

# Standard Chartered Hong Kong SME Leading Business Index

Results

Q4 2024



# 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 investigate the objectives and challenges faced by Hong Kong SMEs in “Environmental, Social and Governance” (ESG)

# Standard Chartered Hong Kong SME Leading Business Index

Results

Q4 2024



# Key Findings of This Quarter



Overall Index was **45.7** for Q4 2024, increased by 3.2 from the previous quarter, returning to the level observed in Q3 2023



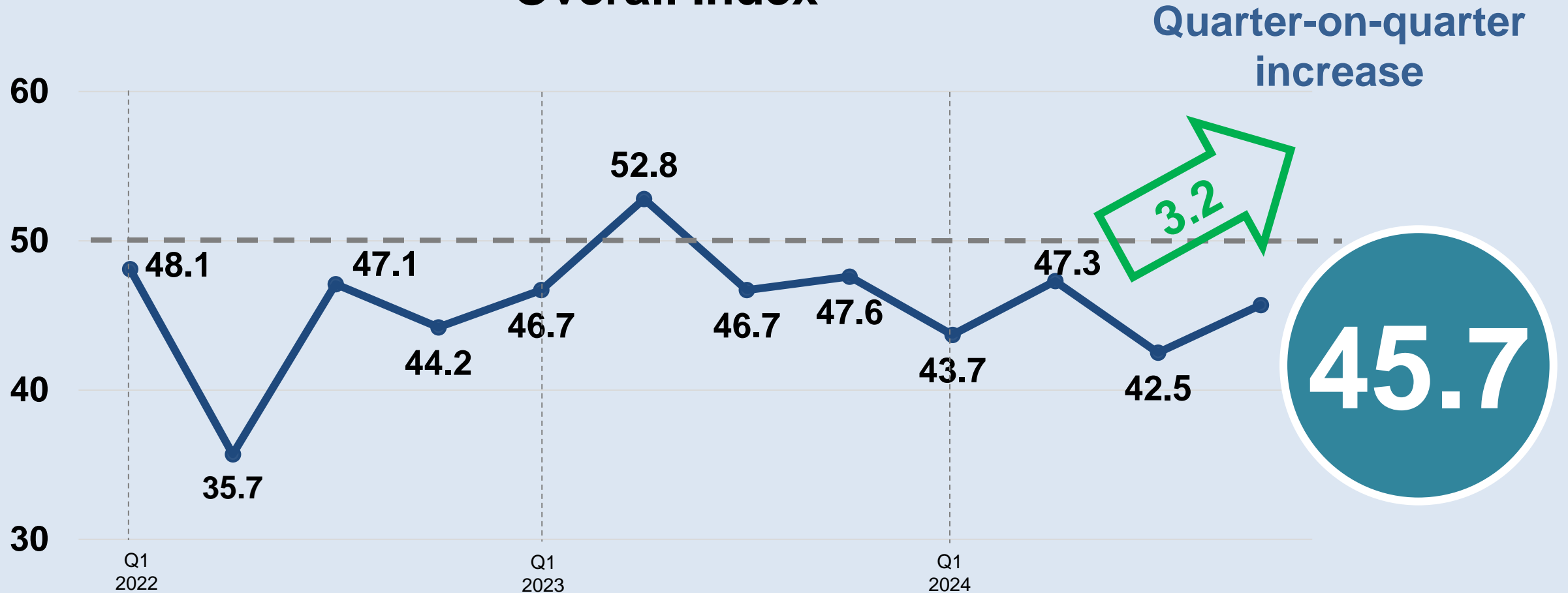
**Over one-third** of SMEs indicated that they were aware of ESG, which is more than doubling from two years ago



**Over 90%** of SMEs expressed that their attention to ESG has either increased or remained unchanged compared to the previous year, but only about 10% of SMEs have set ESG objectives

# Overall Index in Q4 2024

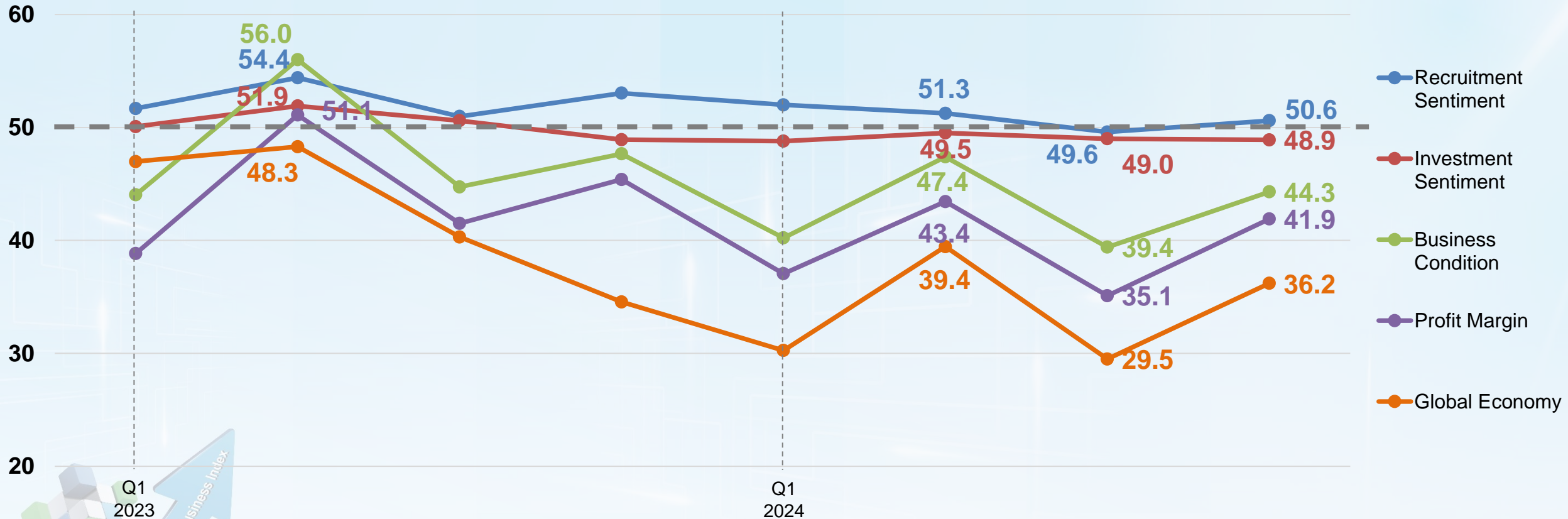
## Overall Index





# Five Component Sub-Indices of Overall Index

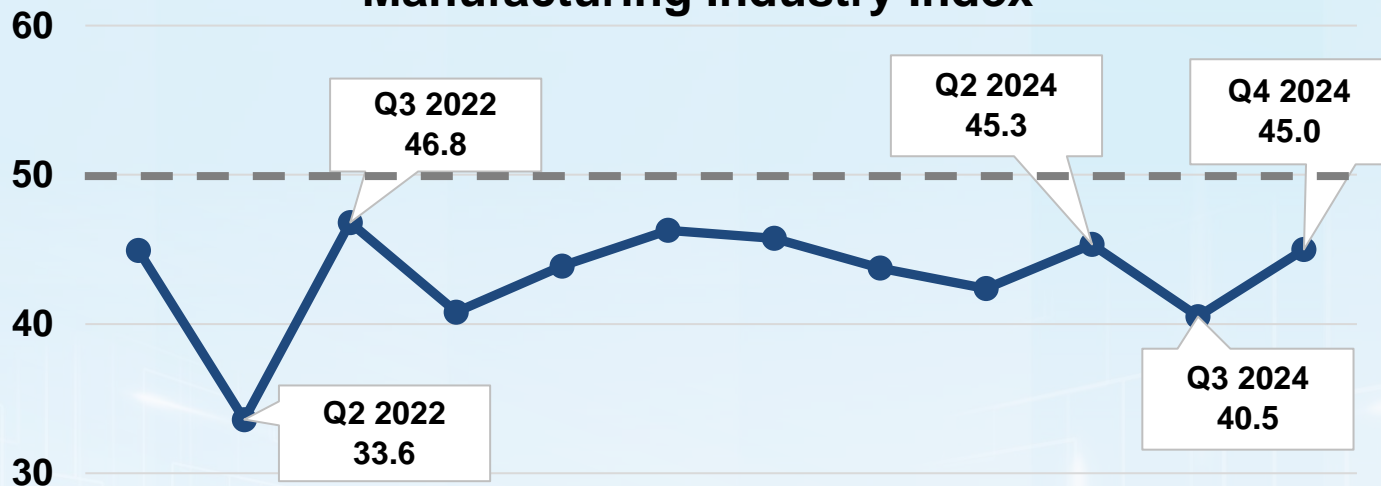
## Five Component Sub-Indices of Overall Index



- "Profit Margin", "Business Condition" and "Global Economy" rebounded to the level recorded in Q2 2024, however, "Profit Margin" and "Business Condition" remain slightly below the levels of the same quarter last year
- "Investment Sentiment" continues to remain close to the 50 neutral line, while "Recruitment Sentiment" recorded a slight increment

# Manufacturing

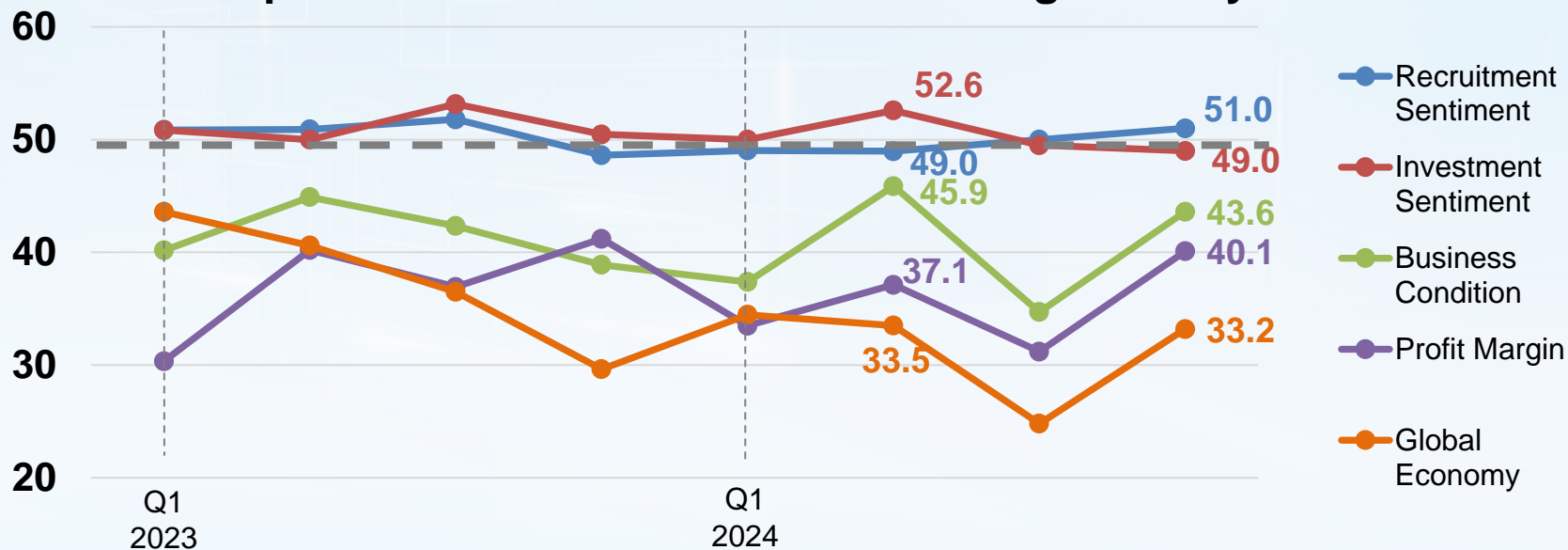
## Manufacturing Industry Index



Manufacturing Industry Index recorded a rebound in this quarter, returning to the levels recorded in Q2 2024

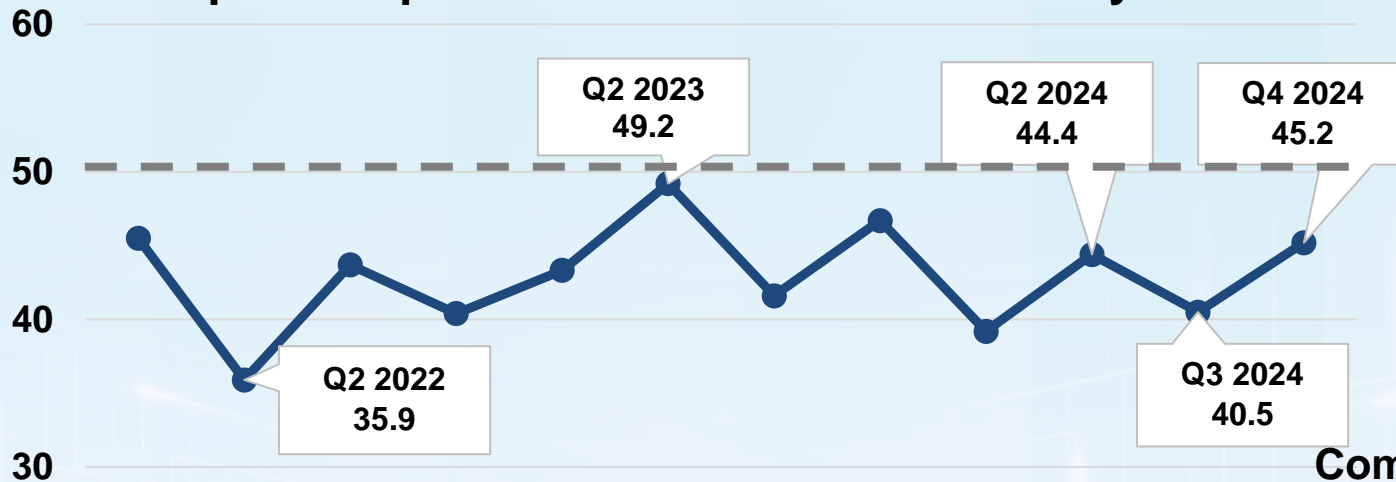
“Business Condition”, “Profit Margin” and “Global Economy” have increased in this quarter, with “Profit Margin” surpassing the levels observed in Q2 2024, which was the highest level in 2024

## Component Sub-Indices of Manufacturing Industry



# Import / Export Trade & Wholesale

## Import / Export Trade & Wholesale Industry Index



Industry Index of Import / Export Trade & Wholesale Industry saw an increase, surpassing the levels in Q2 2024

The increment in “Profit Margin” was the strongest, rising by 10.1 from the previous quarter to 41.1, marking the highest level in 2024. This trend was similar to the previous year and has returned to the level seen in Q3 2023

## Component Sub-Indices of Import / Export Trade & Wholesale Industry

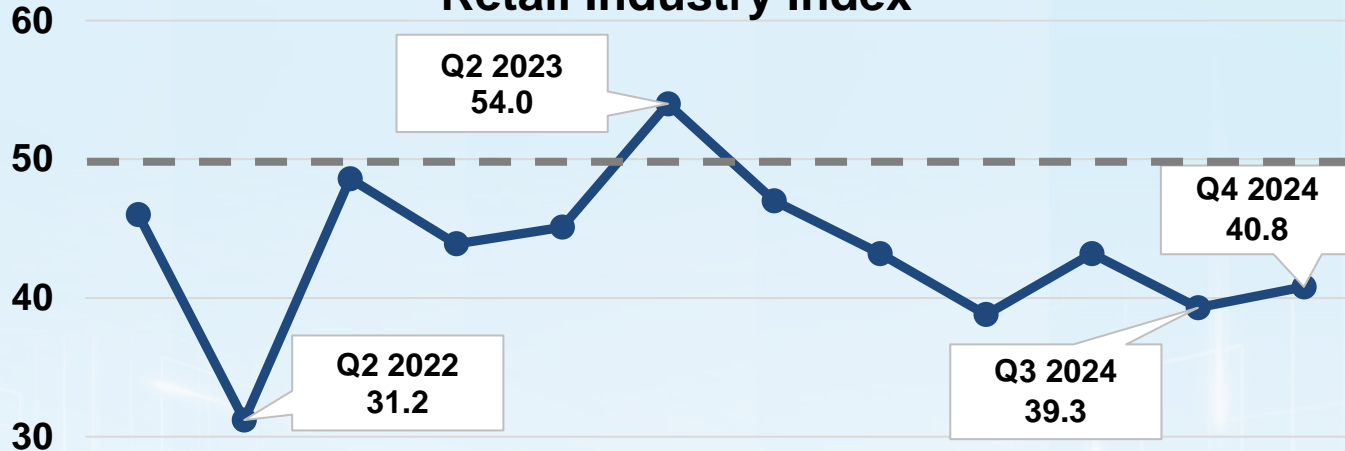


- Recruitment Sentiment
- Investment Sentiment
- Business Condition
- Profit Margin
- Global Economy



# Retail

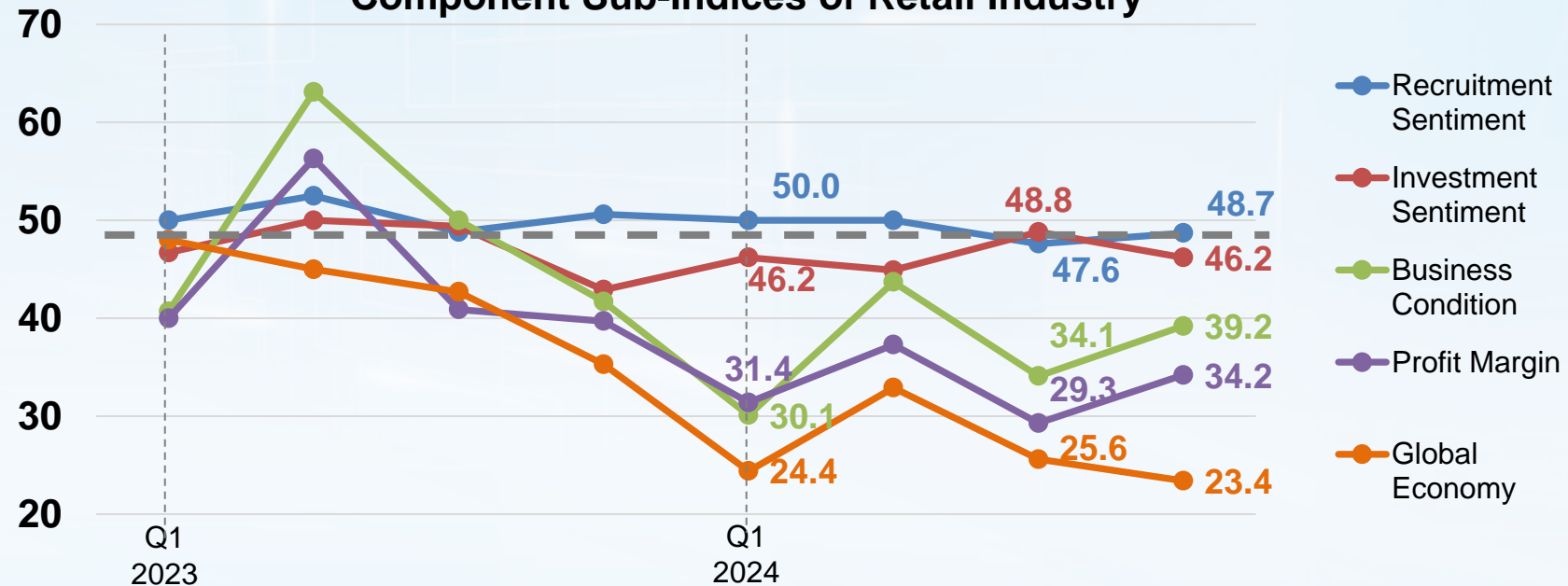
## Retail Industry Index



The Retail Industry Index saw a slight quarter-on-quarter increase, rising by 1.5 to 40.8 when compared to the previous quarter

“Global Economy” continued to decline, down by 2.2 to 23.4 this quarter, approaching the level observed in Q1 2024 (24.4)

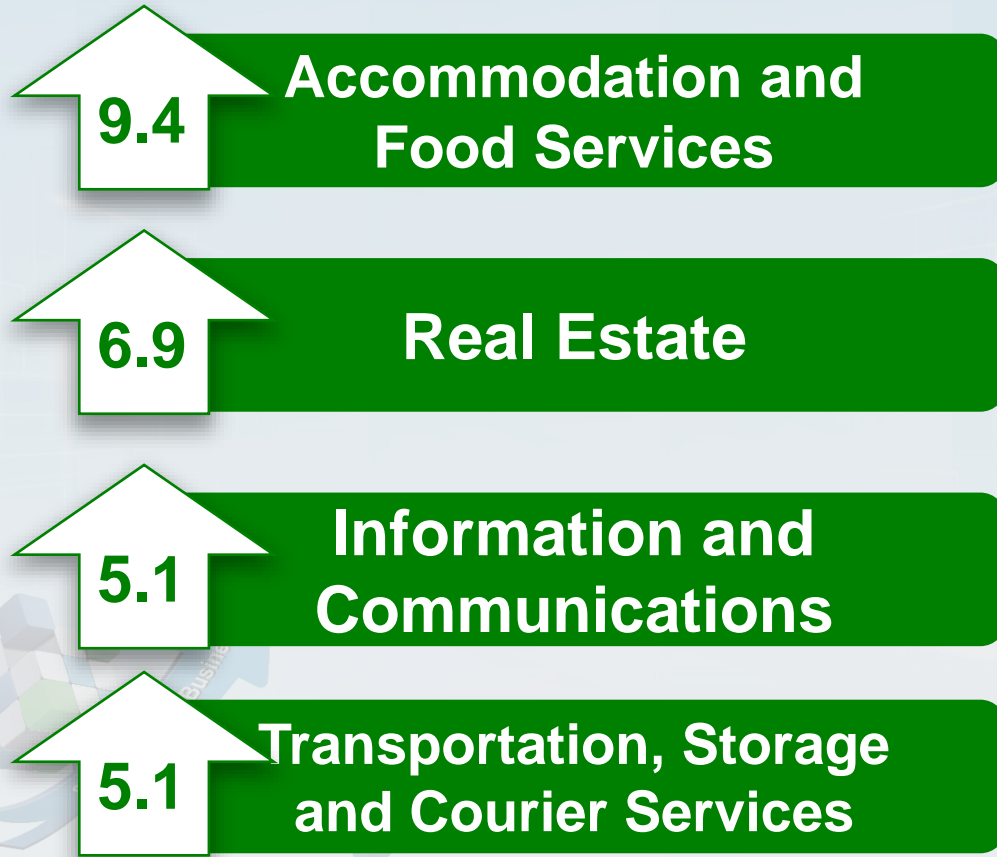
## Component Sub-Indices of Retail Industry



- Recruitment Sentiment
- Investment Sentiment
- Business Condition
- Profit Margin
- Global Economy

# Industries with the Largest Changes

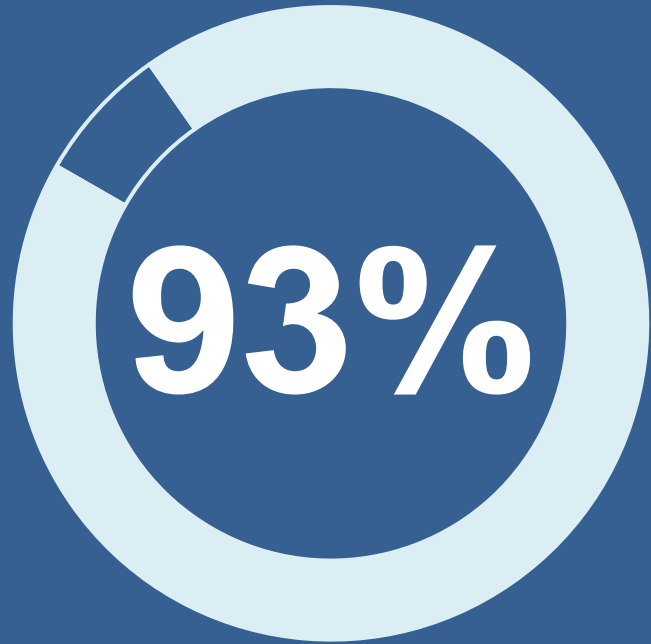
## Industry Recording the Largest Increase



## Industries Recording the Largest Declines



# Expectation towards Changes on Investment



**SMEs expected to  
maintain or increase  
their overall investment**

**Industries with significant growth  
in this quarter**

**Import / Export Trade  
and Wholesale**

**Transportation, Storage and  
Courier Services**

**Information and  
Communications**

# Expectation towards Changes on Investment

**Most SMEs** expected to maintain or increase investment in the following items:

**IT System**

**Training Related to  
E-commerce  
or Digital Technology**

**Overall Staff Training**

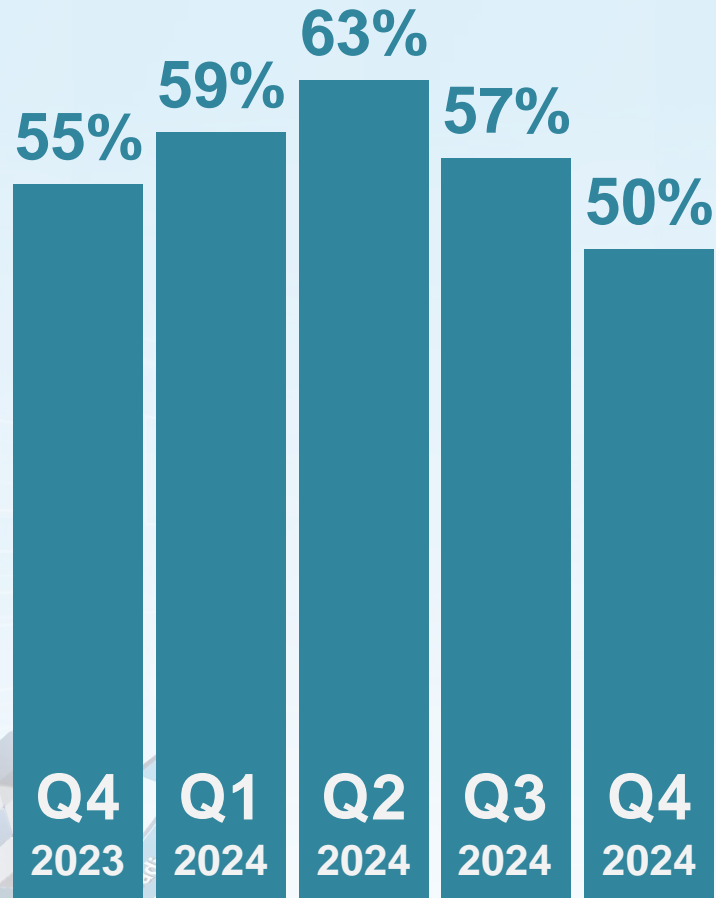
**Research and  
Development**

**Facilities and  
Equipment**

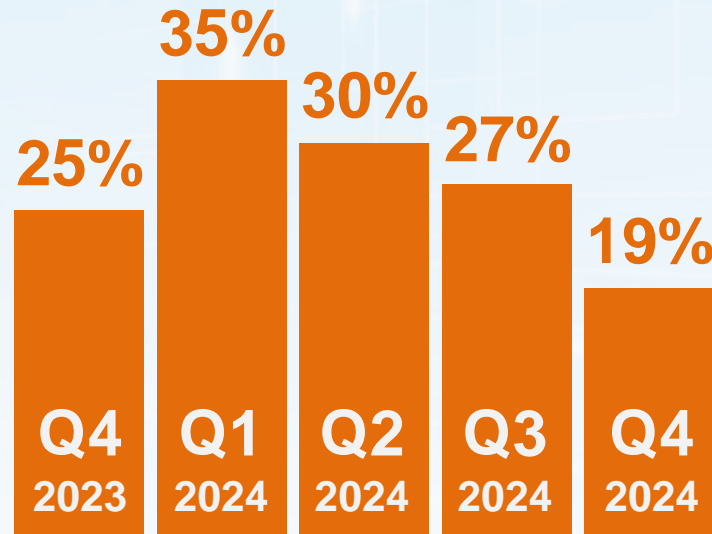
**Online Marketing  
Promotion**

# Expectation towards Increase on Raw Materials Cost, Staff Salary and Price Factors

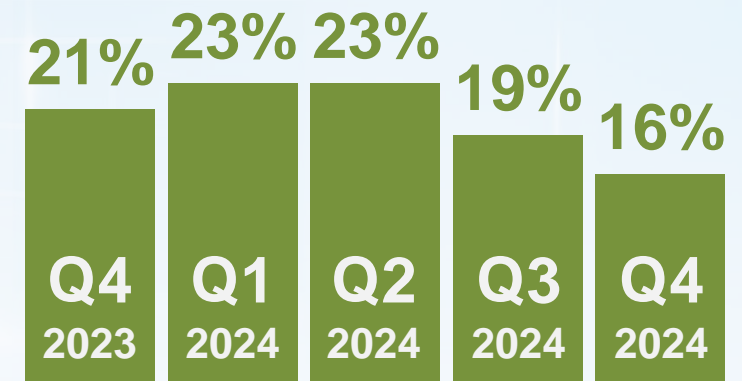
Proportion of surveyed SMEs:



**Raw Materials Cost Increase**



**Staff Salary Increase**



**Product / Service Price Increase**



# Standard Chartered Hong Kong SME Leading Business Index

## Featured Topic

**The Objectives and Challenges Faced by  
Hong Kong SMEs in  
“Environmental, Social and Governance” (ESG)**



# The Awareness of ESG Among SMEs



SMEs indicated an awareness of ESG

16%

Q1 2022

↓ +22%

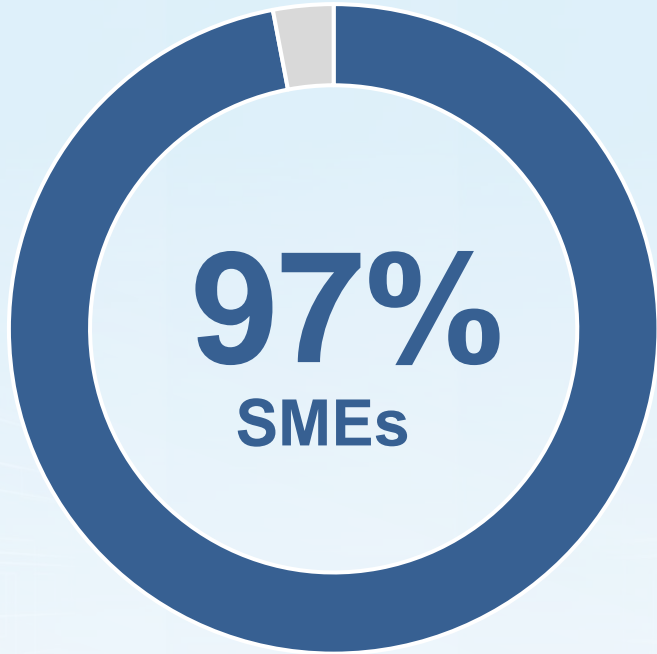
38%

Q4 2024

SMEs' understanding of the accurate definition of ESG:



# The Attention to ESG Among SMEs



Attention to ESG has either increased or remained unchanged compared to the previous year

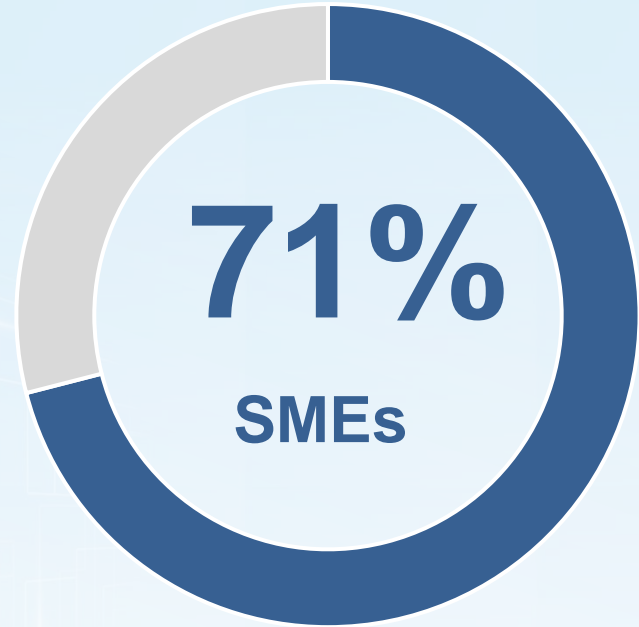
Industries with higher levels of attention to ESG:

**Social and Personal Services**

**Financing and Insurance**

**Import / Export Trade and Wholesale**

# The Attention to ESG Among SMEs



Indicated that they were concerned about at least one aspect of ESG

## Primary areas of concern:

**1** Resources and Recycling **38%**

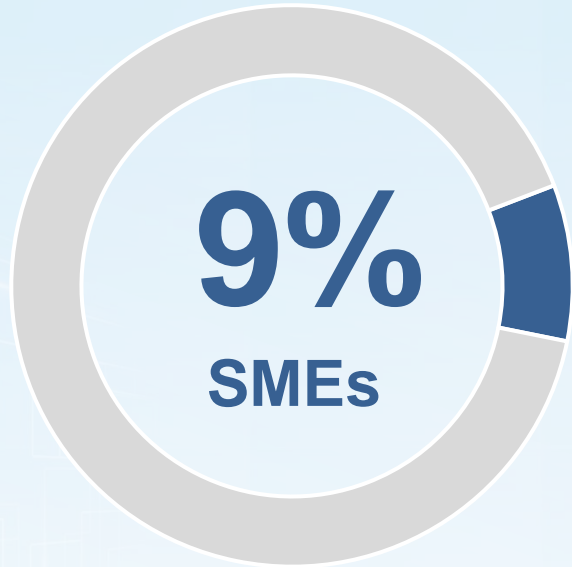
**2** Occupational Health and Safety **33%**

**3** Consumer Protection and Product Responsibility **29%**

**4** Carbon Reduction and Climate Change **24%**

**4** Business Ethics and Whistleblowing **24%**

# SMEs' Objectives for ESG



Have set ESG objectives



## Main objectives:

65%

Reducing Carbon Emissions

63%

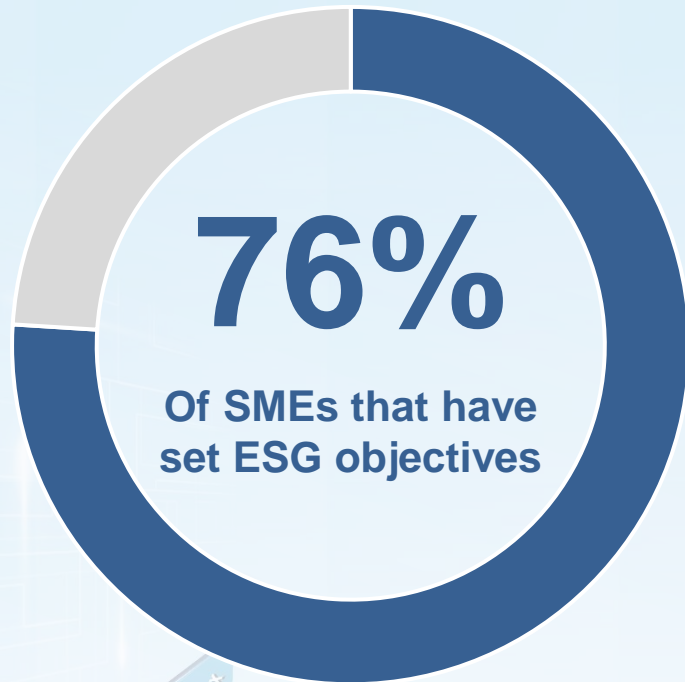
Reducing Energy / Resource Consumption

48%

Promoting Social Responsibility



# SMEs' Objectives for ESG



Indicated that they would share ESG objectives with stakeholders

Channels for SMEs to share ESG objectives:

**51%** Share Externally

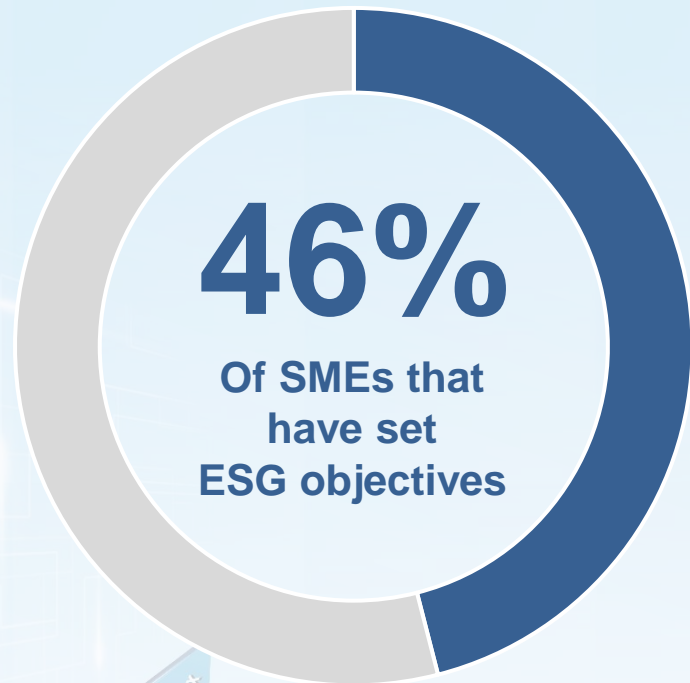
Company Reports **32%**

Company Website **30%**

Social Media **17%**

**37%** Share Internally (Intranet)

# SMEs Review the Gap Between Their ESG Practices With Industry Standards



Indicated that they would review the gap between their ESG practices with industry standards

SMEs' actions taken to review the gap between their ESG practices with industry standards:

**1** Completing ESG Assessments **23%**

**2** Participating in Awards **21%**

**3** Signing Charters **20%**

**3** Obtaining External Certifications **20%**

# Benefits of Practicing ESG for SMEs

Among the SMEs that have set ESG objectives

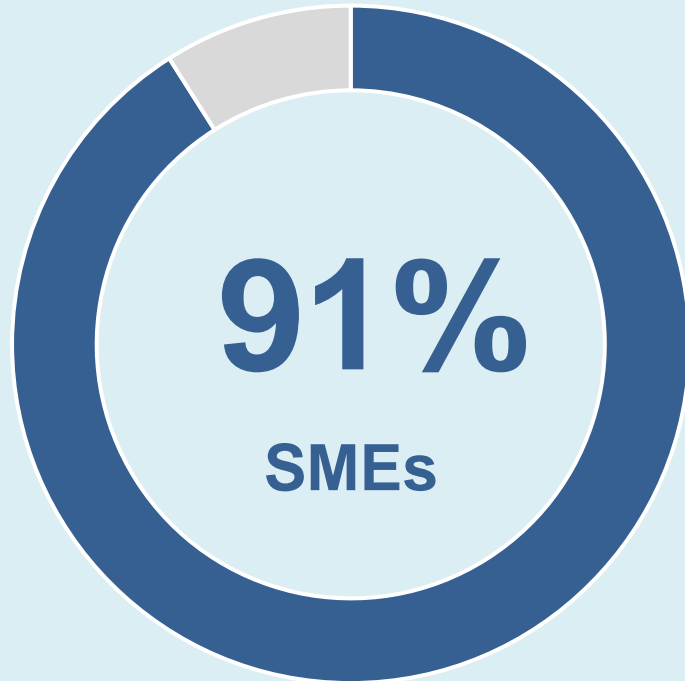
**100%**

**Believed that ESG could bring benefits to the company**

## Top 5 benefits:

- 1** Enhancing the Company / Brand Image
- 2** Complying with Government / Regulatory Requirements
- 3** Enhancing the Company's Competitiveness
- 4** Meeting Current Customer Expectations
- 5** Reducing Operation Costs

# Reasons Why SMEs Have Not Set Objectives for ESG



Stated that they have not set ESG objectives

## Main reasons:

42%

Lack of Request from Customers

34%

Prioritising Business Objectives

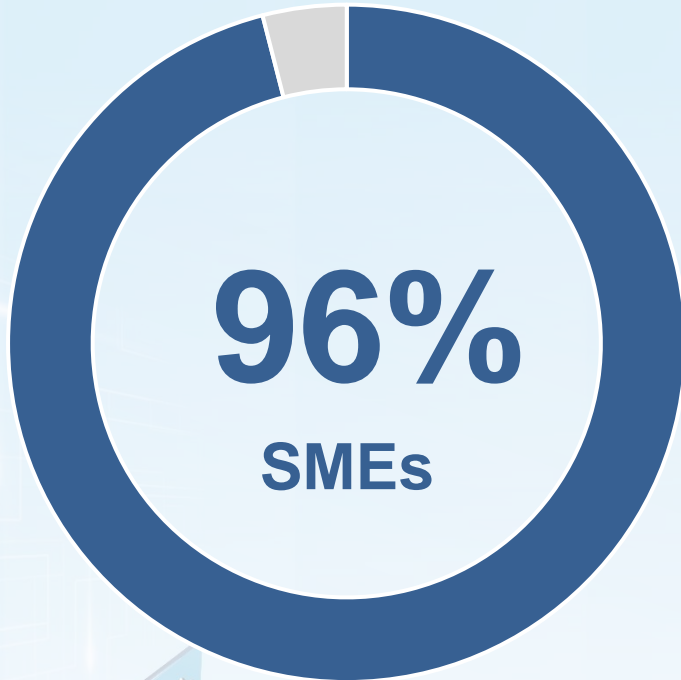
34%

Lack of Expertise

30%

Concerns on Increase Costs

# The Challenges SMEs Encounter In Implementing ESG



Indicated that they encountered challenges in implementing ESG

The challenges most SMEs encounter when implementing ESG:

59%

Insufficient Manpower or Funding

56%

Employees Lacking Adequate Knowledge / Do Not Know How to Start

45%

Lack of Clear Guidelines

32%

Unaware of Available Innovative Technologies

31%

Adjustments to the Ever-changing Market Standards