

# Hong Kong SMEs: Navigating Opportunities and Risks

## SMEs upbeat, but cite weak economy and cost pressures

**54%**

in Hong Kong **expect the local economy to worsen in the year ahead**, attributing it to...

**67%** increasing international trade disputes

**54%** operating costs

**46%** global competition

However...

**74%**

forecast their revenue to **remain stable or even increase** this year

In contrast...

**7%**

cite **international trade disputes** as the biggest challenge to their business



## Missing out on international expansion and growth opportunities

**59%**

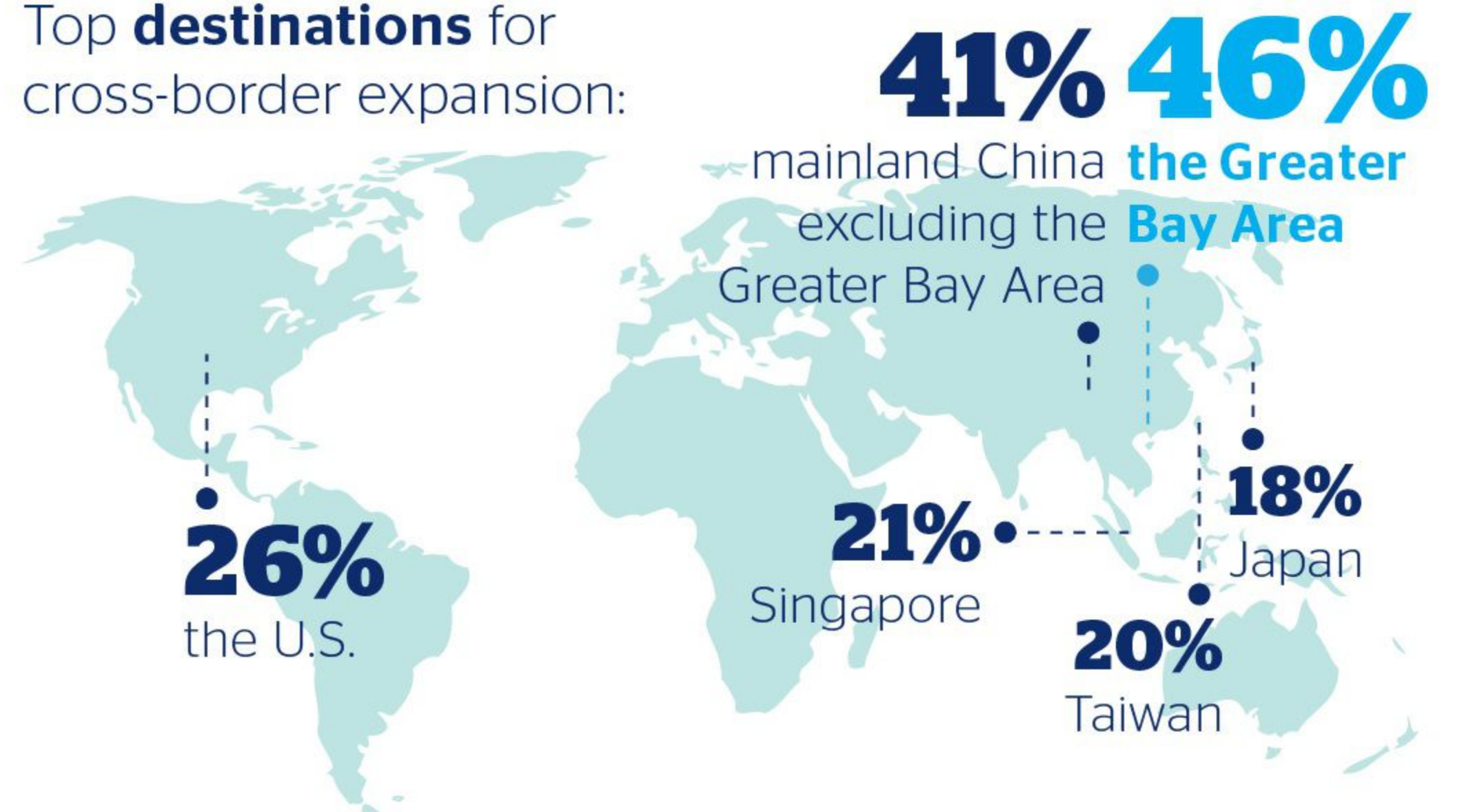
operate in **Hong Kong only**



**47%**

have **no interest** in expanding their footprint beyond Hong Kong

Top **destinations** for cross-border expansion:



## Under-protected against cybersecurity risks

**86%**

are **aware** of cybersecurity risks



But...

**72%**

**do not have** relevant insurance protection

**80%**

are using or looking to invest in digital technologies to...



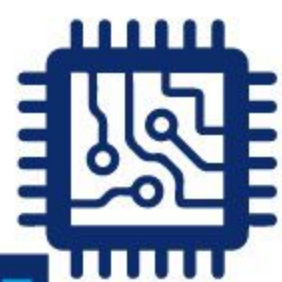
**35%**

make processes more efficient



**33%**

reduce reliance on manpower



**39%**

raise productivity



**35%**

reduce internal costs

## Barriers to international expansion:



**31%**

insufficient staff or skills to expand international footprints



**30%**

lack of knowledge of overseas markets



**25%**

insufficient funds



**21%**

unfamiliar with overseas law

## Underprepared amid global and market volatility

**73%**

experienced at least one **business issue** in the past year



yet...

**14%**

**do not have** any insurance protection at all

SMEs do not have relevant insurance protection against



**91%**

Directors' & Officers' management liability



**84%**

Liabilities to third-parties



**79%**

Loss of income due to business interruptions



**74%**

Loss due to equipment breakdown



**70%**

Damage to business properties

The "SMEs: Navigating Opportunities and Risks" research study was conducted by ORC International on behalf of QBE Hong Kong. The study drew on an online survey of 415 Hong Kong SMEs in November 2018. Among the SMEs surveyed, 76% were in the service industry offering wholesale/retail, health, arts and creation, IT, finance, education, real estate, professional services, transport, F&B, accommodation and more. The remaining 24% came from the non-service industry, mainly manufacturing, construction and engineering. The SMEs in manufacturing sector employ up to 99 employees, while the non-manufacturing ones have up to 49 employees.

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