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PANDEMIC DRIVES HONG KONG BUSINESSES TO BUILD A MORE RESILIENT FUTURE: HSBC NAVIGATOR

Hong Kong companies are planning strategic and operational changes to become more resilient in light of the economic challenges brought by COVID-19, according to a new HSBC report released today.

HSBC's new report ***Navigator: Building Back Better*** surveyed over 2,600 companies in 14 markets this year in the months of April and May. Among the 200 Hong Kong firms surveyed, three out of every five felt that they were reasonably prepared but could have done more. The pandemic has driven Hong Kong businesses to prioritise the need for greater diversification and digitisation, as well as inject more transparency into their supply chains.

Terence Chiu, Head of Commercial Banking, Hong Kong, HSBC, said, "COVID-19 has inevitably brought disruptions and uncertainties to the operating environment, but it has also offered a period for companies to rethink their priorities and stay closer to their stakeholders. Hong Kong's business community is characterised by agility and adaptability. This difficult time would serve as an opportunity for many companies to embrace change and plan for a more resilient future."

Such times of adversity have emphasised the importance for greater digitisation and business diversification, which were already on the agenda for Hong Kong businesses before COVID-19 hit. Over half of the city's corporate decision-makers have invested in technology and innovation (54%) or have diversified their businesses (59%) over the past two years. Companies indicated they would prepare for a prolonged period of economic uncertainty by emphasising these two aspects over the next five years.

Technology investment is considered a key enabler for flexible working arrangements. More than half of the respondents expected this new way of working to become standard practice in the next two years. Leveraging virtual meeting and collaboration tools, around 80% of businesses felt closer to their employees, customers and supply chain partners despite the physical distancing measures in place.

The pandemic has also shone a spotlight on the vulnerability of supply chains. 63% of Hong Kong companies said they would implement measures to bolster the security and stability of their supply chains in the next one to two years. To achieve this, firms will review their supply chain partners to ensure that their operations are more transparent (45%) and environmentally sustainable (32%).

Acting sustainably is another factor in building resilience. A significant majority (87%) agreed the opportunity to transform had allowed them to rebuild their businesses on firmer environmental foundations. Around half said that they would be monitoring the impacts of sustainable infrastructure and energy transition to a low-carbon economy.

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Note to editors:

HSBC Navigator
The [Navigator](#) survey is conducted on behalf of HSBC by Kantar. It is compiled from responses by decision-makers at 2,604 businesses, ranging from small and mid-market firms to large corporations, across a broad range of sectors. The respondents hold influence over their company's strategic direction and represent a broad range of roles: including c-suite, finance, procurement, supply chain, sales and marketing. A total of 14 markets were surveyed between 28 April and 12 May 2020.
- Americas: Canada, Mexico, USA
- Asia: Australia, Hong Kong, India, Indonesia, mainland China, Malaysia, Singapore
- Europe: France, Germany, UK
- MENA: UAE

Results have been weighted to be representative of each market's international trade volume (World Trade Organization data for 2017-2018).

HSBC Holdings plc
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