CPA AUSTRALIA ASIA-PACIFIC SMALL BUSINESS SURVEY 2024-2025

Hong Kong market summary

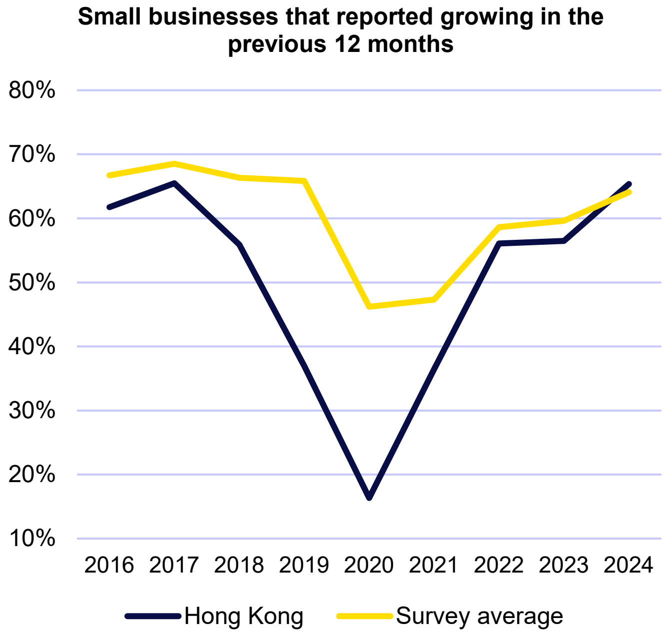
Hong Kong[1]

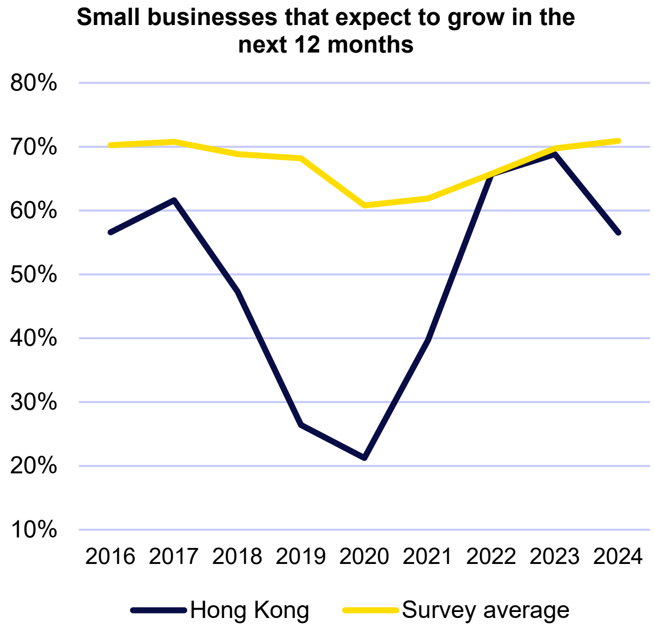
Key findings

- Business sentiment improved in 2024, with the highest number of growing small businesses since 2017, though optimism for 2025 is slightly lower
- Confidence among small businesses in Hong Kong's economy is positive for 2025, but has declined slightly from 2024 levels
- Hong Kong's small businesses rank highly on all indicators of technology adoption, particularly in investment in AI
- Cybersecurity is a major challenge, with over 70 per cent of small businesses reporting having lost time or money to cyberattacks in 2024
- Rising costs were not a significant challenge for most Hong Kong small businesses
- Demand for external finance remained high despite increasing difficulty accessing finance, a trend expected to continue in 2025
- Hong Kong's small businesses demonstrate a strong commitment to ESG activities
- Nearly one-third of Hong Kong small businesses say they will innovate in 2025
- Hong Kong's small businesses are more internationally focused than most other markets
- Business owners are most likely to have an adaptive attitude to risk, embracing it during growth periods and exercising caution in downturns
- Despite a positive 2024, Hong Kong small business owners reported the lowest satisfaction levels among the markets surveyed

[1] For the purpose of this survey, data collected from small businesses in Hong Kong and Taiwan are shown separately from the data collected for the rest of China.

Business and economic conditions





	Hong Kong 2024	Survey average 2024	Rank 2024	Hong Kong 2023	Rank 2023	Hong Kong 2022	Hong Kong 2021	Hong Kong 2020	Hong Kong 2019
Businesses that grew in the last 12 months	65.4%	64.1%	7/11	56.5%	6/11	56.1%	36.5%	16.3%	37.0%
Businesses that expect to grow in the next 12 months	56.5%	70.9%	8/11	68.8%	6/11	65.7%	39.7%	21.2%	26.4%
Businesses that expect the local economy to grow in the next 12 months	67.6%	66.9%	7/11	72.8%	5/11	65.4%	42.6%	13.4%	17.5%

2024 was a better year for Hong Kong's small businesses compared to 2023. Sixty five per cent reported growing, up from 57 per cent in 2023. This was Hong Kong's best result since 2017.

Looking ahead, Hong Kong small businesses remain positive about their expected performance, although less so than in the last survey. Fifty-seven per cent forecast growth this year, down from last year's projection of 69 per cent.

Confidence among small businesses in Hong Kong's economy remains positive, but has also dropped from 73 per cent expecting the local economy to grow in 2024 to 68 per cent in 2025.

Some of the factors driving this positive result include the high percentage of Hong Kong small businesses investing in or undertaking growth-focused activities, such as:

- expanding into new markets
- e-commerce adoption
- offering new payment options.

Another likely factor is the younger age profile of Hong Kong small business owners and leaders. According to our survey, 49 per cent were aged under 40, slightly above the survey average of 48 per cent, and well ahead of Australia's 21 per cent. Our survey data consistently shows that owners in this age group are much more likely to run businesses that adopt high-growth strategies including e-commerce, exporting and customer satisfaction initiatives.

Technology uptake

	Hong Kong 2024	Survey average 2024	Rank 2024	Hong Kong 2023	Rank 2023	Hong Kong 2022	Hong Kong 2021	Hong Kong 2020	Hong Kong 2019
More than 10 per cent of revenue came from online sales	80.1%	66.9%	3/11	80.9%	1/11	78.2%	52.9%	44.4%	43.2%
Did not use social media for business purposes	5.2%	12.8%	9/11	9.0%	9/11	13.1%	19.4%	19.6%	16.8%
Investment in technology by the business over the past 12 months has improved profitability	58.8%	55.6%	6/11	62.3%	4/11	64.1%	39.7%	25.2%	29.7%
Technology the business invested in most heavily over the past 12 months	Artificial intelligence, machine learning and chatbots	Computer equipment	N/A	Computer equipment	N/A	Artificial intelligence, machine learning and chatbots	Website	Computer equipment	Computer equipment
Consider the business likely to be cyberattacked in next 12 months	64.1%	40.7%	2/11	70.1%	1/11	73.1%	34.8%	30.1%	31.7%
Reviewed the business' cybersecurity protections in past six months	61.1%	50.8%	3/11	65.4%	1/11	60.6%	37.7%	39.5%	39.3%
Lost time and/or money due to a cybersecurity incident in the past 12 months	71.6%	39.6%	1/11	63.9%	1/11	N/A	N/A	N/A	N/A
More than 10 per cent of sales is received through digital payment options such as Octopus, Alipay, WeChat Pay, PayMe, Tap & Go	82.9%	75.1%	4/11	86.0%	2/11	83.7%	58.9%	57.2%	54.2%
Sought advice from IT consultants/specialists	26.5%	28.0%	4/11	35.2%	1/11	42.0%	21.6%	15.7%	N/A

A key driver of growth for Hong Kong's small businesses is their relatively strong adoption of digital technologies. There have been noticeable improvements in technology use among Hong Kong small businesses from pre-pandemic levels. This includes:

- **Digital payments:** Hong Kong's small businesses are strong adopters of new payment technologies, such as Alipay, WeChat Pay and PayMe. In 2024, 82 per cent generated over 10 per cent of their sales through these payment platforms, a sharp increase from 54 per cent in 2019.
- **Online sales:** 80 per cent of Hong Kong's small businesses received more than 10 per cent of their revenue online, up from 43 per cent in 2019, ranking Hong Kong second among surveyed markets.

- **Artificial Intelligence:** 41 per cent of Hong Kong small businesses identified AI as their top technology investment for 2024, up from 26 per cent in 2023, and the third highest among surveyed markets. This highlights their intent to move up the value chain and achieve higher growth.

Many Hong Kong small businesses may invest in technology due to its reasonable and fast returns. In 2024, 59 per cent reported that their technology investments that year improved their profitability, slightly above the survey average of 56 per cent.

However, as digital technologies become more integrated into business operations, cybersecurity risks have intensified. In 2024, Hong Kong's small businesses ranked first in experiencing lost time and/or money due to a cyberattack, with 72 per cent reporting such losses, well above the survey average of 40 per cent.

To mitigate these risks, 61 per cent of Hong Kong small businesses reviewed their cybersecurity measures in the past six months, the third highest among surveyed markets. Despite this, 64 per cent anticipate being cyber attacked in 2025, the second highest expectations among the surveyed markets. This underscores the need for stronger cybersecurity practices.

Business activity over the past 12 months

	Hong Kong 2024	Survey average 2024	Rank 2024	Hong Kong 2023	Rank 2023	Hong Kong 2022	Hong Kong 2021	Hong Kong 2020	Hong Kong 2019
Increased employee numbers	42.2%	32.8%	4/11	45.7%	2/11	54.2%	18.1%	9.2%	14.5%
Improved customer satisfaction had a major positive impact on the business	19.6%	27.2%	9/11	23.1%	9/11	30.1%	18.7%	13.1%	18.5%
Improved business management had a major positive impact on the business	15.4%	23.4%	8/11	22.5%	7/11	26.9%	15.2%	8.8%	16.8%
Increasing costs had a major negative impact on the business	19.3%	38.1%	11/11	27.2%	11/11	25.0%	31.0%	19.0%	26.4%
Required funds from an external source	86.3%	66.4%	3/11	83.0%	1/11	74.0%	58.4%	55.2%	60.7%
Sought external funds for business growth	33.0%	56.0%	11/11	44.6%	7/11	53.7%	48.6%	31.4%	46.2%
Sought external funds for business survival	33.0%	38.6%	5/11	32.3%	7/11	58.0%	49.2%	44.4%	44.0%
Found it easy or very easy to access external finance	36.7%	41.7%	7/11	75.8%	1/11	70.1%	35.4%	17.2%	20.1%
A bank was the business' main source of external finance	24.6%	40.2%	10/11	34.6%	9/11	28.1%	39.8%	30.2%	31.0%
Did not spend any time and resources on ESG practices	4.2%	20.0%	10/11	8.6%	9/11	11.2%	N/A	N/A	N/A

Planned business activity over the next 12 months

	Hong Kong 2025	Survey average 2025	Rank 2025	Hong Kong 2024	Rank 2024	Hong Kong 2023	Hong Kong 2022	Hong Kong 2021	Hong Kong 2020
Expect to increase employee numbers	50.7%	44.8%	5/11	51.5%	4/11	58.3%	25.8%	11.8%	14.2%
Will introduce a new product, service or process unique to their market or the world	30.7%	26.5%	6/11	34.6%	4/11	45.8%	19.7%	8.5%	8.6%
Expect revenue from overseas markets to grow strongly	28.8%	19.4%	2/11	32.7%	2/11	45.2%	11.3%	3.9%	5.3%
Will seek external funds	30.7%	27.1%	5/11	37.3%	2/11	51.3%	24.2%	17.6%	14.9%
Expect easy to very easy access to finance	34.9%	38.2%	5/11	74.4%	1/11	62.5%	28.1%	16.2%	14.1%

Employment

Hong Kong's positive business sentiment is reflected in strong employment growth. In 2024, 42 per cent of Hong Kong small businesses expanded their workforce, surpassing the survey average of 33 per cent.

Looking ahead, hiring expectations for 2025 are even higher, with 51 per cent of small businesses expecting to create new jobs. This could further strain an already tight labour market.

Innovation

While many Hong Kong small businesses are innovative, the percentage that say they will introduce a new product, process or service that is unique to Hong Kong or the world in 2025 (31 per cent) is down slightly from 2024 (35 per cent). However, this is above the survey average of 27 per cent and significantly higher than the 9 per cent recorded in 2019.

Access to finance

Hong Kong small businesses continue to be among the most likely to source external funds. In 2024, 86 per cent required funds from external source. However, accessing finance has become increasingly challenging, with 37 per cent reporting difficulties in 2024, up sharply from just 8 per cent in 2023.

Exports

Hong Kong small businesses display a relatively positive outlook regarding their projected revenue from overseas sales. In 2025, 29 per cent expect a strong increase in their revenue from overseas sales, placing Hong Kong second among surveyed markets.

Environmental, social, and governance (ESG)

Commitment to ESG-related initiatives remains strong among Hong Kong's small businesses. In 2024, only 4 per cent reported spending *no* time or resources on ESG-related activities. The most common ESG initiatives include adopting environmental management systems (EMS), implementing staff health and safety policies, and promoting business diversity and inclusion.

Factors that had positive and negative influences on business & Sources of advice

Top four factors that had a positive influence on Hong Kong small business in 2024	Top four factors that had a positive influence Hong Kong on small business in 2023	Top four factors that had a positive influence on Hong Kong small business in 2022	Top 4 source of advice for small business in 2024
Customer loyalty	Entering new markets	Improved customer satisfaction	IT consultants/specialists
Positive overall economic environment	Good staff	Cost control	A bank or finance company AI tools^
Political stability	Positive overall economic sentiment	Positive overall economic sentiment	Business or industry associations
Internet connection	Cost control^ Improved customer satisfaction^	Good staff Improved business management ^ Political stability^	Business/management consultants

Top four factors that had a negative impact on Hong Kong small business in 2024	Top four factors that had a negative impact on Hong Kong small business in 2023	Top four factors that had a negative impact on Hong Kong small business in 2022
Poor overall economic environment	Increasing costs	COVID-19
Increasing competition	Increasing rent	Increasing competition
Difficulty expanding into new markets	Problem with staff skills	Poor overall economic sentiment Falling customer satisfaction^
Cash flow difficulties	Difficulty expanding into new markets	Increasing rent Difficulty expanding into new markets^ Staff costs^

^ equal rank

In 2024, Hong Kong's small businesses found that customer loyalty had a more positive influence on their business than entering new markets, which had been the most pfavoured strategy in 2023. There was also declines in the percentage of businesses choosing improved business management and good staff as key positive influences.

Reflecting the low inflationary environment, Hong Kong small businesses were the least likely to nominate increasing costs as a major barrier to growth in 2024. Only 19 per cent identified it as a major barrier, compared to the survey average of 38 per cent. The most detrimental costs for Hong Kong small businesses in 2024 were staff expenses, borrowing costs, and foreign exchange rate fluctuations.

Entrepreneurship

	Hong Kong 2024	Hong Kong 2023
Primary reason for starting their business	Desire for a challenge or change^ Change in personal circumstances (e.g. relocated, started a family, health issues etc)	Be your own boss / independence
Biggest concern when first started a business	Finding and keeping customers	Raising finance^ Finding a good business partners or collaborators^
Most common attitude and approach to managing business risk of owner	Adaptive risk manager	Solo risk taker
Overall satisfaction from owning or operating small business	Satisfied	N/A

^ equal rank

When starting their businesses, Hong Kong entrepreneurs are most likely motivated by a desire for a challenge or a change in personal circumstances, such as relocation, starting a family, or health issues. Their biggest concern when starting out was finding and retaining customers.

Hong Kong small business owners tend to be adaptive risk managers, adjusting their risk strategies based on the business environment. They are more inclined to take risks during periods of growth and adopt a more cautious approach during challenging times.

Demographics

	Hong Kong 2024	Survey average 2024	Rank 2024	Hong Kong 2023	Rank 2023	Hong Kong 2022	Hong Kong 2021	Hong Kong 2020	Hong Kong 2019
Respondent aged under 40	54.9%	50.5%	6/11	51.5%	6/11	62.8%	42.3%	46.4%	53.1%
Business established for less than 11 years	63.7%	66.1%	8/11	42.0%	11/11	62.2%	52.6%	54.9%	52.8%
Respondent is the business owner	10.1%	40.5%	11/11	10.5%	10/11	10.3%	10.0%	11.4%	8.9%
Business has 10 to 19 employees	21.9%	31.3%	9/11	69.8%	1/11	41.3%	49.7%	41.8%	50.8%

The demographics indicate that Hong Kong small business owners tend to be relatively young, especially compared to those in Australia and New Zealand. Data from this survey series shows a strong correlation between business owners under 40 and higher levels of business growth, digital adoption, jobs creation, innovating and exporting.