

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 the curves. Lush green landscaping with manicured bushes and palm trees is interspersed along the road. A tall, slender light pole stands on the right side of the highway.

Standard Chartered Hong Kong SME Leading Business Index

Quarter 1, 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 819 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 55th survey of the Standard Chartered Hong Kong SME Leading Business Index was conducted in November and December 2025. Top management of 819 SMEs were surveyed to gauge their views on the outlook of the overall business environment in Q1 2026 and to explore their status and trends of AI adoption.

Key Findings

The Q1 2026 “Standard Chartered SME Index” recorded 43.9 for this quarter, maintaining overall stability, indicating steady market development and that SMEs remain cautiously optimistic outlook on the business environment. Key findings of the survey are as follows:

- ⊕ Among the five component sub-indices, “Global Economy” sub-index maintained its upward trajectory (36.4, +3.8), returning to the level in Q4 2024. The “Transportation, Storage and Courier Services” and “Social and Personal Services” recorded the largest increases in the “Global Economy” sub-index, rising by 13.7 and 13.3 respectively;
- ⊕ Meanwhile, “Recruitment Sentiment” (50.6, -0.1) and “Investment Sentiment” (49.7, -0.7) remained close to the 50 neutral line, showing stable performance. However, “Business Condition” (39.5, -1.1) and “Profit Margin” (36.6, -2.4) saw slight declines this quarter;
- ⊕ Regarding the changes in cost components, 46% of SMEs expected an increase in raw material costs this quarter, similar to the last quarter, while 21% anticipated an increase in staff salaries, with a 5-percentage-point increase from the previous quarter. Under this cost pressure, 18% of SMEs planned to increase the prices of their products or services, representing a 2-percentage-point rise compared to the last quarter;
- ⊕ In terms of overall investment trends, 95% of surveyed SMEs intended to maintain or increase their investment this quarter, with 6% specifically stating that they would increase their investment, consistent with the last quarter. The areas that most SMEs expected to increase investment included “Facilities and Equipment”, “IT System”, “Marketing Promotion” and “Office/ Factory/ Store”.



Key Findings (cont.)

✚ The thematic survey of this quarter explored the status and trends of AI adoption among Hong Kong SMEs:

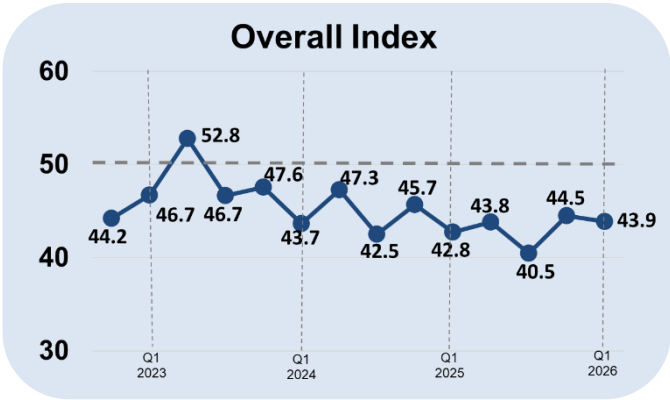
- The survey revealed that over half (55%) of surveyed SMEs have used or plan to use AI tools in their daily operation within the next year. “Information and Communications” (92%) demonstrated the highest adoption rate, followed by “Professional and Business Services” (72%), “Financing and Insurance” (62%) and “Manufacturing” (60%);
- Among SMEs that have used AI, over 30% (32%) reported using paid AI tools, with the highest usage in “Information and Communications” (64%), “Financing and Insurance” (47%) and “Manufacturing” (31%);
- The most popular AI tools among SMEs were “Chatbots” and “Text / Document Generators / Optical Character Recognition (OCR) tools”, followed by “Voice Generators / Speech-to-text”, “Image / Video Generators” and “Data Analysis and Prediction Tools”. Among them, nearly 60% (59%) indicated that they were using more than one type of AI tools;
- The survey also found that three-quarters (75%) of SMEs that have used AI expanded their AI applications in 2025 compared to 2024, including diversifying the types of AI tools employed (64%), increasing the number of employees using AI (56%), and broadening AI applications to more business areas (48%);
- When asked about the ease of using AI in 2025 compared to 2024, nearly half (47%) of SMEs that have used AI found it easier, primarily due to the maturity of AI technologies, the wider selection of AI tools available on the market, and increased employee acceptance;
- Looking ahead to the coming year, most SMEs that have used AI expect further integration by broadening the variety of AI tools employed (52%), extending AI applications to more business areas (41%) and increasing the number of employees using AI (40%). Additionally, 27% intend to increase investment in AI.



Standard Chartered SME Index

Q1 2026

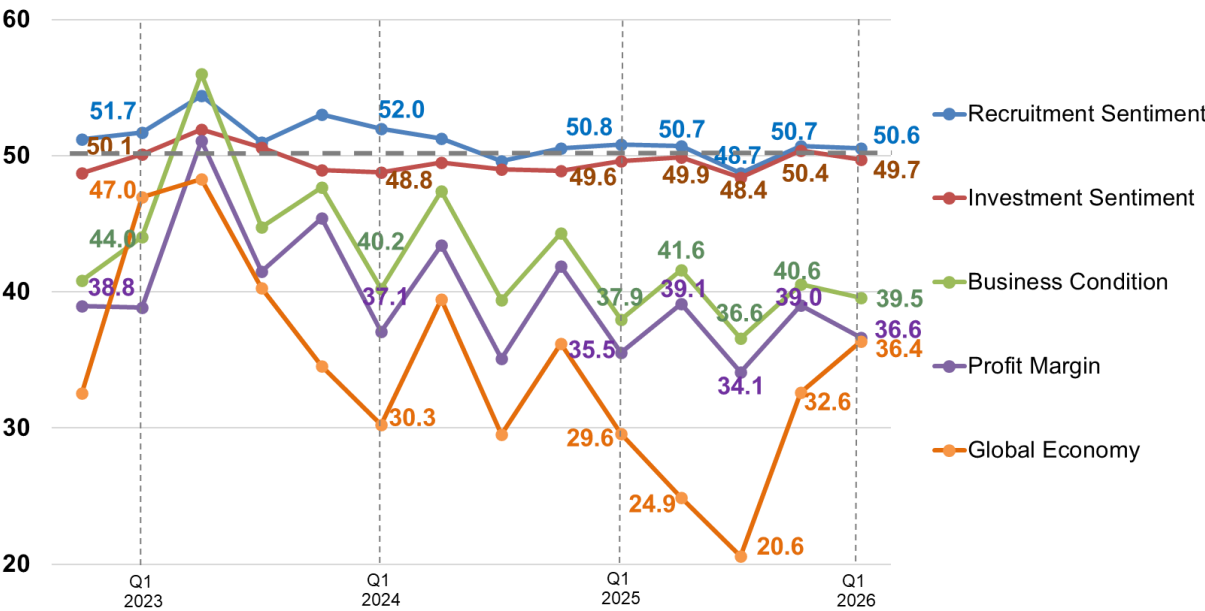
43.9



The Q1 2026 Overall Index was 43.9, maintaining overall stability, indicating steady market development and that SMEs remain cautiously optimistic outlook on the business environment.

Among the five component sub-indices, “Global Economy” sub-index maintained its upward trajectory (36.4, +3.8), returning to the level in Q4 2024. The “Transportation, Storage and Courier Services” and “Social and Personal Services” recorded the largest increases in the “Global Economy” sub-index, rising by 13.7 and 13.3 respectively. Meanwhile, “Recruitment Sentiment” (50.6, -0.1) and “Investment Sentiment” (49.7, -0.7) remained close to the 50 neutral line, showing stable performance. However, “Business Condition” (39.5, -1.1) and “Profit Margin” (36.6, -2.4) saw slight declines this quarter.

Five Component Sub-Indices of Overall Index

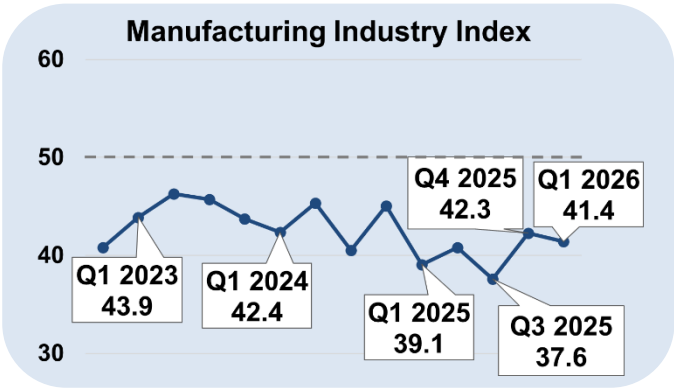


The 3 Key Industry Indices

Manufacturing Industry 41.4

Industry index of Manufacturing Industry slightly declined by 0.9 to 41.4. “Recruitment Sentiment” sub-index fell by 3.2 to 45.3. In contrast, “Business Condition” and “Global Economy” sub-indices continued to rise, increasing by 1.0 and 5.8 respectively.

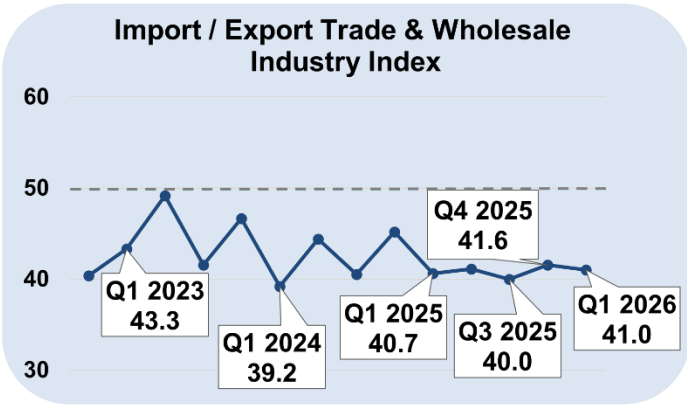
Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	45.3	Down	Unchanged
Investment Sentiment	53.3	Down	Up
Business Condition	35.3	Up	Up
Profit Margin	32.0	Down	Down
Global Economy	32.7	Up	Up



Import / Export Trade and Wholesale Industry 41.0

Industry index of Import / Export Trade and Wholesale Industry remained stable at 41.0. “Global Economy” sub-index continued to record an increase, with a cumulative two-quarter rebound of 10.0, reaching 30.7.

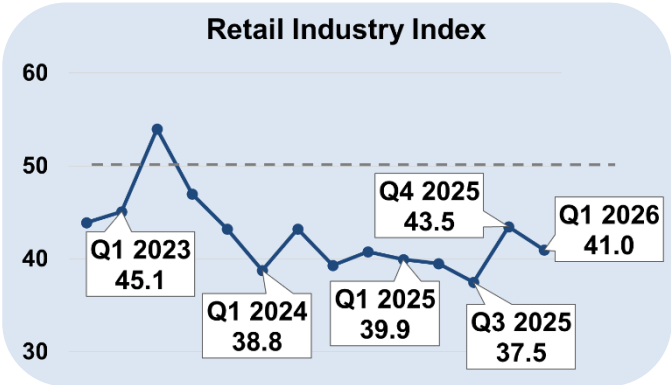
Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	51.8	Up	Up
Investment Sentiment	47.1	Down	Down
Business Condition	34.3	Down	Up
Profit Margin	31.8	Down	Up
Global Economy	30.7	Up	Down



The 3 Key Industry Indices

Retail Industry 41.0

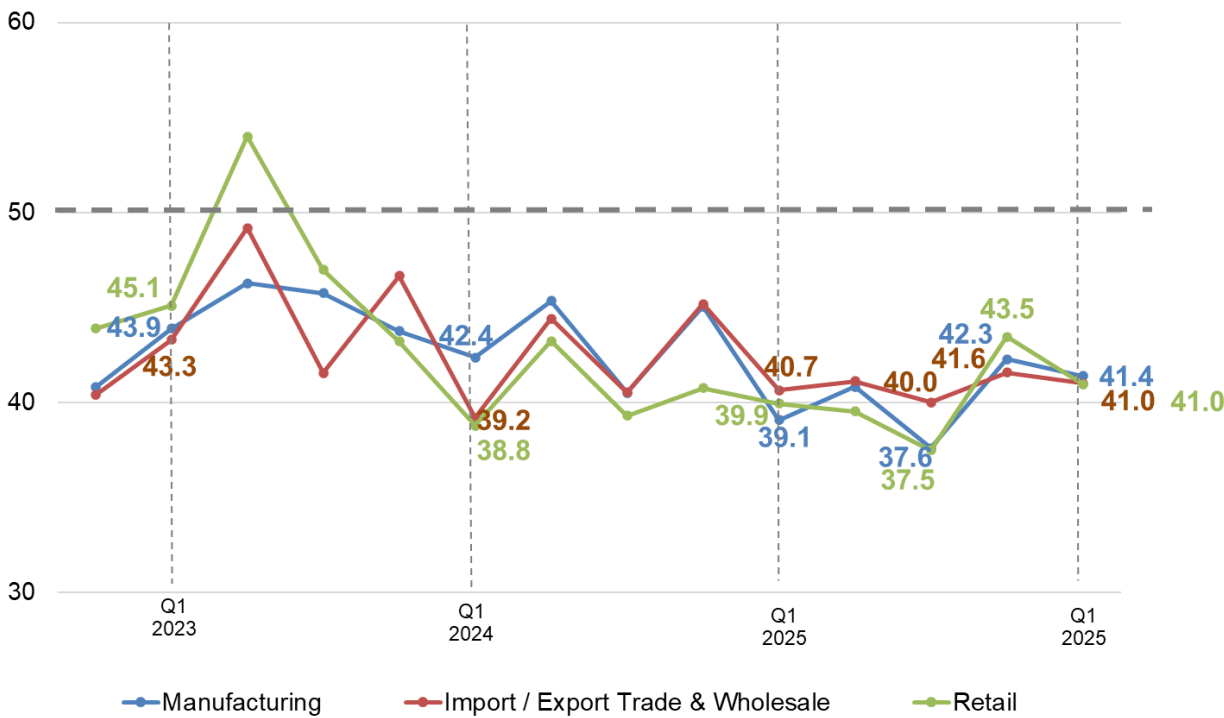
Industry index of Retail Industry fell by 2.5 to 41.0, but still remained 1.1 higher than the same period last year. All five sub-indices recorded declines, with the largest drops seen in “Business Condition” (-4.6) and “Profit Margin” (-4.0).



Component Indices	Index	Compared to last quarter	Compared to same period of last year
Recruitment Sentiment	47.2	Down	Down
Investment Sentiment	48.3	Down	Up
Business Condition	36.9	Down	Up
Profit Margin	31.8	Down	Down
Global Economy	33.5	Down	Up

7

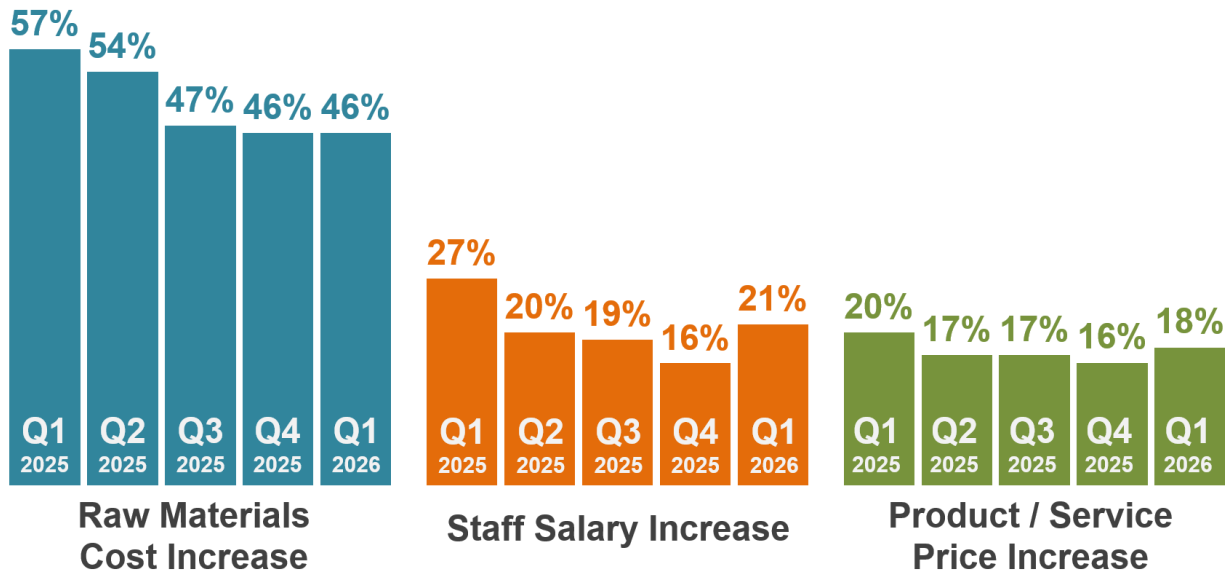
3 Key-Industry Indices



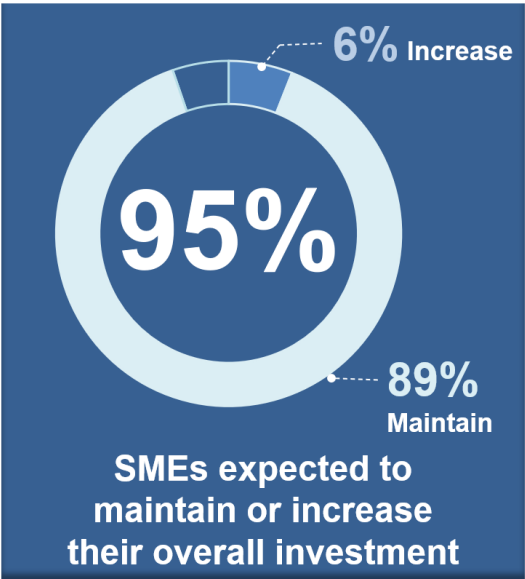
Market Prospects

Regarding the changes in cost components, 46% of SMEs expected an increase in raw material costs this quarter, similar to the last quarter, while 21% anticipated an increase in staff salaries, with a 5-percentage-point increase from the previous quarter. Under this cost pressure, 18% of SMEs planned to increase the prices of their products or services, representing a 2-percentage-point rise compared to the last quarter.

Proportion of surveyed SMEs:



In terms of overall investment trends, 95% of surveyed SMEs intended to maintain or increase their investment this quarter, with 6% specifically stating that they would increase their investment, consistent with the last quarter. The areas that most SMEs expected to increase investment included “Facilities and Equipment”, “IT System”, “Marketing Promotion” and “Office/ Factory/ Store”.



Most SMEs expected to increase investment in the following items:

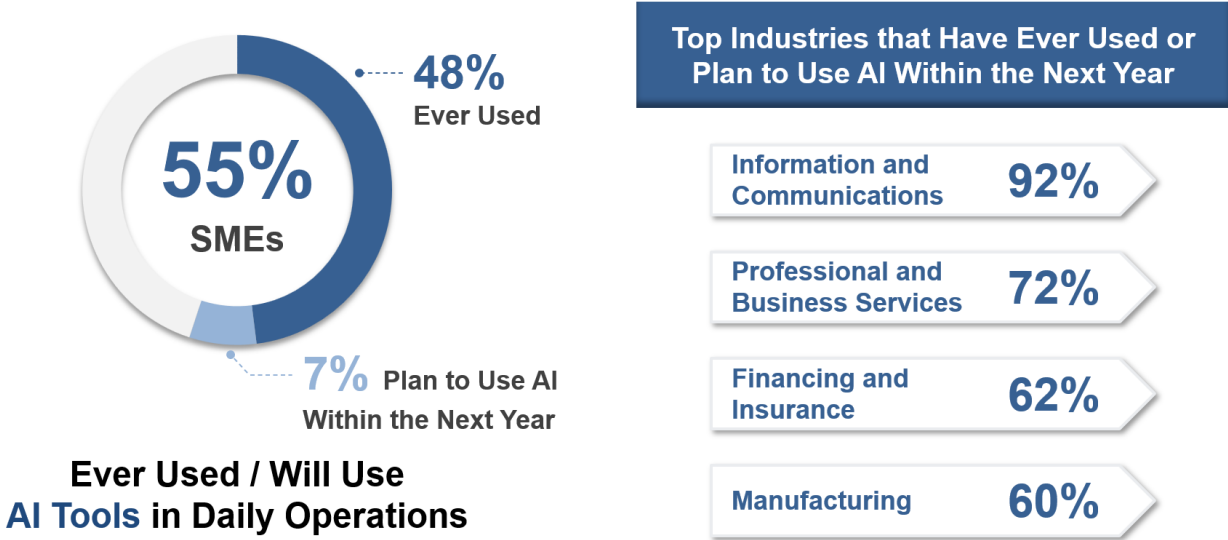
- Facilities and Equipment
- IT System
- Marketing Promotion
- Office / Factory / Store



Thematic Topic

Status and Trends of AI Adoption among Hong Kong SMEs

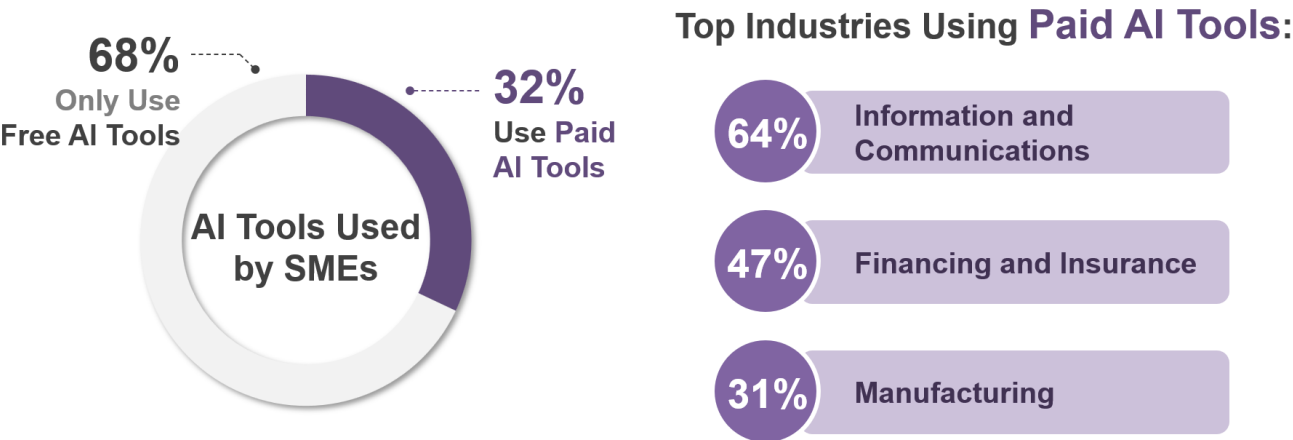
The thematic survey of this quarter explored the status and trends of AI adoption among Hong Kong SMEs. The survey revealed that over half (55%) of surveyed SMEs have used or plan to use AI tools in their daily operation within the next year. “Information and Communications” (92%) demonstrated the highest adoption rate, followed by “Professional and Business Services” (72%), “Financing and Insurance” (62%) and “Manufacturing” (60%).



9

Among SMEs that have used AI, over 30% (32%) reported using paid AI tools, with the highest usage in “Information and Communications” (64%), “Financing and Insurance” (47%) and “Manufacturing” (31%).

Among SMEs that have used AI in daily operations:

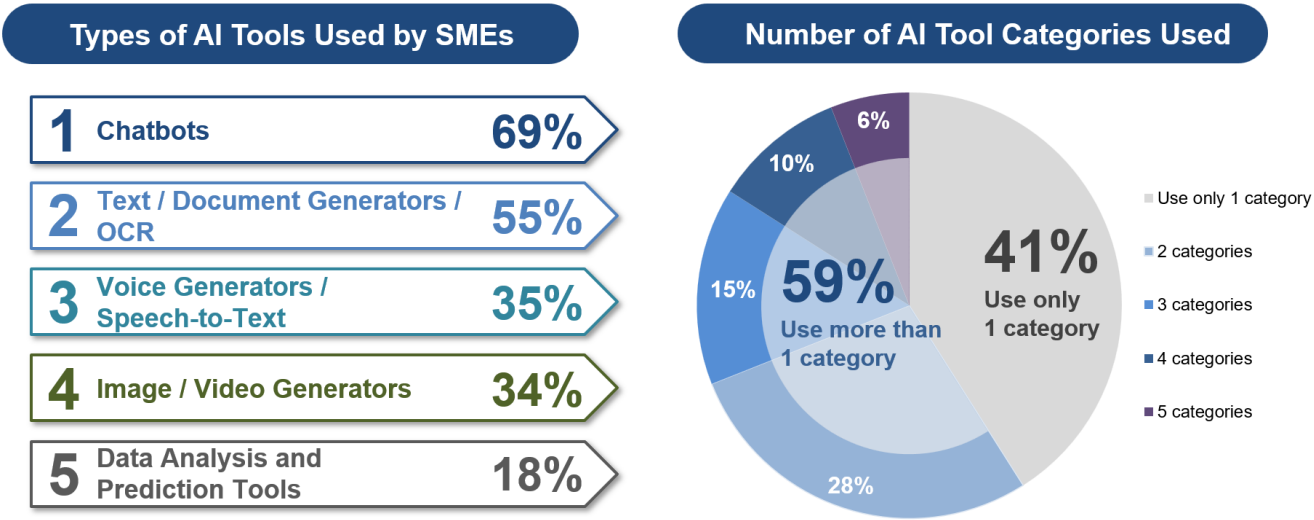


Thematic Topic

Status and Trends of AI Adoption among Hong Kong SMEs

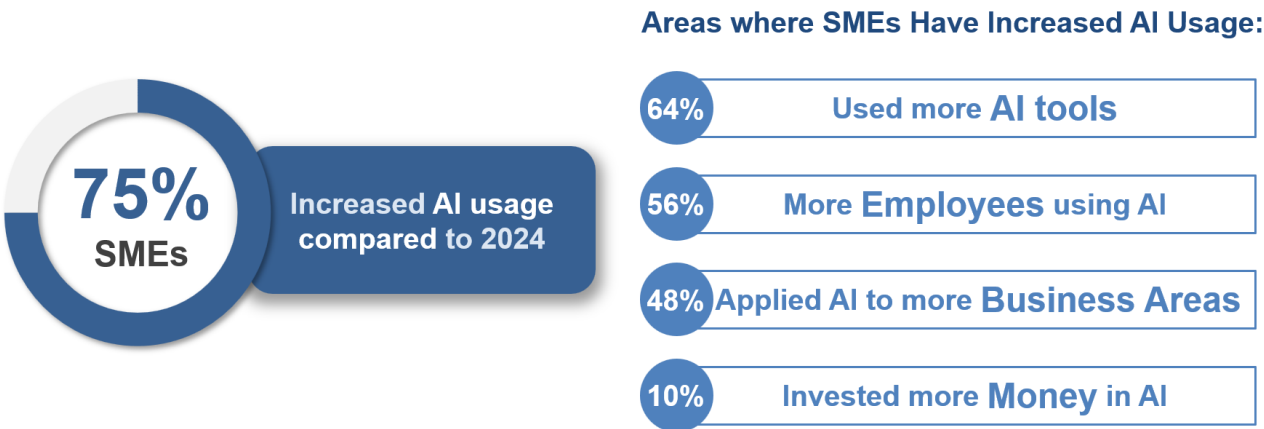
The most popular AI tools among SMEs were “Chatbots” and “Text / Document Generators / Optical Character Recognition (OCR) tools”, followed by “Voice Generators / Speech-to-text”, “Image / Video Generators” and “Data Analysis and Prediction Tools”. Among them, nearly 60% (59%) indicated that they were using more than one type of AI tools.

Among SMEs that have used AI in daily operations:



The survey also found that three-quarters (75%) of SMEs that have used AI expanded their AI applications in 2025 compared to 2024, including diversifying the types of AI tools employed (64%), increasing the number of employees using AI (56%), and broadening AI applications to more business areas (48%).

Among SMEs that have used AI in daily operations:

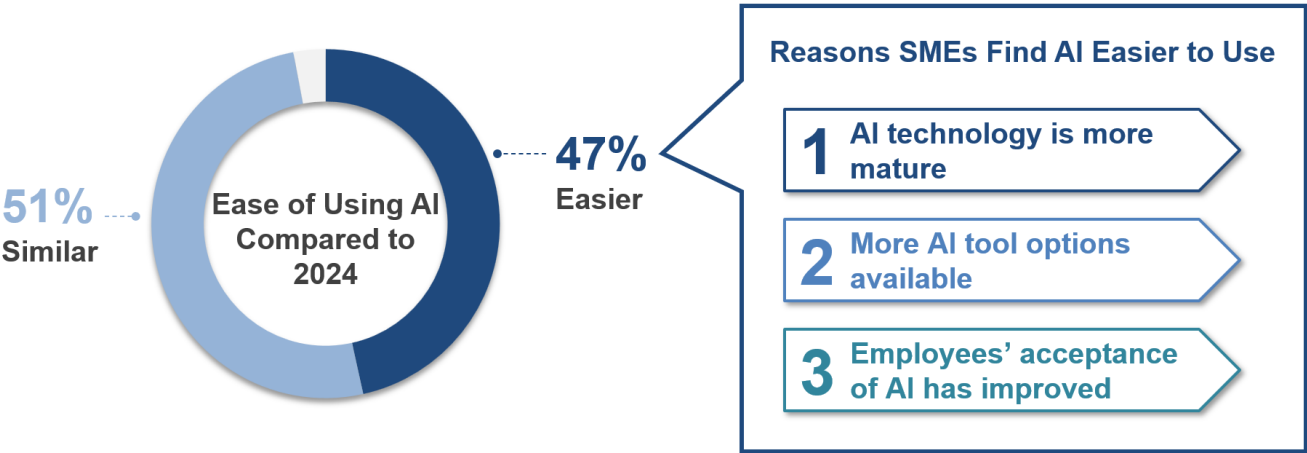


Thematic Topic

Status and Trends of AI Adoption among Hong Kong SMEs

When asked about the ease of using AI in 2025 compared to 2024, nearly half (47%) of SMEs that have used AI found it easier, primarily due to the maturity of AI technologies, the wider selection of AI tools available on the market, and increased employee acceptance.

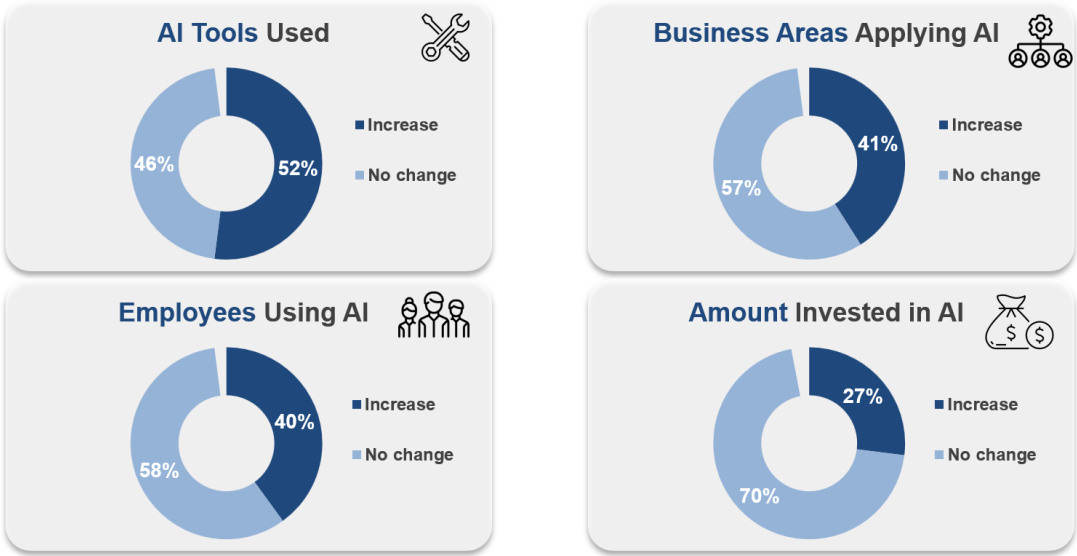
Among SMEs that have used AI in daily operations:



11

Looking ahead to the coming year, most SMEs that have used AI expect further integration by broadening the variety of AI tools employed (52%), extending AI applications to more business areas (41%) and increasing the number of employees using AI (40%). Additionally, 27% intend to increase investment in AI.

Among SMEs that have used AI in daily operations:



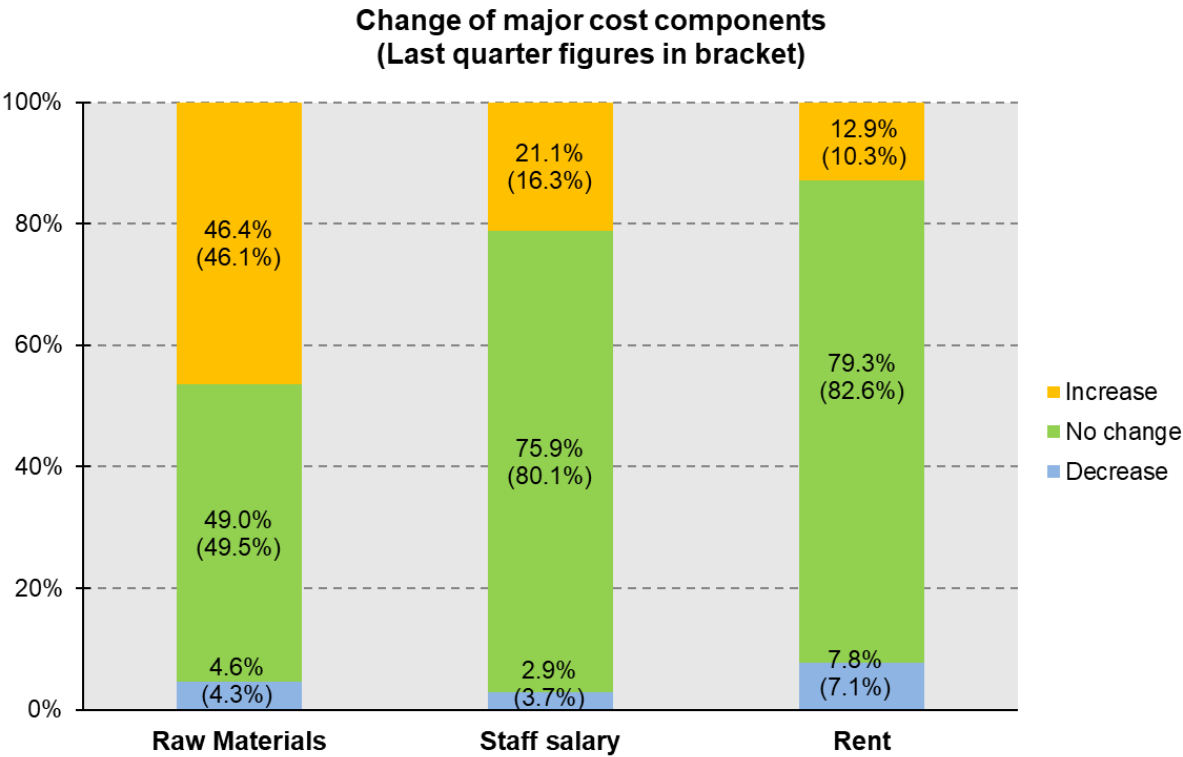
Appendix

Component Sub-Indices of the 3 Key Industry Indices



Appendix

Change of Major Cost Components



Report Release

The Standard Chartered SME Index is released every quarter. Full reports can be downloaded at <https://u.hkpc.org/scbi-en>.

Disclaimer:

The content and data in this report is owned by Hong Kong Productivity Council (HKPC). Without the authorisation of HKPC, any changes to the report content and data, as well as selling of the report, are not permitted. HKPC shall not have any liability, duty or obligation for or relating to the content and data contained herein, any errors, inaccuracies, omissions or delays in the content and data, or for any actions taken in reliance thereon. In no event shall HKPC be liable for any special, incidental or consequential damages, arising out of the use of the content and data.

