



Standard Chartered Hong Kong SME Leading Business Index

Quarter 4, 2025

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 818 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.



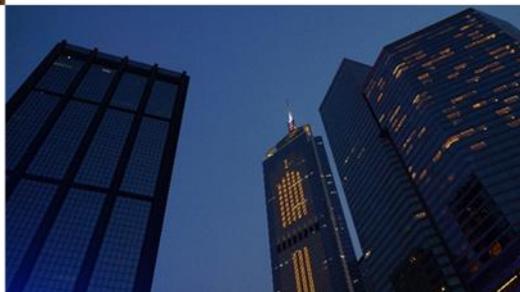
Summary

The 54th survey of the Standard Chartered Hong Kong SME Leading Business Index was conducted in September 2025. Top management of 818 SMEs were surveyed to gauge their views on the outlook of the overall business environment in Q4 2025 and to explore Hong Kong SMEs' views on expanding cross-border business.

Key Findings

The Q4 2025 "Standard Chartered SME Index" rose by 4.0 to 44.5 from the previous quarter, reaching new heights in 2025. Key findings of the survey are as follows:

- ⊕ All five component sub-indices rose this quarter, with the "Global Economy" sub-index rebounding strongly (32.6, +12.0) after three consecutive quarters of decline, returning to a level close to that of Q4 2024. "Profit Margin" (39.0) and "Business Condition" (40.6) sub-indices also increased by 4.9 and 4.0 respectively;
- ⊕ Meanwhile, "Recruitment Sentiment" (50.7, +2.0) and "Investment Sentiment" (50.4, +2.0) recorded slight increases and both returned to the 50 neutral line, indicating that enterprises were actively preparing for future business development;
- ⊕ Among the 11 industry indices, only "Construction" recorded a slight decline, while the remaining 10 industry indices recorded increases. In particular, "Real Estate" (46.0, +7.5), "Financing and Insurance" (49.2, +6.2), "Transportation, Storage and Courier Services" (40.4, +6.1) and "Retail" (43.5, +6.0) experienced more significant growth;
- ⊕ In terms of overall investment trends, 95% of surveyed SMEs intended to maintain or increase their investment this quarter, an increase of 3 percentage points from the previous quarter, with 6% specifically stating that they would increase their investment. The areas that most SMEs expected to increase investment included "IT System", "Facilities and Equipment", "Training Related to E-commerce or Digital Technology", "Overall Staff Training" and "Online Marketing Promotion";
- ⊕ Regarding the changes in cost components, SMEs anticipated a continued slowdown in the rise of costs. Specifically, 46% of SMEs expected an increase in raw material costs this quarter, a decrease of 1 percentage point from the previous quarter. Meanwhile, the proportion of SMEs expecting an increase in staff salary dropped 3 percentage points to 16%. On the other hand, only 16% of SMEs planned to increase the prices of their products or services, a decline of 1 percentage point from the previous quarter.



Key Findings (cont.)

⊕ The thematic survey of this quarter explored Hong Kong SMEs' views on expanding cross-border business:

- The survey revealed that 20% of the surveyed SMEs have already planned to expand business to other regions within the next year, with a majority preferring to expand into the Chinese Mainland (57%) or Asian markets (47%);
- Among SMEs currently operating or planning to expand into cross-border business within the next year, 85% indicated that they primarily relied on their own funds for expansion, while a smaller proportion depended on business financing/loans (20%), investor funding (19%), or government subsidies/funding (17%);
- In terms of modes of operation, “agent or distributor model” and “direct export of products or services” were the most common, followed by “establishing an overseas company or office” and “collaborating with local businesses”;
- Additionally, when establishing local partnerships, SMEs mainly relied on recommendations from existing customers or network (63%), collaboration with local agents or distributors (49%), and engagement in local exhibitions or networking events (39%);
- When it comes to operating cross-border business, nearly half of the SMEs (48%) believed “sales channels” was the most critical area to strengthen, followed by “platform operations” (33%), “overseas regulations” (33%), “human resources” (31%), and “cross-border marketing” (29%);
- On the other hand, some SMEs still had no plans to expand cross-border business. The main reasons included a lack of relevant manpower or professional team, high costs and significant financial pressure, complex legal, tax, or compliance issues, unfamiliarity with overseas markets and lack of confidence, and the belief that there is still growth potential in existing markets, thus no immediate demand.



Standard Chartered SME Index

Q4 2025

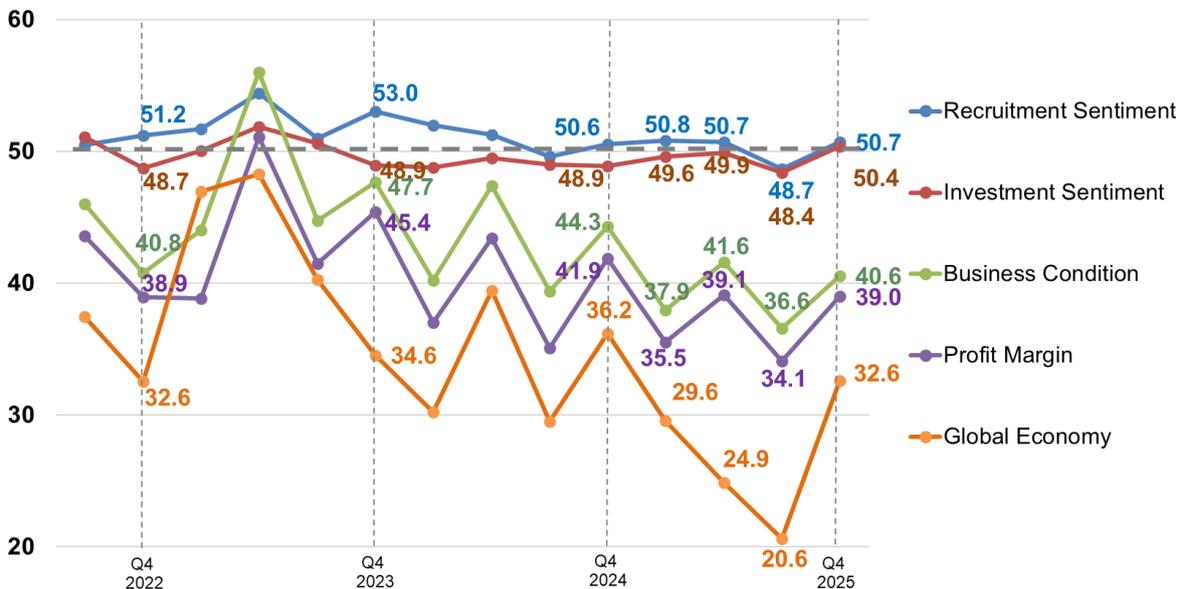
44.5



The Q4 2025 Overall Index was 44.5, up by 4.0 from the previous quarter, reaching new heights in 2025, reflecting a significant recovery in SMEs' confidence in the business environment.

All five component sub-indices rose this quarter, with the "Global Economy" sub-index rebounding strongly (32.6, +12.0) after three consecutive quarters of decline, returning to a level close to that of Q4 2024. "Profit Margin" (39.0) and "Business Condition" (40.6) sub-indices also increased by 4.9 and 4.0 respectively. Meanwhile, "Recruitment Sentiment" (50.7, +2.0) and "Investment Sentiment" (50.4, +2.0) recorded slight increases and both returned to the 50 neutral line, indicating that enterprises were actively preparing for future business development.

Five Component Sub-Indices of Overall Index



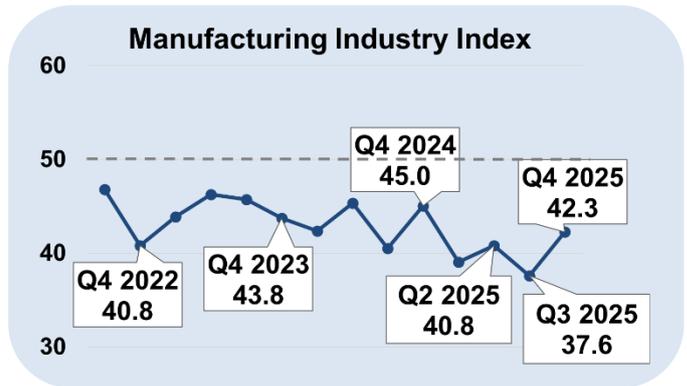
The 3 Key Industry Indices

Manufacturing Industry 42.3



Industry index of Manufacturing Industry rebounded by 4.7 to 42.3, reaching the highest level of 2025. The increase was mainly driven by the “Global Economy” sub-index, which rebounded by 10.2 to 26.9 this quarter. “Profit Margin” (+8.0) and “Business Condition” (+6.5) sub-indices also recorded notable gains.

Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	48.5	Up	Down
Investment Sentiment	53.7	Up	Up
Business Condition	34.3	Up	Down
Profit Margin	35.8	Up	Down
Global Economy	26.9	Up	Down



Import / Export Trade and Wholesale Industry 41.6

Industry index of Import / Export Trade and Wholesale Industry increased slightly to 41.6. “Global Economy” recorded a notable increase, rebounding by 8.6 to 29.3. “Profit Margin” sub-index also increased (+5.6). However, “Business Condition” sub-index declined by 1.6 to 34.5.

Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	50.0	Up	Down
Investment Sentiment	48.3	Down	Down
Business Condition	34.5	Down	Down
Profit Margin	35.9	Up	Down
Global Economy	29.3	Up	Down



The 3 Key Industry Indices

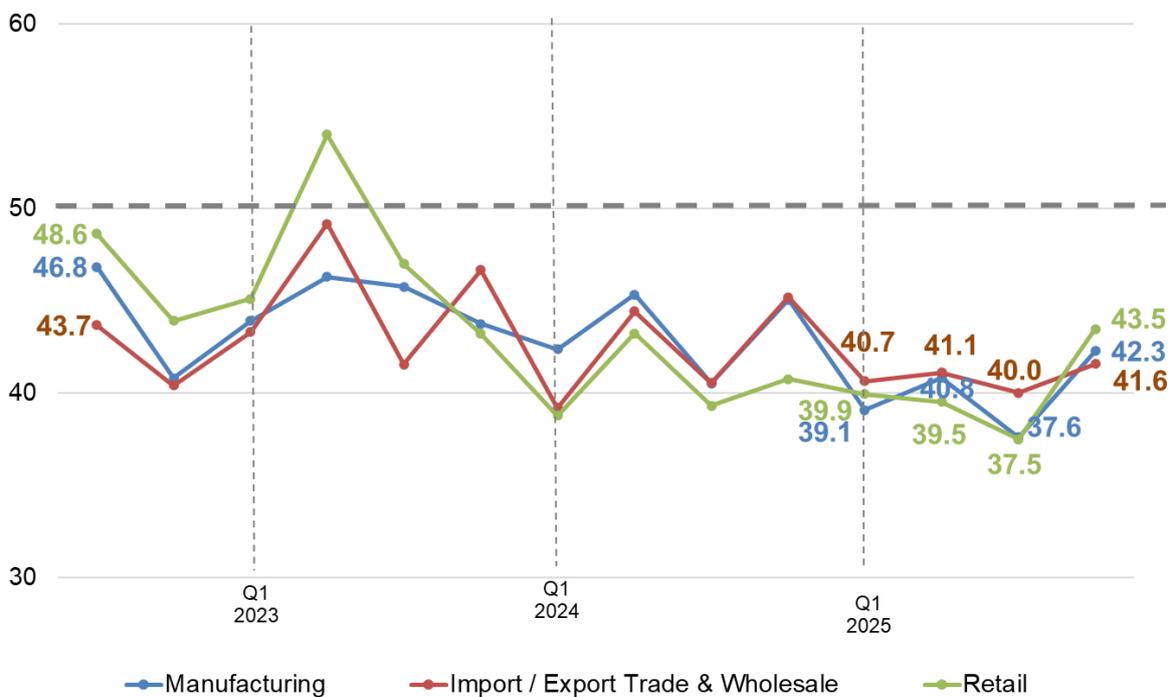
Retail Industry 43.5

Industry index of Retail Industry registered a significant rebound of 6.0 to 43.5, reaching the highest level of 2025. “Global Economy” rose sharply by 16.8 to 35.8. “Business Condition” also registered a notable increase (+8.7), while the growth in the “Profit Margin” was relatively modest (+4.8).



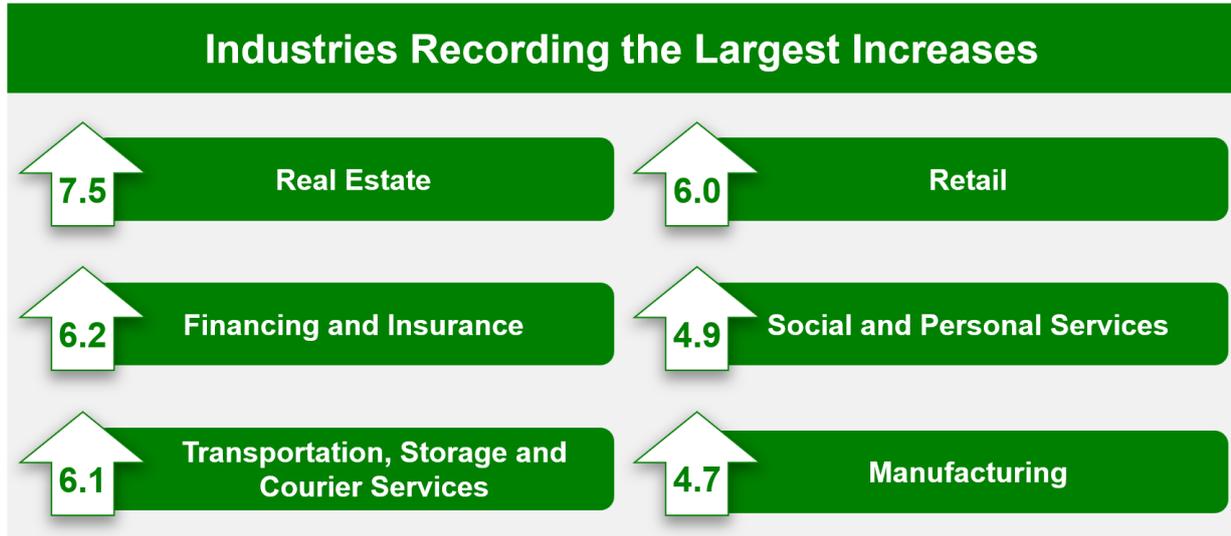
Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	48.9	Up	Up
Investment Sentiment	48.9	Up	Up
Business Condition	41.5	Up	Up
Profit Margin	35.8	Up	Up
Global Economy	35.8	Up	Up

3 Key-Industry Indices



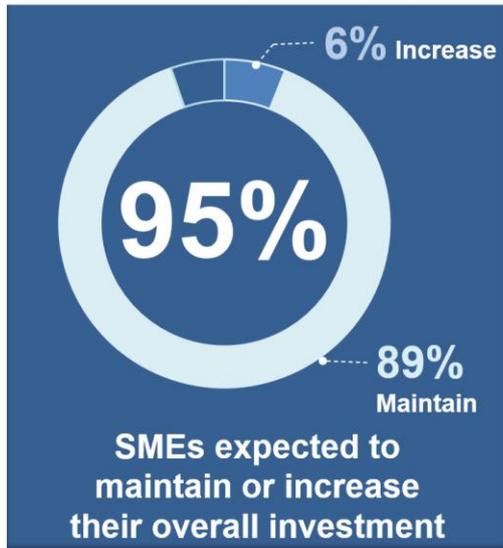
Industry Index

Among the 11 industry indices, only "Construction" recorded a slight decline, while the remaining 10 industry indices recorded increases. In particular, "Real Estate" (46.0, +7.5), "Financing and Insurance" (49.2, +6.2), "Transportation, Storage and Courier Services" (40.4, +6.1) and "Retail" (43.5, +6.0) experienced more significant growth.



Market Prospects

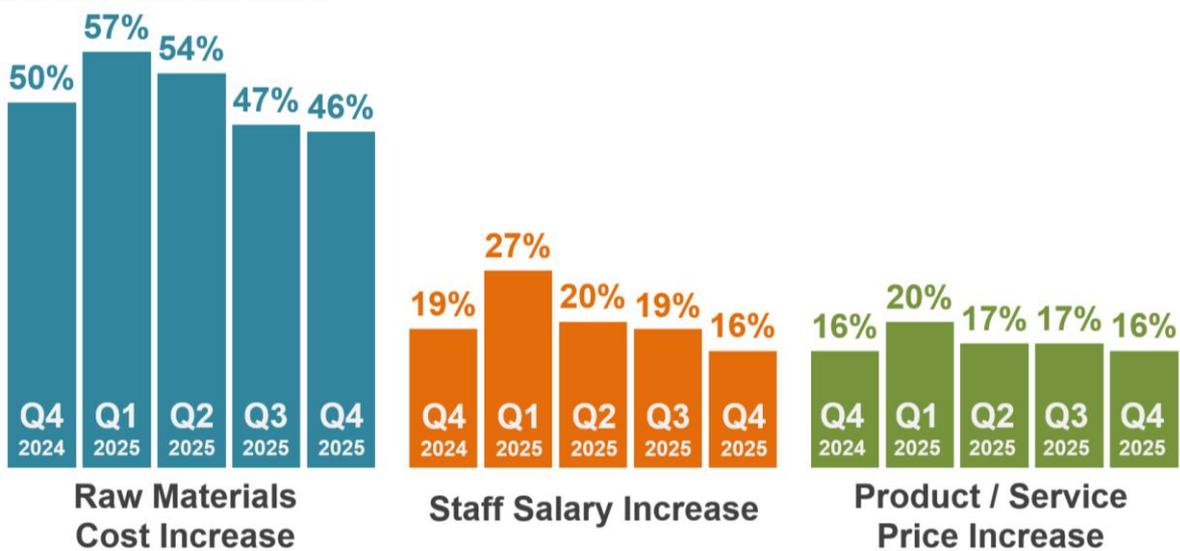
In terms of overall investment trends, 95% of surveyed SMEs intended to maintain or increase their investment this quarter, an increase of 3 percentage points from the previous quarter, with 6% specifically stating that they would increase their investment. The areas that most SMEs expected to increase investment included “IT System”, “Facilities and Equipment”, “Training Related to E-commerce or Digital Technology”, “Overall Staff Training” and “Online Marketing Promotion”.



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Regarding the changes in cost components, SMEs anticipated a continued slowdown in the rise of costs. Specifically, 46% of SMEs expected an increase in raw material costs this quarter, a decrease of 1 percentage point from the previous quarter. Meanwhile, the proportion of SMEs expecting an increase in staff salary dropped 3 percentage points to 16%. On the other hand, only 16% of SMEs planned to increase the prices of their products or services, a decline of 1 percentage point from the previous quarter.

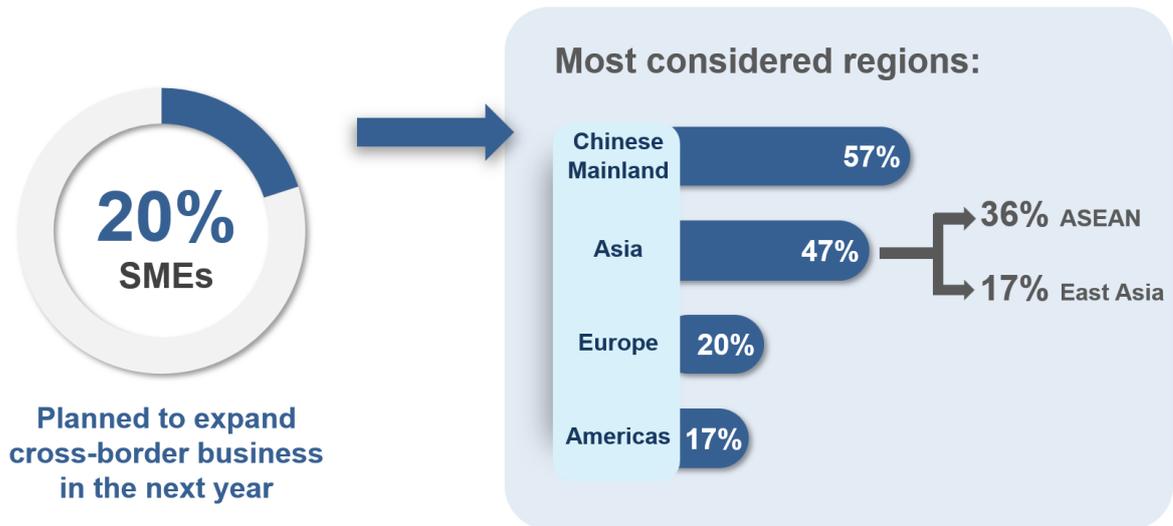
Proportion of surveyed SMEs:



Thematic Topic

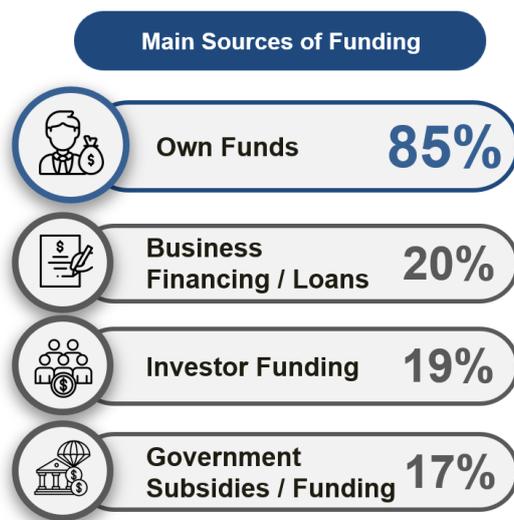
Hong Kong SMEs' Views on Expanding Cross-border Business

The thematic survey of this quarter explored local SMEs' views on expanding cross-border business. The survey revealed that 20% of the surveyed SMEs have already planned to expand business to other regions within the next year, with a majority preferring to expand into the Chinese Mainland (57%) or Asian markets (47%).



Among SMEs currently operating or planning to expand into cross-border business within the next year, 85% indicated that they primarily relied on their own funds for expansion, while a smaller proportion depended on business financing/loans (20%), investor funding (19%), or government subsidies/funding (17%).

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

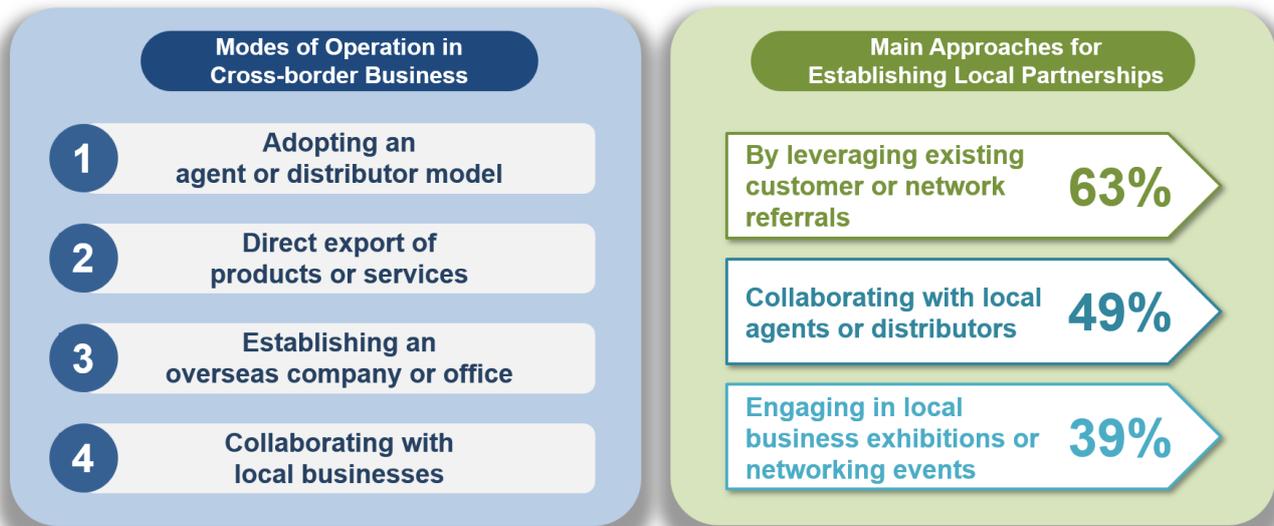


Thematic Topic

Hong Kong SMEs' Views on Expanding Cross-border Business

In terms of modes of operation, “agent or distributor model” and “direct export of products or services” were the most common, followed by “establishing an overseas company or office” and “collaborating with local businesses”. Additionally, when establishing local partnerships, SMEs mainly relied on recommendations from existing customers or network (63%), collaboration with local agents or distributors (49%), and engagement in local exhibitions or networking events (39%).

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



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When it comes to operating cross-border business, nearly half of the SMEs (48%) believed “sales channels” was the most critical area to strengthen, followed by “platform operations” (33%), “overseas regulations” (33%), “human resources” (31%), and “cross-border marketing” (29%).

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



Thematic Topic

Hong Kong SMEs' Views on Expanding Cross-border Business

On the other hand, some SMEs still had no plans to expand cross-border business. The main reasons included a lack of relevant manpower or professional team, high costs and significant financial pressure, complex legal, tax, or compliance issues, unfamiliarity with overseas markets and lack of confidence, and the belief that there is still growth potential in existing markets, thus no immediate demand.

Among SMEs who have not yet planned to expand into cross-border business in the next year:



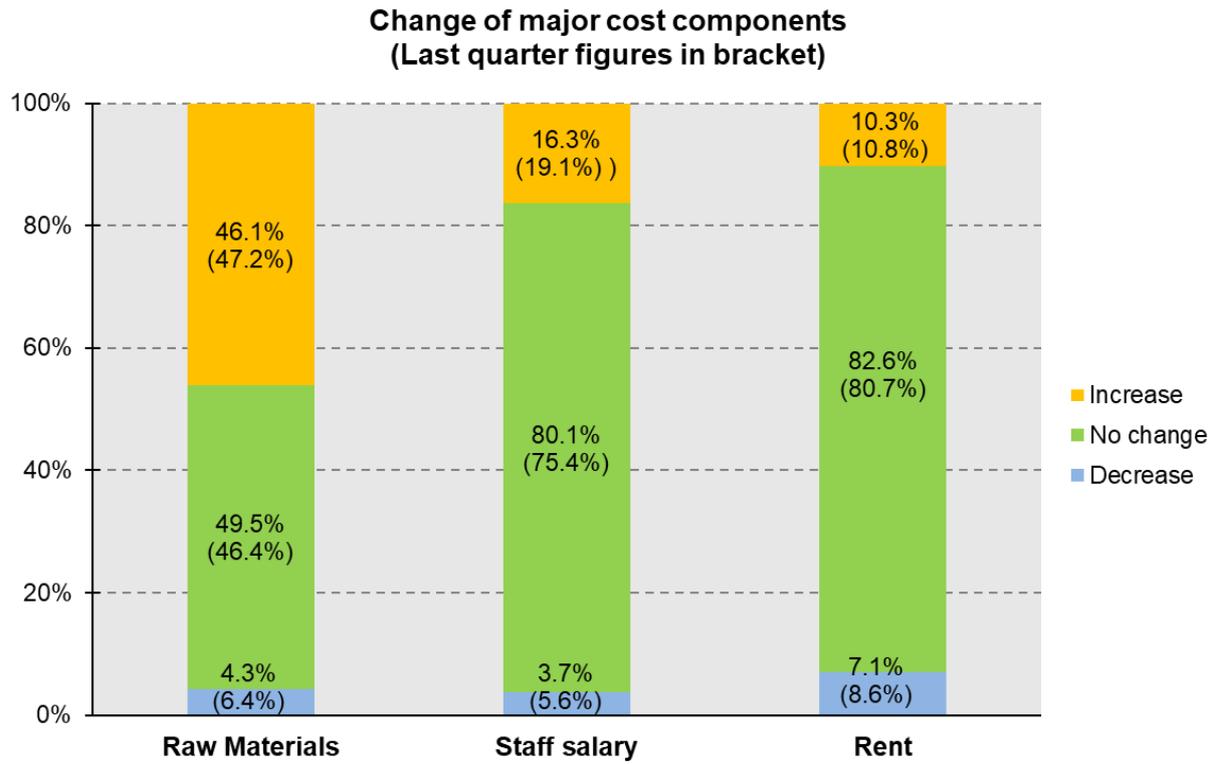
Appendix

Component Sub-Indices of the 3 Key Industry Indices



Appendix

Change of Major Cost Components



Report Release

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