UOB Business Outlook Study 2026

(SMEs & Large Enterprises)

H2 2026 Hong Kong SAR



Introduction

The UOB Business Outlook Study, now in its seventh year, provides a comprehensive view of Hong Kong's business landscape, covering both SMEs and Large Enterprises.

From 2026 onwards, the survey is being conducted every six months to better capture rapid geopolitical and economic shifts and provide timely insights for decision-makers.

The H2 2026 report features core and pulse topics. Core topics include Business Sentiment, Sustainability, Digitalisation, Supply Chain Management, and Overseas Expansion, which are tracked over time to gauge evolving conditions and how businesses respond to them.

Pulse topics such as AI Adoption, Energy Management, and Partnership & Connectivity focus on emerging areas that are expected to grow in significance for businesses. They offer a forward-looking view, helping firms anticipate their needs and better equip themselves in the future.

By examining these areas, the study aims to equip businesses with the insights needed to navigate challenges and seize opportunities in the years ahead.

What

Total of 505 interviews,

Interviews conducted in Jan 2026 (H1'26) and Aug-Sep 2026 (H2'26)

15 mins online interviews

Who

Owners/chief executive level/management level who are involved with business decision-making

Medium Enterprises, Large Enterprises

Classification

Medium Enterprises
HKD 100m to < 4b

Large Enterprises
> HKD 4b

Coverage

Total 505 — 255 (H1'26) | 250 (H2'26)

	H1'26	H2'26
77 Manufacturing, Engineering & Industrials	39	38
80 Construction & Real Estate	40	40
95 Professional & Business Services	48	47
103 Consumer Goods & Wholesale Trade	52	51
89 Health, Community & Personal Services	45	44
61 Tech, Media & Telecom	31	30



"The rapid acceleration in AI adoption marks an important shift in how Hong Kong businesses are approaching growth and transformation. Businesses are moving beyond experimentation and increasingly embedding AI into their operations to drive productivity, innovation and competitiveness. At the same time, their continued investment in resilience and regional expansion shows a clear focus on strengthening their businesses for long-term growth."

George Tung
CEO, UOB Hong Kong

UOB Business Outlook Study H2 2026

Overview

Business sentiment holds steady, while future outlook weakens by 10 points in H2'26

Positive about current business environment

2025 73%

2026 65%

63% H1'26 | 66% H2'26

Positive about business outlook

2025 67%

2026 71%

76% H1'26 | 66% H2'26

H2'26 is significantly lower than H1'26

Businesses are prioritising future growth by expanding their customer base, reducing costs, and adopting ESG practices

Top business priorities in next 1-3 years

29% (+1%) — 29% H1'26 | 29% H2'26 — Find a new customer base

25% (-2%) — 22% H1'26 | 28% H2'26 — Reduce costs

24% (+5%) — 26% H1'26 | 22% H2'26 — Move my business towards (ESG) practices

2026 | Change vs. 2025

Productivity gains, stronger customer experiences, and better product and service quality are key benefits of digital adoption

Impact of digitalisation

37% Increases productivity or efficiency — 36% H1'26 | 39% H2'26

30% Improves customer experience — 33% H1'26 | 26% H2'26

27% Delivers better quality of products or services — 27% H1'26 | 28% H2'26

More businesses are sourcing alternative raw materials, diversifying suppliers, and using data analytics to achieve supply chain stability

Steps to stabilise supply chain management

27% Source alternative raw materials to diversify risk — 27% H1'26 | 26% H2'26

25% Diversified sourcing of suppliers across markets — 27% H1'26 | 22% H2'26

24% Digitalised supply chain management — 26% H1'26 | 22% H2'26

24% Find local suppliers within my market — 25% H1'26 | 22% H2'26

22% Used data analytics for faster decision making — 21% H1'26 | 22% H2'26

Overseas expansion has slowed down in 2026 compared to 2025, with China still at its centre

Overseas expansion

2025 57%

2026 49%

51% H1'26 | 46% H2'26

Markets expanded into

Mainland China 56% (+18%)

ASEAN 30% (-4%)

Taiwan 29% (-2%)

2026 | Change vs. 2025

Results from the UOB Business Outlook Study 2026, covering business owners and key decision-makers from 505 Medium and Large Enterprises in Hong Kong.

UOB Business Outlook Study H2 2026

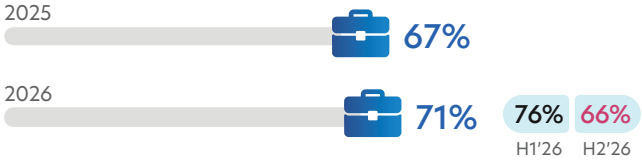
Business Sentiment

Business sentiment holds steady, while future outlook weakens by 10 points in H2'26

Positive about current business environment



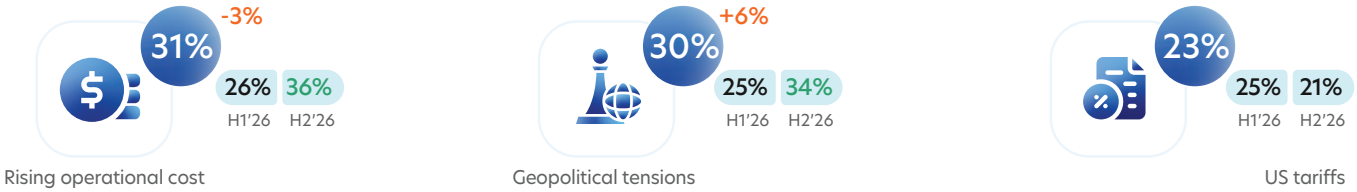
Positive about business outlook



H2'26 is significantly lower than H1'26

There has been a sharp rise in the impact of operational costs and geopolitical tensions in H2'26

Top macro factors impacting businesses in 2026



H2'26 is significantly higher than H1'26 | 2026 | Change vs. 2025

Businesses are prioritising future growth by expanding their customer base, reducing costs, and adopting ESG practices

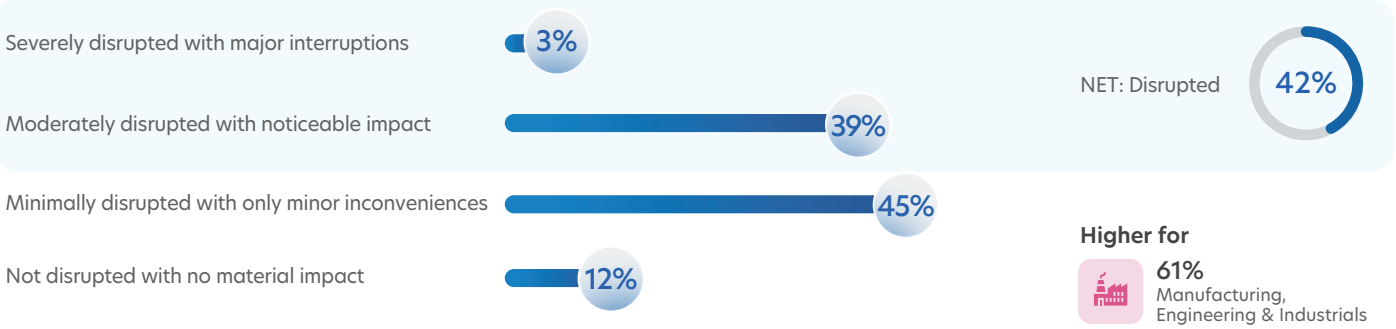
Top business priorities in next 1-3 years



2026 | Change vs. 2025

About two in five businesses have experienced moderate to severe disruptions, with those in the manufacturing sector most affected

Impact of US-Iran conflict on business operations (H2'26)





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UOB Business Outlook Study H2 2026

Digitalisation

Digitalisation is mainstream, but medium-sized businesses are at risk of falling behind

Digital adoption

2025 88%

2026 93%

93% H1'26 93% H2'26

By business size

96% Large Enterprises

91% Medium Enterprises

Productivity gains, stronger customer experiences, and better product and service quality are key benefits of digital adoption

Impact of digitalisation

37%	30%	27%	26%	26%
Increases productivity or efficiency	Improves customer experience	Delivers better quality of products or services	Drives business performance	Lowers IT infrastructure costs due to cloud-based services
36% H1'26, 39% H2'26	33% H1'26, 26% H2'26	27% H1'26, 28% H2'26	27% H1'26, 24% H2'26	24% H1'26, 27% H2'26

Businesses continue to demonstrate optimism about digital transformation through ongoing investments

Future expenditure on digital solution

76%	21%	2%
Spent 10% and more	Spent same	Spent less
78% H1'26, 75% H2'26	20% H1'26, 22% H2'26	2% H1'26, 3% H2'26

Large Enterprises (84%) plan to increase digital investment this year, viewing digitalisation as a key driver of growth and productivity



Blockchain adoption is at a nascent stage but poised to accelerate over the next 12 months, with nearly 6 in 10 businesses piloting or planning adoption



Businesses look to deepen digitalisation in core functions of finance, admin, people, operations, sales, marketing, and customer service

Processes digitalised & planned for digitalisation (H2'26)

75%	72%	47%
57%	58%	51%
Finance and Admin	People and Operations	Sales, Marketing and Customer

Digitalised | Plan to digitalise



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UOB Business Outlook Study H2 2026

AI Adoption

AI adoption has gained momentum, with the gap between advanced and early-stage implementation narrowing in H2'26

AI adoption



48%

Early adoption

45% H1'26 | 51% H2'26



24%

Advanced adoption

12% H1'26 | 37% H2'26



72%

Total adoption

57% H1'26 | 88% H2'26

Higher for

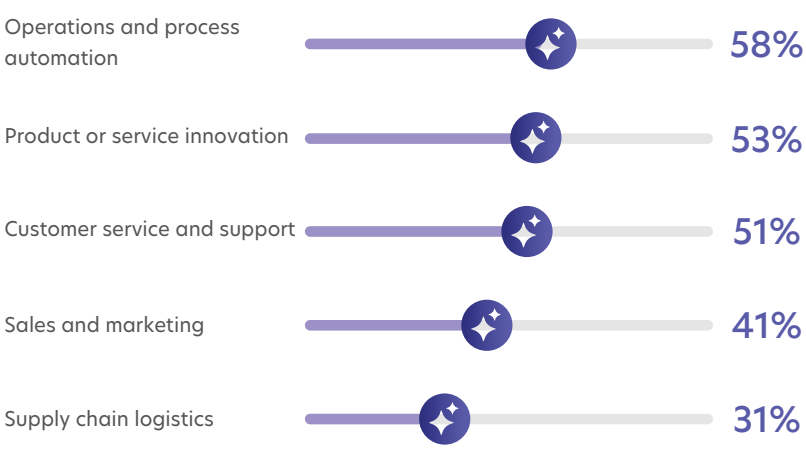
97%
Tech, Media & Telecom

88%
Real Estate & Hospitality

H2'26 is significantly higher than H1'26

Strongest value of AI is seen in driving process automation, product innovation, and customer service enhancements

Business functions where AI would add the most value (H2'26)



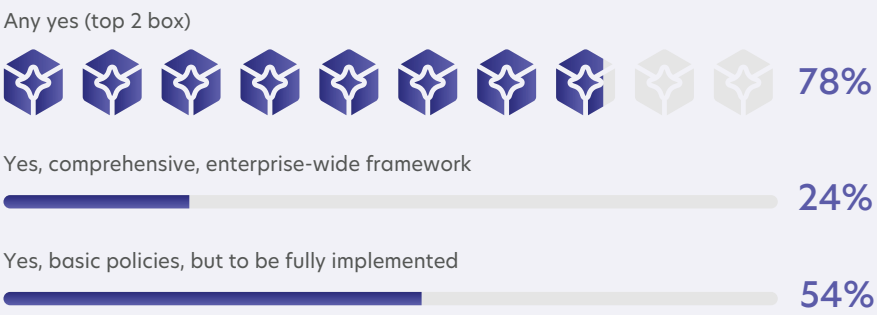


AI governance adoption is highest among Large Enterprises (87%), Manufacturing & Engineering (92%), and Professional & Business Services (89%) sectors



AI governance framework is largely in place, but implementation remains limited to basic policies

Availability of a formal AI governance framework (H2'26)



Businesses are prioritising job redesign over external hiring, signalling a human-centred and structured approach to AI transformation

Approaches to managing AI's impact on the workforce (H2'26)



60%
Job redesign to integrate human and AI collaboration



17%
Upskilling and reskilling programs for employees



12%
Hiring new specialised AI talent externally

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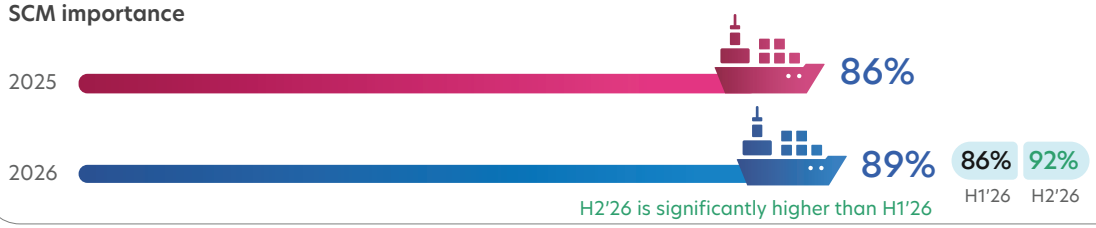
UOB Business Outlook Study H2 2026 | Supply Chain Management

SCM importance has registered a modest increase in H2'26, indicating that businesses continue to view it as a key priority

SCM importance



Higher for

- 91% Large Enterprises
- 88% Medium Enterprises

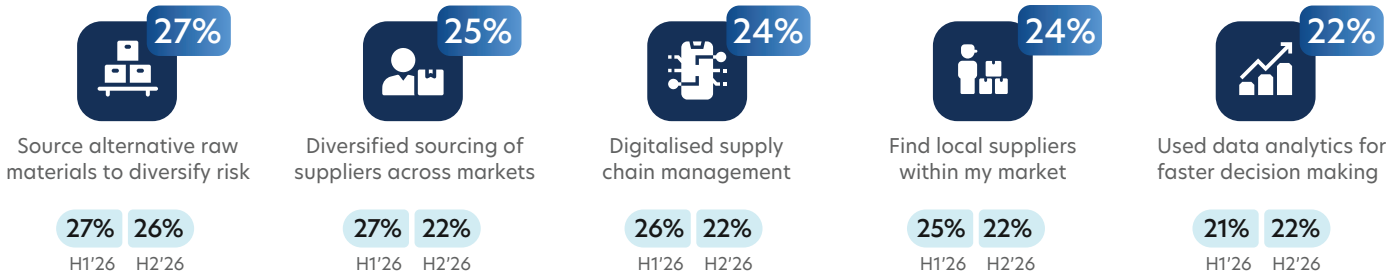
Key challenges related to procurement, geopolitical disruptions, and forecasting have eased in H2'26

Top challenges in supply chain management



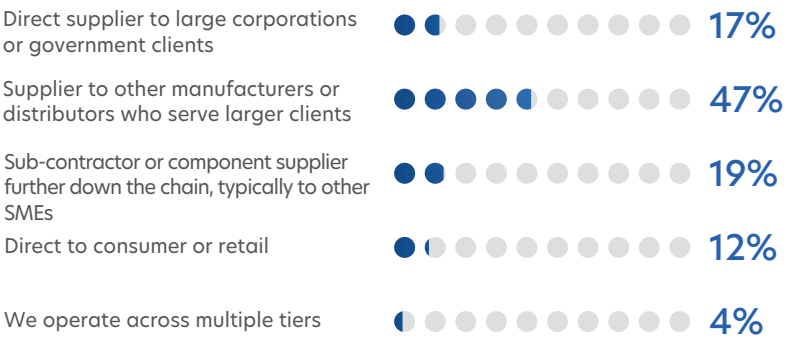
More businesses are sourcing alternative raw materials, diversifying suppliers, and using data analytics to achieve supply chain stability

Steps to stabilise supply chain management

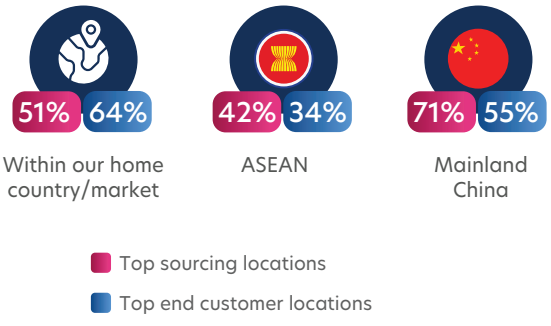


B2B supply chains dominate, with Mainland China being a key sourcing hub and domestic markets serving as the primary customer base

Primary position within the supply chain (H2'26)



Sourcing and end-customer locations (H2'26)





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UOB Business Outlook Study H2 2026 | Partnership and Connectivity

The market is supplier-led, backed by strong service and manufacturing bases

Company's current role in industry's value chain (H2'26)

- 28% Component/Parts supplier
- 18% Service provider
- 14% Manufacturer/Producer

Revenue remains largely domestic, reflecting the dominance of domestic operations

Current business operations (H2'26)

- Domestic 77%
- Cross-border 23%

Revenue sources: Domestic vs Cross-border (H2'26)

Domestic 68%

Cross-border 32%



- Majority of revenue is from domestic customers, with some from overseas 40%
- All or almost all revenue is from domestic customers 27%
- Split between domestic and overseas customers 28%
- Majority of revenue is from overseas customers 4%

Most businesses use both direct and partner channels, with referrals from existing customers as the leading direct channel and online platform as a key partner channel

Primary customer acquisition channels (H2'26)

Direct channel 80%

- Referrals from existing customers 32%
- Events, trade shows, exhibitions 30%
- Own social media presence 27%

Partner channel 69%

- 25% Digital marketplace or online platform
- 24% Distributor or wholesaler
- 23% Industry association or professional network

Most businesses would seek partnerships that help improve profitability and acquire new customers

Primary outcome from business partnerships (H2'26)

- 20% Improve profitability/ reduce cost
- 16% Acquire new customers
- 11% Grow revenue

Challenges in forming business partnerships (H2'26)

- 34% Finding trustworthy partners
- 25% Ensuring alignment of business goals
- 21% Technology integration

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UOB Business Outlook Study H2 2026 | Overseas Expansion

Overseas expansion has slowed down in 2026 compared to 2025, with China still at its centre

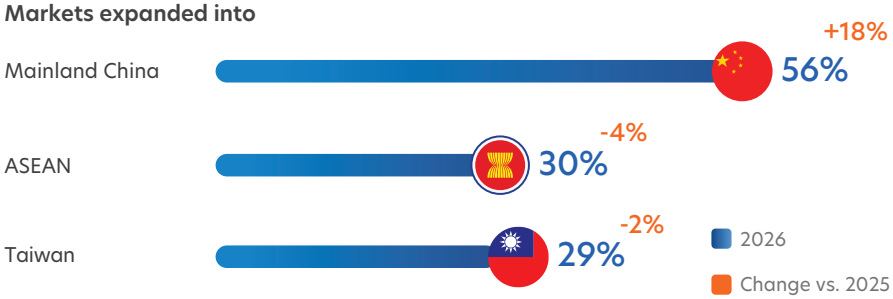
Overseas expansion

2025: 57%

2026: 49%

51% (H1'26) 46% (H2'26)

Markets expanded into



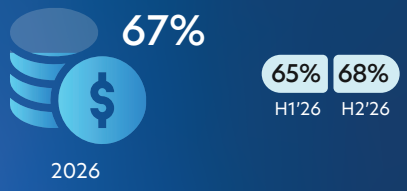
Overseas expansion is less about profitability and reputation building, and more about opportunities to create new markets for products and services

Top drivers for overseas expansion



FDI plans over the next 12-24 months remain steady, with most FDI flows directed to Mainland China

FDI plans

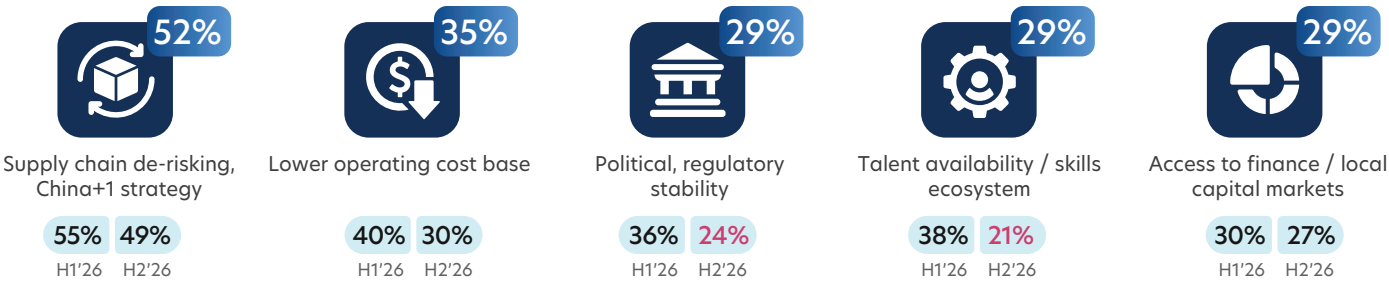


Primary markets

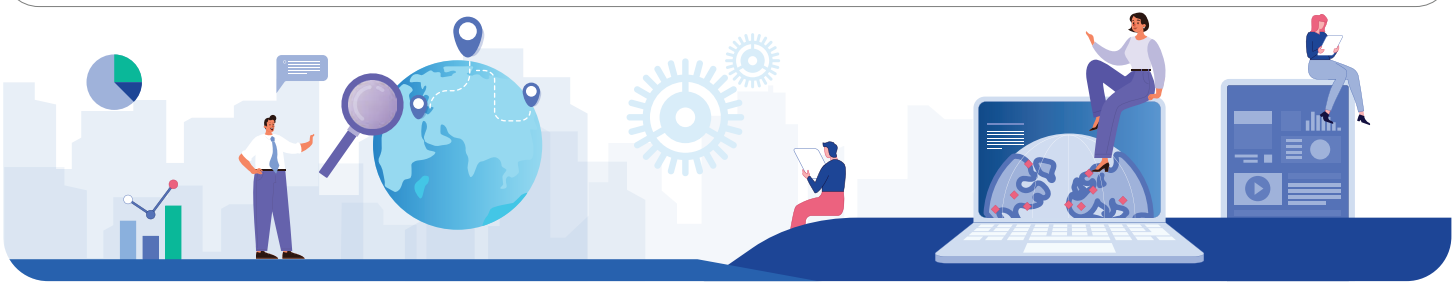


FDI is more likely to flow to markets offering opportunities to de-risk supply chains and lower operating cost base

Reasons for FDI



H2'26 is significantly lower than H1'26



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UOB Business Outlook Study H2 2026

Sustainability

Sustainability adoption is on the decline, with the lowest levels seen in H2'26

Sustainability implementation

2025 — 50%

2026 — 40% (49% H1'26, 32% H2'26)

Significantly lower vs. H1'26

Businesses in Tech, Media & Telecom (75%) and Large Enterprises (43%) continue the sustainability adoption journey, but Real Estate (20%), Healthcare firms (28%), and Medium Enterprises (39%) are struggling most with it

Financial constraints hinder sustainability adoption in manufacturing (42%), revenue pressures in real estate (48%), and rising customer costs in tech & media (39%)



Businesses are increasingly concerned about short-term impact on revenues in H2'26

Top barriers

		H1'26	H2'26
Inadequate financial support from government/banks	29%	32%	26%
Possible impact to revenues in the short term	28%	25%	31%
Increase in cost of our products/services to end customers	28%	27%	28%

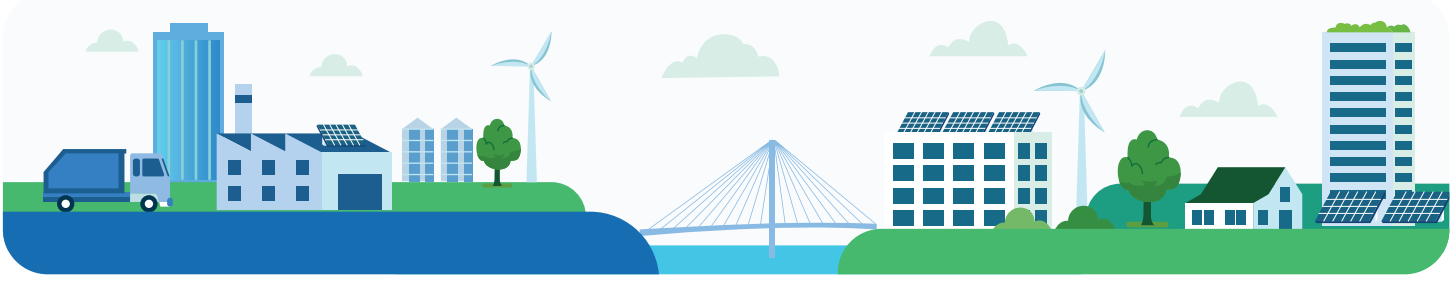
Resource efficiency and energy-efficient equipment are the top sustainable practices incorporated in Hong Kong

Top sustainable practices incorporated

		H1'26	H2'26
More efficient use of resources to minimise waste	42%	43%	39%
Use energy efficient equipment and technologies	39%	40%	38%
Give back to the community	36%	33%	41%
Tap into sustainable financing such as green loans	35%	38%	30%
Ensure employee welfare	35%	32%	39%

Tech, Media & Telecom businesses and Medium Enterprises are using energy-efficient equipment and efficient resource allocation to mitigate energy-related risks





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UOB Business Outlook Study H2 2026 | Energy Management

Energy price volatility is a key business risk, while the importance of energy management and efficiency is stable in 2026

Concern level about energy price volatility (H2'26)

Extremely or Very Concerned

70%

Higher for

89%
Manufacturing, Engineering & Industrials

Importance of energy management and efficiency

Very or somewhat important

89%

87% H1'26 | 91% H2'26

Higher for

98%
Healthcare and Medical services

Responses to energy disruptions are mixed, with proactive efforts centred on expanding energy storage and diversifying supply

Impact of energy disruptions on business strategy (H2'26)

NET: Active response 78%

Top 2 responses

- Increased investment in energy storage and backup — 25%
- Actively diversified our energy supply sources — 25%

NET: Passive response 22%

Top 2 responses

- Reduced energy input dependencies in our supply chain — 12%
- Not yet made changes but are monitoring the situation — 7%

Reduction of energy consumption, optimisation of energy through digital tools, and lowering energy costs remain key priorities, though their urgency decreased in H2'26

Top interest areas

		H1'26	H2'26
Reducing energy consumption/improving efficiency	41%	46%	36%
Optimising energy usage through digital tools	37%	43%	31%
Lowering energy costs	35%	40%	30%
Improving energy storage or backup system	29%	34%	24%
Ensuring stable, reliable energy supply for our operations	28%	31%	25%



Significantly lower vs. H1'26

More businesses struggle on high upfront investment costs and uncertain ROI when adopting energy management practices

Top barriers

	H1'26	H2'26
37% Higher upfront investment costs	37%	38%
33% Uncertain ROI	32%	35%
27% Lack of technical expertise	25%	28%
25% Limited time and internal resources	27%	22%
24% Lack of reliable implementation partners	26%	21%

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