35.7	Down	Down
Global Economy	32.7	Up	Up

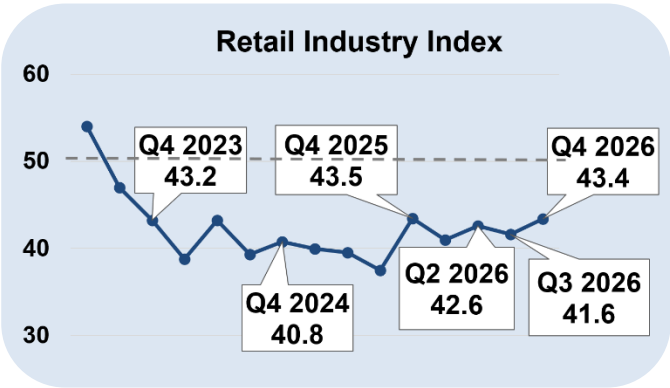


The 3 Key Industry Indices

Retail Industry 43.4

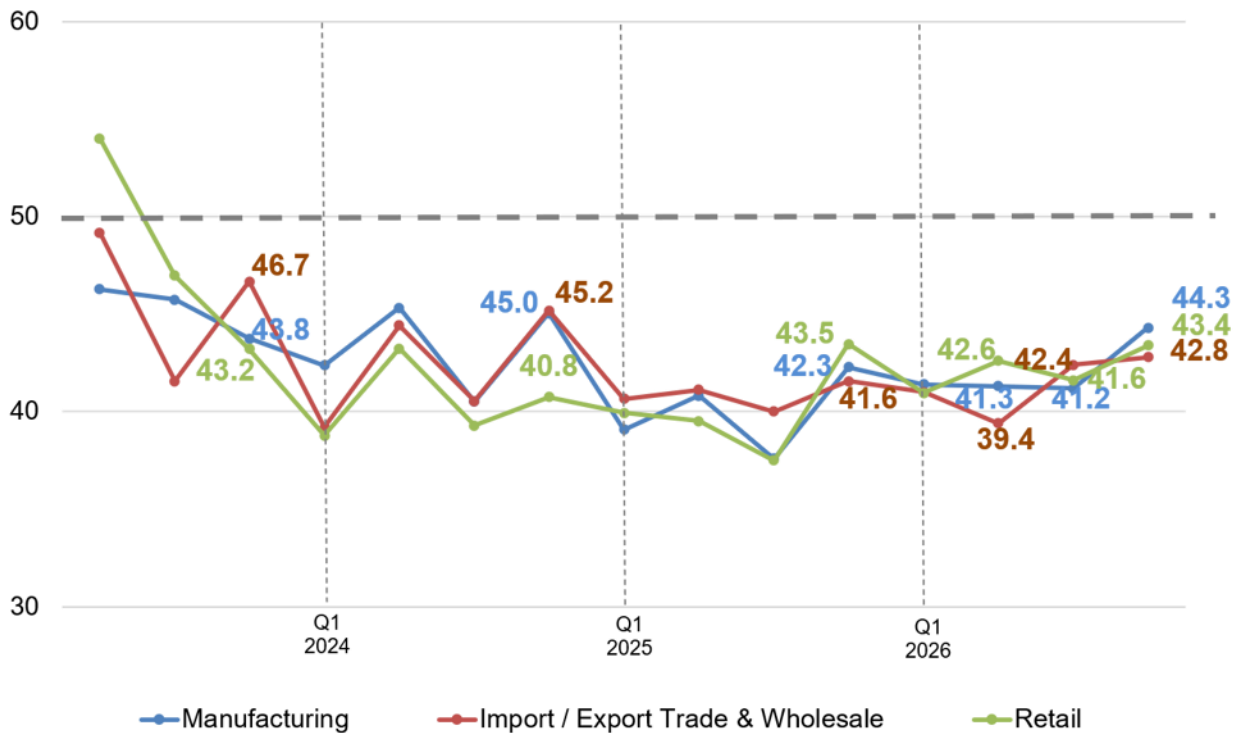
Industry index of Retail Industry rebounded by 1.8 to 43.4, the highest level in 2026. “Business Condition” and “Profit Margin” sub-indices rose by 5.8 and 5.3 respectively. “Recruitment Sentiment” continued to rise in 2026, reaching 50.6, its highest level this year.

Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	50.6	Up	Up
Investment Sentiment	48.8	Down	Down
Business Condition	41.9	Up	Up
Profit Margin	37.8	Up	Up
Global Economy	26.2	Down	Down



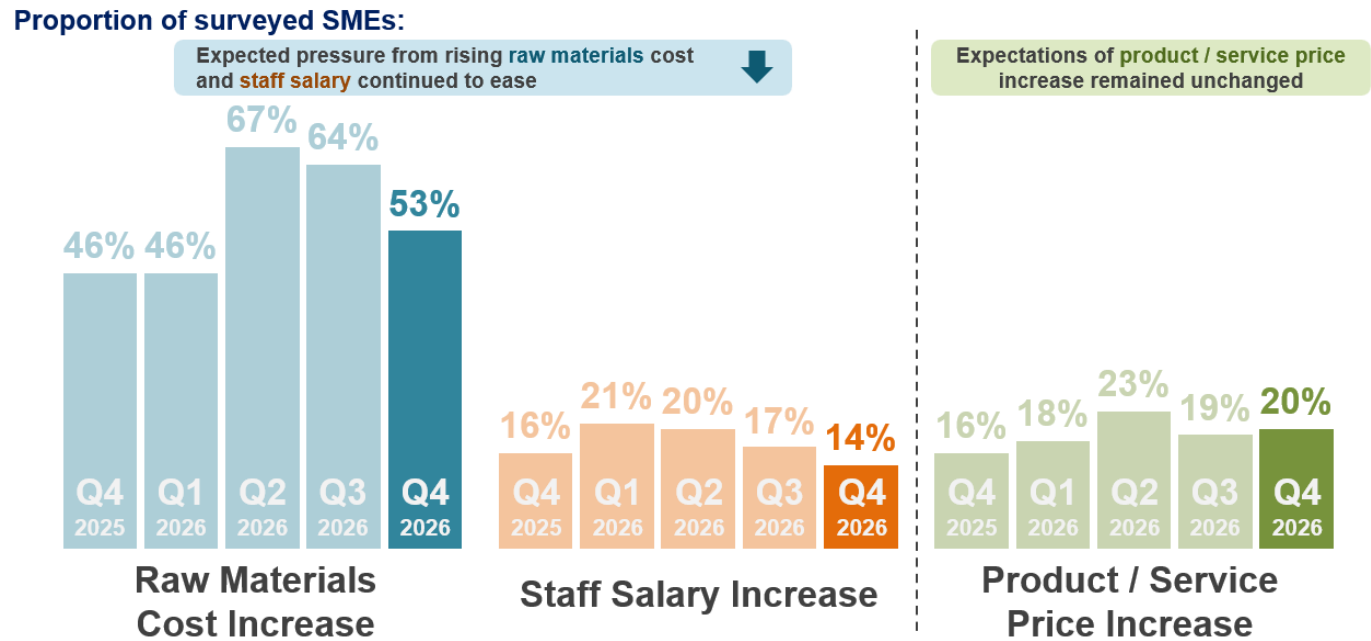
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3 Key-Industry Indices



Market Prospects

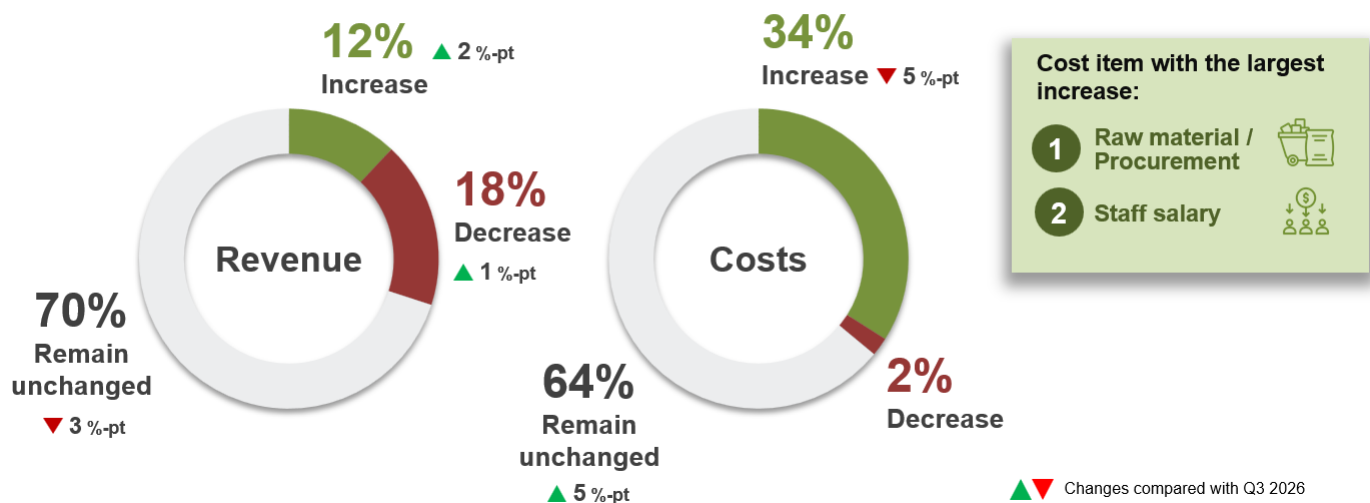
Regarding the changes in cost components, the proportion of SMEs expecting raw material costs to increase fell for the second consecutive quarter, dropping by 11 percentage points to 53%. The proportion anticipating staff salary increases also continued to decline, falling by 3 percentage points to 14%, indicating that pressures from rising costs and salaries continued to ease. Meanwhile, 20% of SMEs planned to raise the prices of their products or services, up slightly by 1 percentage point and remaining broadly stable overall.



Operations and Challenges in other GBA Cities

The survey also examined the operating conditions and major challenges faced by SMEs that have established sales operations in other GBA cities. Results showed that these SMEs expected their overall revenue in other GBA cities to remain stable, with 70% anticipating no change. On costs, 34% expected operating costs to increase, down 5 percentage points from the previous quarter, indicating some easing in cost pressures. Among those still expecting higher costs, raw material / procurement costs and staff salaries were the main drivers.

Among SMEs that have already established sales operations in other GBA cities:



Intense market competition remained the leading challenge, with the proportion rising from 41% to 47%, followed by differences in customer demand between Hong Kong and the Chinese Mainland, regulatory differences / compliance requirements, and customs clearance procedures / cross-border logistics.

Among SMEs that have already established sales operations in other GBA cities:

- 1 Intense market competition
- 2 Differences in customer demand between Hong Kong and Chinese Mainland
- 3 Regulatory differences / Compliance requirements
- 4 Customs clearance procedures / Cross-border logistics



Thematic Topic

Hong Kong SMEs’ Cross-border Business Development and Digitalisation Plans

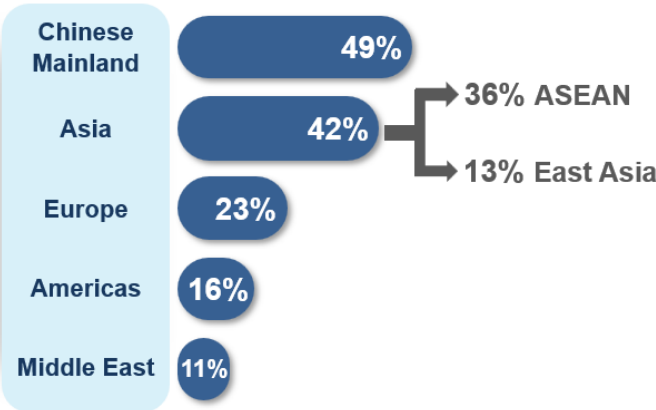
The thematic survey of this quarter explored Hong Kong SMEs’ views and plans regarding cross-border business development. The survey revealed that around one-third (32%) of surveyed SMEs are currently engaged in cross-border business or plan to expand cross-border operations within the next year. By industry, “Manufacturing” recorded the highest proportion at 82%, followed by “Transportation, Storage and Courier Services” (56%) and “Import / Export Trade and Wholesale” (44%).



Among SMEs planning to expand into cross-border business within the next year, the Chinese Mainland (49%) and Asian markets (42%) were the most preferred destinations. ASEAN was among the Asian markets most commonly considered by SMEs, while some were also considering expansion into Europe, the Americas and the Middle East. When selecting target markets, SMEs mainly considered market demand and growth potential, existing customer bases or business networks, and operating costs.

Among SMEs planning to expand into cross-border business within the next year:

Key markets considered:



Reasons for choosing these markets:

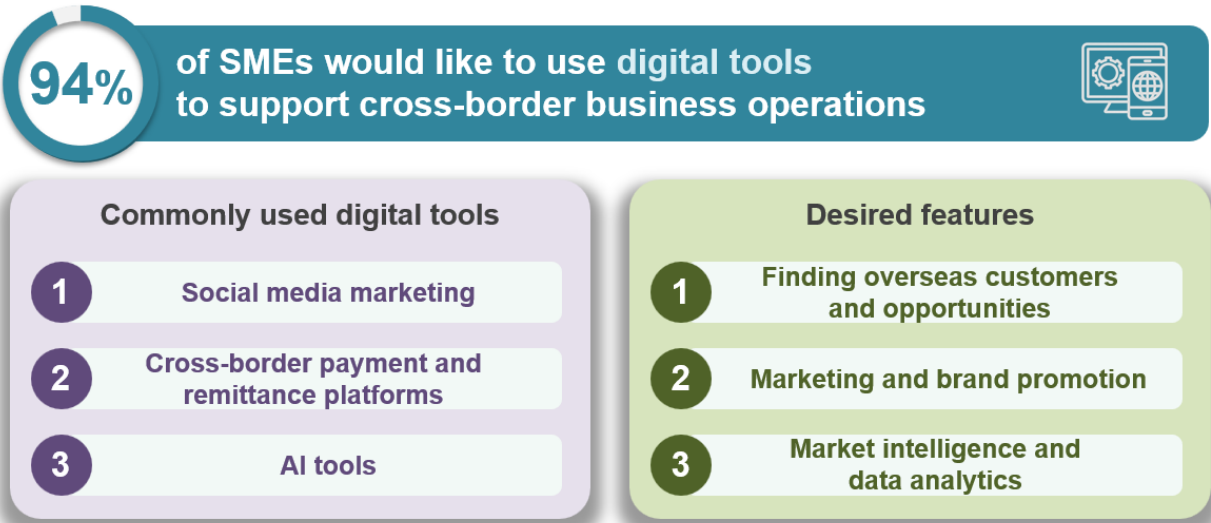


Thematic Topic

Hong Kong SMEs’ Cross-border Business Development and Digitalisation Plans

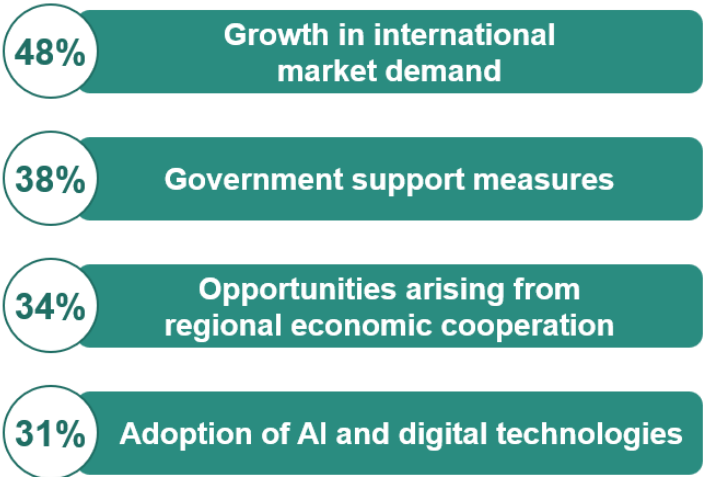
Digitalisation has also become an important enabler of SMEs’ cross-border expansion. More than 90% of SMEs currently operating cross-border business indicated that they would like to leverage digital tools to support their cross-border operations. The most commonly used tools included social media marketing, cross-border payment and remittance platforms, and AI tools. In terms of practical applications, SMEs most wanted digital tools to help them find overseas customers and business opportunities, followed by marketing and brand promotion, and market intelligence and data analytics.

Among SMEs currently operating cross-border business:



Looking ahead to the next three years, among SMEs currently operating or planning to expand into cross-border business within the next year, 48% believed that growth in international market demand would support cross-border business development. This was followed by government support measures (38%), opportunities arising from regional economic cooperation (34%), and the adoption of AI and digital technologies (31%), reflecting that market demand, policy support and technology adoption will be key drivers of SMEs’ overseas expansion.

Among SMEs currently operating or planning to expand into cross-border business within the next year:



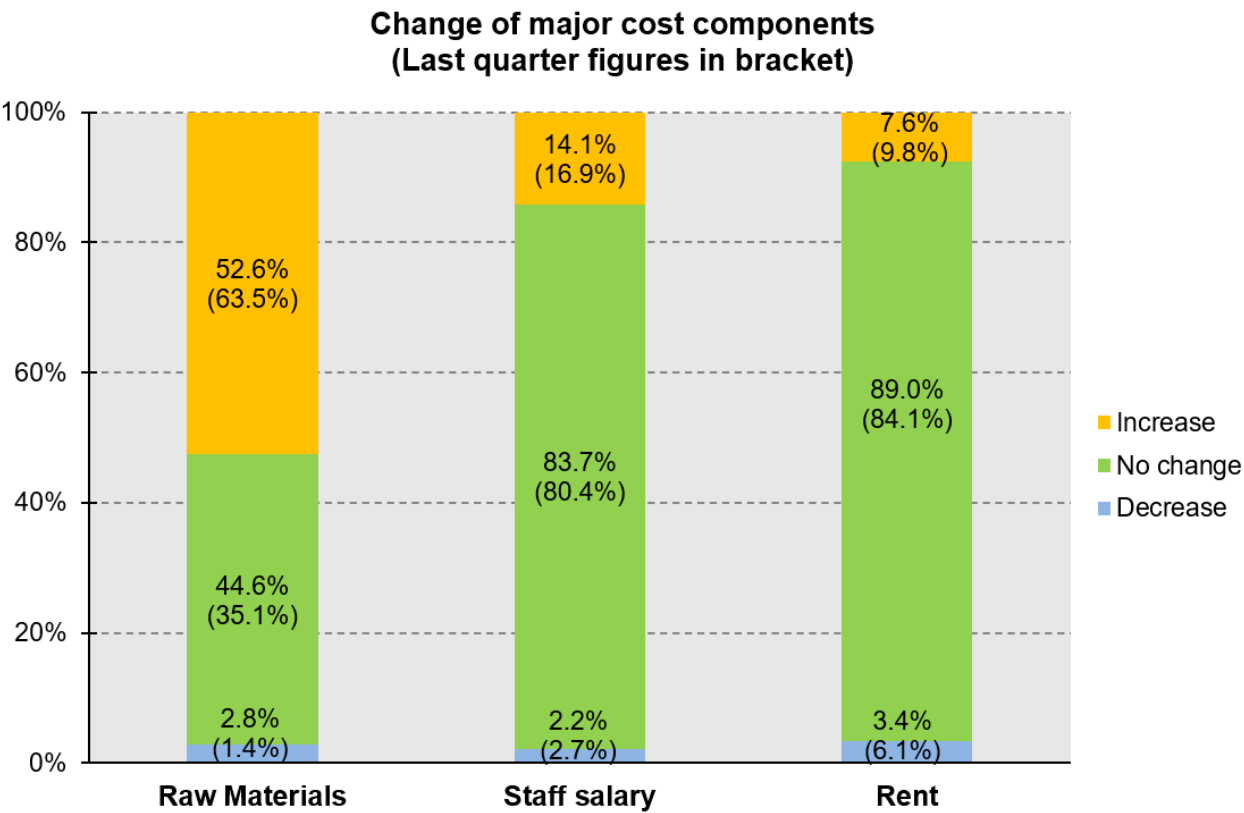
Appendix

Component Sub-Indices of the 3 Key Industry Indices



Appendix

Change of Major Cost Components



Report Release

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