

# News Release

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## **MID-MARKET BUSINESSES ARE IMPORTANT TO HONG KONG ECONOMY SAYS HSBC REPORT**

Historically, policy and research has focused almost exclusively on small and medium-sized businesses (SMEs) or very large enterprises (MNCs). However, between these are the middle market enterprises (MMEs), with an annual turnover of between HKD390 million and HKD3.9 billion.

In most markets including Hong Kong, these are the least-well understood companies. Large corporates tend to disclose their information, while smaller companies normally receive policy focus. However, little analysis or knowledge has been available on the mid-market.

According to a new report commissioned by HSBC, "Sizing the Mid-Market Enterprise Sector", MMEs are indeed important to Hong Kong's economy.

In terms of industry distribution, a significant proportion of Hong Kong MMEs belong to wholesale and retail, accounting for 45% of the sector, with an estimated HKD590 billion in sales turnover. This is followed by finance and insurance and business services sectors, whilst the count of MMEs across other sectors is notably lower.

According to the report, Hong Kong's MMEs generate HKD1.32 trillion in sales turnover. In proxy, this represents approximately 15% of the size of Hong Kong economy. In addition to direct economic contribution, the sector sustains wider activity elsewhere in Hong Kong's economy. The indirect effects capture the economic activity generated from MMEs' purchases from other industries in their supply chain. The induced effects arise from workers spending their earnings, stimulating further economic activity.

MMEs are also major employers, contributing 400,000 jobs and representing 13.2% of national employment, excluding public administration, education and health. MMEs in Hong Kong support a further 250,000 jobs via indirect or induced impact.

Albert Chan, Head of Commercial Banking, HSBC Hong Kong said, "Hong Kong's position as an important international import-export hub means trade and supply chain are key drivers for MMEs in Hong Kong, particularly in services and manufacturing. In fact, many of the Hong Kong MMEs have established close business ties with the Mainland China through their involvements in supply chain, manufacturing base, trade of goods and provision of services. They have been contributing to the closer economic partnership between Hong Kong, mainland China and other parts of the world.

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“In terms of characteristics, mid-market enterprises have come through the most challenging period of a start-up and are typically looking to expand strategically. Comparing with SMEs, this means MMEs need more sophisticated international banking services, in areas such as trade and working capital financing, wealth management, risk management and even going to capital markets. We believe MMEs are essential to a vibrant Hong Kong economy and HSBC’s heritage of financing trade for 150 years means we are perfectly positioned to help our MME clients realise their business potential.”

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**Notes to Editors:**

The “Sizing the Mid-Market Enterprise Sector” Research Report was conducted by Oxford Economics for HSBC in December 2014. It analysed MMEs in Brazil, Canada, China, France, Germany, Hong Kong, India, Mexico, Poland, Singapore, Saudi Arabia, Turkey, United Arab of Emirates (UAE), UK and US.

**The Hongkong and Shanghai Banking Corporation Limited**

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