

press release

Majority of Hong Kong mid-sized corporates expects at least six months to recover from COVID-19

Corporates prioritise operational agility and flexibility in post COVID-19 world

21 July 2020, Hong Kong – Standard Chartered's mid-sized corporates pulse survey revealed that more than half of medium enterprises in Hong Kong expects it will take at least six to 12 months to recover from the disruptive impact from the COVID-10 pandemic. Many of them are keen to switch to a more agile operating model as well as to make use of technology to support business growth, compared to before the pandemic.

The survey, conducted with decision makers from more than 200 mid-sized corporates across mainland China, Hong Kong, India, Malaysia and Singapore, showed that over 70 per cent of medium enterprises in Asia today prioritise making their operations more agile and flexible to support business growth.

As markets emerge from lockdown restrictions and businesses begin on their road to recovery, the need to ensure resilience in their operating model ranked above the relevance of using technology as a differentiator from competitors (63 per cent) and providing more value-added solutions to customers (61 per cent).

In Hong Kong, while respondents similarly indicated that introducing agility and flexibility into their business operations (59 per cent) and using technology to differentiate from competitors (59 per cent) were the top two growth priorities, they also revealed the need to be more conscious of risks (50 per cent).

The survey also highlighted the vulnerability of these businesses due to COVID-19. Over 60 per cent of the respondents indicated a 20 to 50 per cent reduction in monthly revenues, with more than half of them foreseeing that it will take at least six to 12 months to recover from the disruptive impact and stabilise operations again.

The sentiments were slightly less optimistic in Hong Kong, where 68 per cent of respondents indicated a 20 to 50 per cent reduction in monthly revenues, and 55 per cent foreseeing that it will take at least six to 12 months to recover from the impact of COVID-19. Thirty-six per cent of respondents expected the it would take up to 12 to 24 months to recover from the pandemic.

To further support mid-sized corporates in their transition towards resilient growth in the post COVID-19 world, Standard Chartered is developing a series of six points-of-view articles that will offer insights anchored around a four-stage framework of *immediate response, preservation and stability, preparing for growth* and lastly, the goal of *maintaining resilience and driving profitability*. These point of view articles will focus on potential issues and challenges faced by mid-sized corporates as reflected from the survey, including regulatory, finance and working capital management, manufacturing and supply chain as well as driving efficiencies through digitalisation.

Edek Ho, Regional Head of Commercial Banking, Greater China and North Asia and Head of Commercial Banking, Hong Kong, Standard Chartered, said: “We believe these points-of-view articles would inspire mid-sized corporates to shift their mindset and view building resilience as an investment that can support sustainable profitability, rather than a cost. Our teams at Standard Chartered are here to work with our clients as they embark on the journey to achieve resilient growth.”

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Note to Editors

Commissioned by Standard Chartered and prepared by PwC, ***The Road to Resilient Growth: Points-of-View Series for Mid-Corporates*** feature six opinion articles focused on action-oriented insights anchored on a four-stage framework of *Immediate response, Preservation and stability, Preparing for growth* and *Maintaining resilience and driving profitability*. To gain insights on how medium enterprises in Asia are impacted by COVID-19, Standard Chartered

also conducted a pulse survey of 205 corporate leaders from mid-sized corporates with annual revenue of between USD100 million to 500 million across mainland China, Hong Kong, India, Malaysia and Singapore. The first insights piece, which sets the foundation for mid-sized corporates to understand how the disruption and change caused by COVID-19 is bringing about a shift towards resilient growth, is available on <https://www.sc.com/en/banking/banking-for-companies/ccib/commercial-banking/>.

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