# **UOB Business Outlook Study 2025**

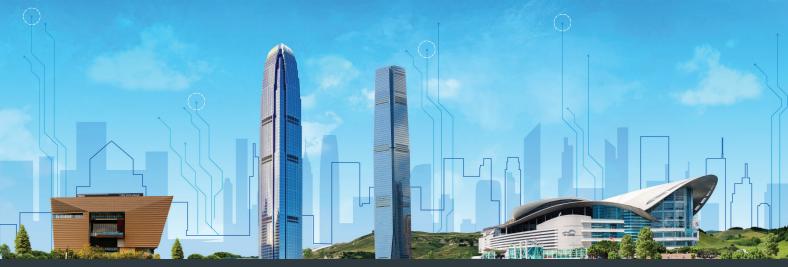


#### (SMEs & Large Enterprises)

The UOB Business Outlook Study 2025, now in its sixth year, offers a comprehensive snapshot of the business landscape in Hong Kong. Conducted in January 2025, this annual survey encompasses Medium and Large Enterprises, providing valuable insights into the current economic climate and future expectations among business decision-makers.

The study delves into several key areas crucial for business growth and adaptation in the evolving economic environment. These include Sustainability Adoption, Digitalisation, FinTech Adoption, Supply Chain Management, Overseas Expansion and Workforce Management. A notable addition to this year's study is the focus on the needs and preferences of Women in Business and Next Gen Leaders in Hong Kong.

This new perspective offers insights into the future direction of businesses and the evolving priorities of emerging business leaders. By capturing robust insights across various sectors and business sizes, the UOB Business Outlook Study 2025 serves as a valuable resource for companies looking to understand the current business environment, plan for future opportunities, and address potential challenges in Hong Kong's dynamic economy.





## WHAT 📮



Total of 560 interviews, 15-minute online survey, conducted in January 2025



Total of 110 interviews, 10-minute online survey, conducted in April 2025 after the US tariffs were announced







Covers both Medium and Large Enterprises across key industry verticals



Owners/C-suite/Management level who are involved with business decision-making



Classification of businesses Medium Enterprises - annual turnover HKD 100m to <4b Large Enterprises - annual turnover HKD 4b to >50b

## INDUSTRIES 山





Consumer Goods





Professional Services







Real Estate & Hospitality

49



55



Manufacturing & Engineering





**Business** Services

50



Community &



30



Industrials, Oil & Gas

55



54



Wholesale Trade

50



Healthcare & **Medical Services** 

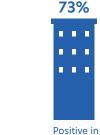
## **UOB Business Outlook Study 2025**

Business sentiment has declined sharply after the recent US tariffs



However, 2 in 5 businesses say the business sentiment is positive after the recent US tariffs





2024



Business outlook has dropped sharply after the recent US tariffs



However, nearly 1 in 2 businesses say the business outlook is positive after the recent **US** tariffs







Businesses are prioritising growth by digitalisation, customer acquisition, and revenue development to stay competitive in the next 1-3 years



Digitalise to achieve business efficiencies



Find a new customer base



Develop new sources of revenue



Diversify supply chains



Reduce costs

2024

Change vs. 2023

43%

Sustainability adoption has improved, with Business Services and Industrials, Oil & Gas sectors taking the lead



 $1\,$  in  $2\,$  businesses have started implementing sustainability practices

Sectors where sustainability is most implemented



63% Business Services



53% Industrials, Started implementing in 2023

Started implementing in 2024



Differences by business size

51% Medium Enterprises



49%

Businesses see sustainability as a way to boost reputation, attract talent, and gain a competitive edge



Improved reputation or better branding of the company



Enables talent retention/attraction



Gives a competitive edge



Helps my business fit better into the ecosystem



Easier to work with MNCs which are increasingly establishing their sustainability goals Digitalisation leads to better decision making and customer experience, yielding improved outcomes for businesses

Top impact areas from digitalisation











Improves decision-making with data-driven insights

Improves customer experience

Drives business performance

Increases productivity or efficiency

Increases coordination across functionalities/departments

2024

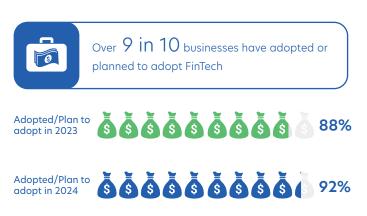
Change vs. 2023

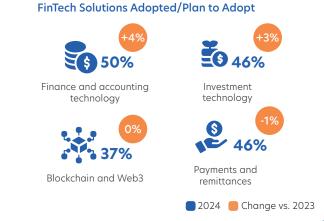
With positive outcomes clearly visible, businesses are planning to invest more in their digital efforts in 2025

Digital spending in 2025 vs. 2024



FinTech solutions for finance, accounting, and investment technology are driving overall FinTech adoption growth





Supply chain disruptions are impacting businesses and expected to intensify after the recent US tariffs



Beyond cost and procurement, businesses grapple with inventory and network challenges



Top 3 challenges in supply chain Emerging supply chain management challenges in 2024 38% Rising supply costs due to inflation +6% 25% Inventory management issues 31% Rising supply costs due to high interest rates **29%** +6% Challenges in Limited business procuring supplies 25% network for or raw materials collaboration 2024 Change vs. 2023

Interest in overseas expansion remains strong, with the Tech, Media & Telecom sector taking the lead



3 in 4 businesses are interested in expanding overseas in the next three years

Most interested sectors



85% Tech, Media &



81% Wholesale Trade

#### Differences by business size

74%

Medium Enterprises







Slightly interested

75% Total

Profitability, international reputation, and revenue growth are key drivers, for overseas expansion

Top 3 motivators for expansion



profitability



International reputation



Revenue growth

Opportunities in other markets are also creating greater interest in expansion

Taking advantage of opportunities in other markets, 2023





Workforce challenges have impacted many businesses



2 in 3 businesses are affected by workforce or manpower-related issues

Most affected sectors

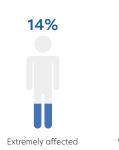
80%

Tech, Media & Telecom

75% Consumer Difference by business size

62% Enterprises

75% Large Enterprises

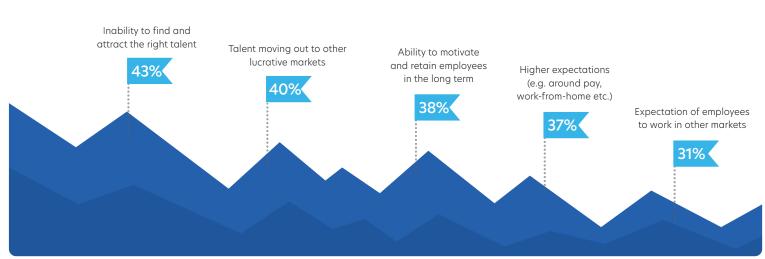






Talent acquisition and attrition management continue are key workforce challenges

Top internal challenges in workforce management



## **UOB Business Outlook Study 2025**

### Business Sentiment

Business sentiment has declined sharply after the recent US tariffs



62%

Positive in

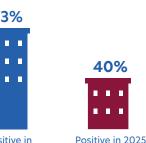
2023

However, 2 in 5 businesses say the business sentiment is positive after the recent US tariffs



73%

Positive in 2024



Business optimism has declined after the recent **US** tariffs



However, nearly 1 in 2 businesses say the business outlook is positive after the recent **US** tariffs





after US tariffs

Businesses face challenges with rising business costs and high levels of inflation, which are set to increase after the recent US tariffs



Rising operational costs



after US tariffs

High levels of inflation



High manpower (labour) costs



37% of businesses expect raw material and production costs to increase a lot after the recent US tariffs





High interest rates



49% of businesses expect the level of inflation to increase a lot after the recent **US** tariffs

Businesses are prioritising growth by digitalisation, customer acquisition, and revenue development to stay competitive in the next 1-3 years

Top priorities for next 1-3 years



Digitalise to achieve business efficiencies



Find a new customer base



Develop new sources of revenue



Diversify supply chains



Reduce costs

2024

Change vs. 2023

Businesses are looking for financial support measures that can provide immediate relief from the adverse impact of the recent US tariffs

Support needed after the US tariffs were announced



Financial products support/assistance



Bilateral trade agreements with key markets



Subsidies or tax exemption for certain sectors most hit by tariffs





Longer-term assistance for relocation of supply chains

Financial aid to tackle loss or revenue/rising cost of doing business

# Sustainability adoption has improved in 2024, with the pace of adoption expected to increase after US tariffs



1 in 2 businesses have started implementing sustainability practices

Started implementing in 2023

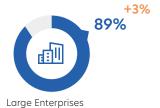
7777777777777743%

Started implementing in 2024

**77777**0000050

Sustainability adoption is more important among Large Enterprises





Change vs. 2023



48% of businesses expect an increase in the pace of sustainability adoption after the recent US tariffs

Sectors where sustainability is most implemented





Differences by business size

51% Medium Enterprises





Business Services firms adopt sustainability more due to growing client demand for ESG-aligned practices in regional and global markets.

Industrials, Oil and Gas companies prioritise sustainability to reduce environmental risks and comply with the tightening regulatory standards.

### Sustainability is recognised as a lever for reputation building, talent attraction, and competitive advantage

Top motivators for sustainability adoption



Improved reputation or better branding of the company



Enables talent retention/attraction



Gives a competitive edge

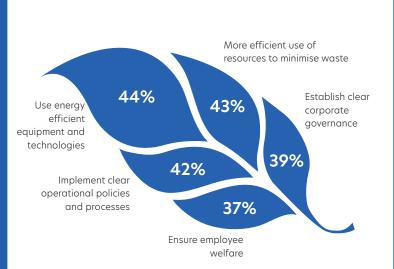


Helps my business fit better into the ecosystem



Easier to work with MNCs which are increasingly establishing their sustainability goals

#### Initiatives with a tangible impact such as saving energy and minimising waste are prioritised



# Increase in end customer cost and limited funding are top barriers to adoption

\$

32%
Increase in cost of our

Increase in cost of our products or services to end customers



**27%** +3%

Insufficient knowledge to identify and execute the right initiatives for our company



28%

Inadequate financial support from government/banks for such initiatives

Change vs. 2023



**29%** <sup>+4</sup>%

Lack of good options for sustainable financing



27%

Lack of proper infrastructure for renewable energy

Sustainability is still in its infancy and there is no governing body to give guidelines and hence the challenge is creating awareness and finding the right framework to adopt sustainability.

- Owner, Business Services sector

High level of digitalisation, with adoption expected to accelerate due to US tariffs



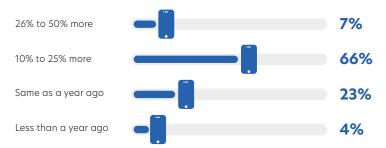
Digitalisation leads to better decision making and customer experience, yielding improved outcomes for businesses

Top impact areas from digitalisation



With positive outcomes clearly visible, businesses are planning to invest more in their digital efforts in 2025





Many of our business functions are on the cloud. We can forecast the new trends seen in overseas markets, source for the required material in advance, and plan ahead.

- CFO, Wholesale Trade sector





sed (Top 5)
24%
23%
23%
22%
22%

FinTech solutions for finance, accounting, and investment technology are driving overall FinTech adoption growth



Over 9 in 10 businesses have adopted or planned to adopt FinTech

Adopted/Plan to adopt in 2023

















Adopted/Plan to adopt in 2024













92%



#### FinTech Solutions Adopted/Plan to Adopt



Finance and accounting technology







Blockchain and Web3

Payments and remittances

2024 Change vs. 2023

Large Enterprises lead in adoption of investment technology and blockchain solutions

FinTech Solutions Adopted



Medium 50%



payments for scalability and seamless

Finance and accounting technology



Investment technology



Enterprises 55%

Large Enterprises

40%

Medium



45% Medium 齫 Enterprises

47% Large Enterprises

Large Enterprises Blockchain and

Web3

Payments and remittances



Businesses are more worried about the return on investment and cost of FinTech solutions



transactions







Improves scalability

**Enables seamless** transactions

Increases accuracy





Helps reduce cost

Better speed of service/transactions

2024 Change vs. 2023

Sectors where scalability is more important



51% Tech, Media



49% Real Estate & Hospitality

Sectors for seamless transactions



60% Industrials, Oil & Gas









32%

Medium

44%

Enterprises

ROI (unsure whether there will be a return on investment)

Cost (is it going to be expensive)

Regulatory uncertainty (concerns over legal and compliance frameworks)







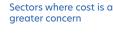
Security concerns (data breaches, fraud, cybersecurity risks)



Sectors where ROI is a greater concern



52% Community & Personal





40% Business Services

## Supply Chain Management

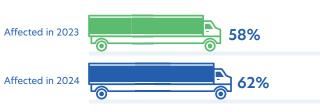
Supply chain disruptions continue to impact businesses and are expected to intensify after the recent **US tariffs** 



Over  $3\ in\ 5$  businesses say their supply chain has been affected



42% of businesses expect supply chain disruptions to increase a lot after the recent US tariffs





80% Tech Media & Telecom

Most impacted sectors

72% Wholesale Trade

Differences by size 54%

74%

Medium

Large Enterprises

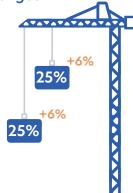
Beyond cost and procurement, businesses grapple with inventory and network challenges



Emerging supply chain challenges in 2024 Inventory management issues

Limited business network for collaboration

2024 Change vs. 2023



Businesses are adopting digital processes and data analytics to stabilise supply chains

	Digitalise supply chain for real-time inventory status		29%
<b>1</b>	Use data analytics for faster decision-making		27%
<b>(</b>	Invest in strong supplier relation	onships	27%

Diversification and sourcing alternate raw materials also enhance supply chain stability

	Diverse sources of suppliers ————————————————————————————————————	
	Source alternative raw materials to	
Ĉ	Use e-commerce platforms to source raw materials/vendors 23%	

With diversification, future sourcing is set to expand into rest of North Asia and Taiwan



Businesses seek connections, financial support, and business analytics for supply chain stability



technology and solution

providers

Connections to the right Easier access to funding or





Access to business analytics and insights relevant to my industry

Connections to industry peers and ecosystem partners to learn best practices

Opportunities to collaborate with industry bodies, government-linked companies or large businesses

Interest in overseas expansion remains high after US tariffs, with intra-ASEAN trade

expected to grow



Total (

3 in 4 businesses are interested in expanding overseas in the next three years



51%

38% of businesses expect an increase in the pace of overseas expansion after the recent US tariffs



57% of businesses expect an increase in the level of intra-ASEAN trade after the recent US tariffs

Most impacted sectors

85% Tech, Media 81%

Wholesale

Trade

81% Business Difference by business size

74% Medium Enterprises

77%

Large Enterprises



75%



profitability



arowth

Opportunities in other markets are also creating greater interest in expansion

Taking advantage of opportunities in other markets, 2023

Taking advantage of opportunities in other markets, 2024

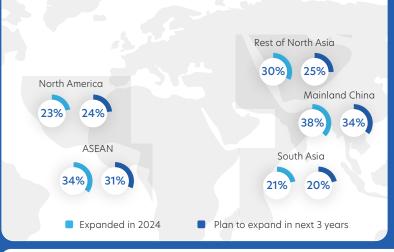




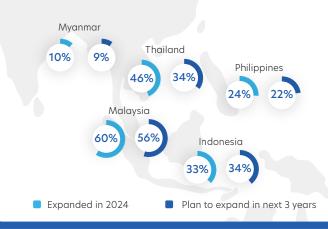


#### ASEAN and Mainland China are key focus for current and future expansion efforts

reputation



Within ASEAN, Malaysia and Thailand are key priority markets



#### A limited customer base and difficulty to scale up are key barriers to overseas expansion

37% Lack of customers in the new market Difficulty in scaling efficiently 33% Inadequate financial support or funds 32% Lack of knowledge or access to information about 32% the new market(s) Lack of in-house talent/expertise to drive overseas 31% expansion

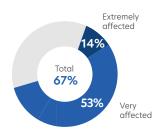
Businesses are experiencing workforce challenges, which are expected to escalate after US tariffs



2 in 3 businesses are affected by workforce or manpower-related issues



31% of businesses expect workforce challenges to increase a lot after the recent US tariffs driven by inflation and higher cost to business





Most affected sectors

80%

Tech. Media

75%

Consumer

Differences by size

62%

Medium Enterprises 75% Large

Talent acquisition and attrition management are key workforce challenges

Top internal challenges in workforce management

Inability to find and attract the right talent

43%

Talent movina out to other lucrative markets

40%

Ability to motivate and retain employees in the long term

Higher expectations (e.g. around pay, work-from-home etc.)

37%

Expectation of employees to work in other markets

External factors such as growing demands from the younger generation and rapid AI adoption and digitalisation have intensified workforce challenges

Top external challenges in workforce management

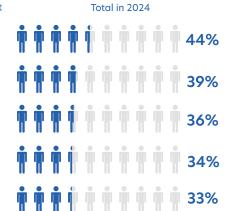
Growing expectations among younger generation

Higher levels of AI adoption/automation

Rapid pace of digitalisation

Enhance sustainability requirements

Greater FinTech adoption



Fresh graduates like to be rotated across departments and locations because they are hungry for exposure, but this puts a huge pressure on the team leaders managing them. They also seek perks beyond remuneration.

- CEO, Tech sector

66



Businesses are addressing workforce challenges through higher pay, skill development, and digital transformation

Top actions to address workforce challenges



Offering higher pay and benefits



Providing reskilling or upskilling



Initiating digital transformation/automation



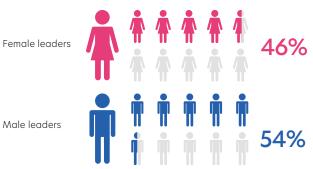
Driving cross-department collaboration



Offering flexi-work arrangements (including work-from-home)

1 in 2 of all business leaders are women, with a stronger presence in customer facing and service industries





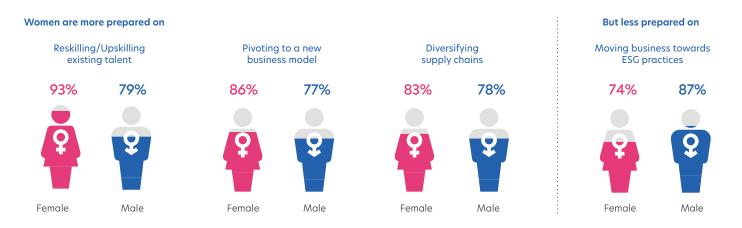




sectors



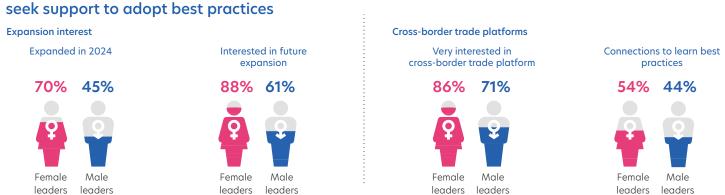
Women in business are ready to grow and adapt, but need support in adopting ESG practices



Women leaders view sustainability as essential to work with multinationals and attract investors



With a focus on overseas growth, women leaders are using cross-border trade platforms and



### Next Gen Leaders

Close to 2 in 3 of business leaders are Next Gen, with a stronger presence in the Tech, Media and Tele-







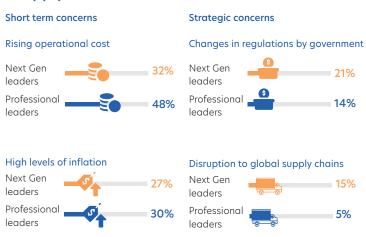


sectors

Spread by sectors



Next Gen leaders focus on regulatory shifts and supply chain concerns over short term issues



Next Gen leaders address supply chain concerns through digitalisation and localisation

Affected by geopolitical impact on supply chains



leaders





Digitalise for real time information on inventory

Next Gen 27% leaders Professional

14%

Next Gen leaders integrate sustainability through clear policies, responsible sourcing, and community engagement

Sustainability practices





Implement clear operational policies





Procure from businesses with sustainability practices



leaders



Give back to the community

#### Next Gen leaders are at the forefront of tech adoption

#### Technologies used Internet of Things Artificial Intelligence Next Gen Next Gen 49% leaders leaders Professional 34% Professional leaders leaders Blockchain Generative Al Next Gen Next Gen leaders leaders Professional 23% Professional leaders

#### They pursue customer-centricity through automation and digitalisation

