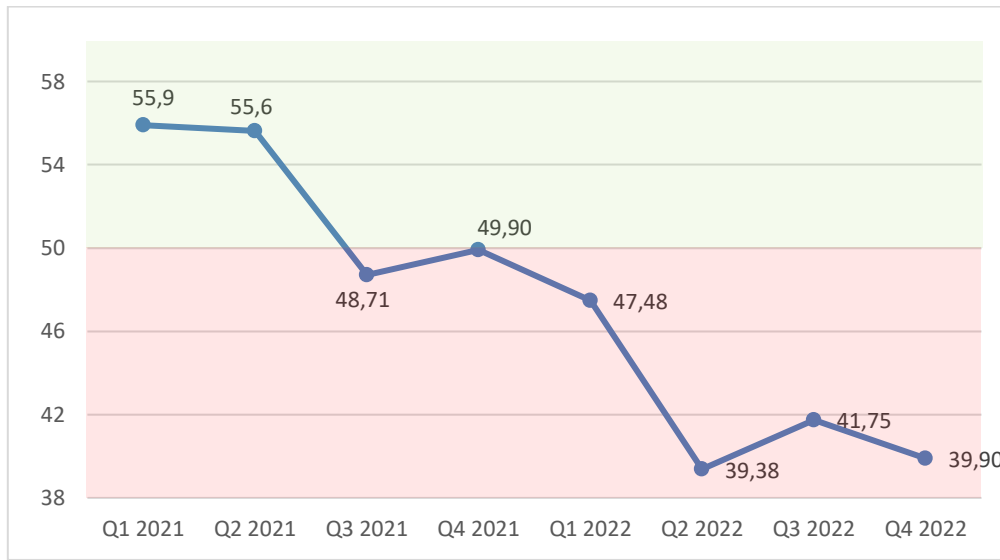


DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – DECEMBER 2022

39.9

THE DBOC INDEX ESTABLISHED IN JANUARY 2021 TRACKS CHANGES IN OUTLOOK OF DANISH COMPANIES WITH ACTIVITIES IN CHINA.

IN Q4, 2022, THE OVERALL SHORT-TERM OUTLOOK OF DANISH COMPANIES IS ONCE AGAIN NEGATIVE, FOR THE SIXTH CONSEQUITIVE TIME. COMPARED TO THE PREVIOUS QUARTER, THE INDEX VALUE HAS SLIGHTLY DECREASED. HOWEVER, A MAJORITY OF THE RESPONDENTS INDICATE A RELATIVE OPTIMISM AS THEY EXPECT COVID POLICY CHANGES OF 2023 TO HAVE NO SEVERE NEGATIVE IMPACT ON THEIR PLANNED OPERATIONS IN THE YEAR AHEAD.



THE INDEX EXPLAINED

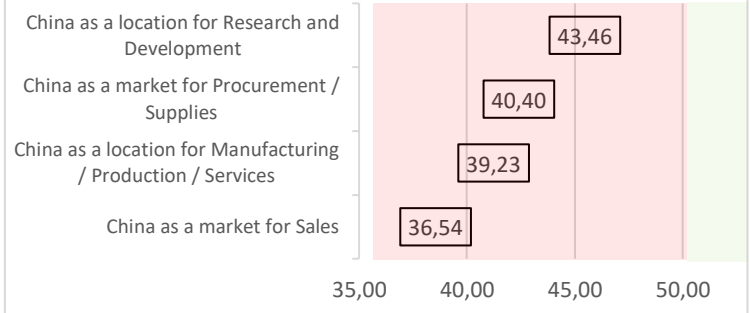
- If a majority indicate an improvement the index will be >50
- If there are matching positive and negative trends in the data, the index will be exactly 50.
- If a majority indicate a deterioration the index will be <50

DBOC is a diffusion index. It expresses tendencies in data.

RETRACTION IN MARKET OPPORTUNITIES CONTINUES TO DRIVE THE OUTLOOK

THE SHORT-TERM OUTLOOKS FOR CHINA AS A MARKET FOR SALES, MANUFACTURING, PROCUREMENT AND R&D ARE ALL DETERIORATING IN THIS QUARTER, WITH SALES REACHING A DBOC RECORD LOW.

THROUGHOUT 2022, ALL CATEGORIES HAVE CONTINUED TO SHOW A NEGATIVE SHORT-TERM OUTLOOK OF THE DANISH BUSINESS COMMUNITY, WITH THE EXCEPTION OF R&D ACTIVITIES, WHICH IN Q1 HAD AN INDEX ABOVE 50.

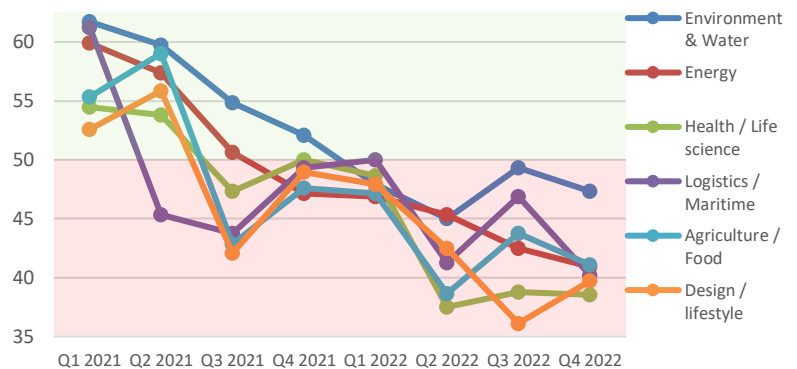


ALL SECTORS INDICATE DETERIORATING OUTLOOKS EXCEPT IMPROVEMENT FOR DESIGN

SAME WAY AS THE OVERALL OUTLOOK – WHEN BREAKING DOWN THE OUTLOOKS ON INDIVIDUAL SECTORS – ALL SECTORS INDICATE A DETERIORATING OUTLOOK.

WHILE ALL COMPANIES INDICATE OVERALL DETERIORATION (A NUMBER BELOW 50), THE INDEX FOR DESIGN HAS RISEN, COMPARED TO THE PREVIOUS QUARTER.

THE HEALTH SECTOR INDICATE LEVELS BELOW THE OVERALL INDEX, WHILE THE SHORT-TERM OUTLOOK FOR CHINA FOR COMPANIES WITHIN THE ENVIRONMENT & WATER SECTOR ARE ABOVE THE OVERALL INDEX LEVEL.

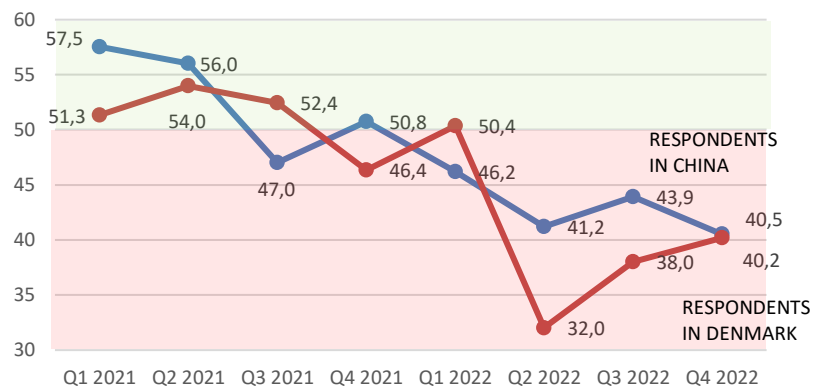


OUTLOOK SIMILAR ACROSS LOCATIONS

THE OUTLOOK IS VIEWED AS NEGATIVE FOR RESPONDENTS BASED IN BOTH DENMARK AND CHINA.

FOR THE FIRST TIME SINCE DOING THE DBOC SURVEY, THERE IS NO SIGNIFICANT DIFFERENCE IN OUTLOOK DEPENDING ON THE VANTAGE POINT OF THE RESPONDENTS.

RESPONDENTS IN CHINA INDICATE THEIR LOWEST DBOC NUMBER TO DATE, WHILE RESPONDENTS IN DENMARK REPORT A MINOR IMPROVEMENT, COMPARED TO PREVIOUS QUARTER.

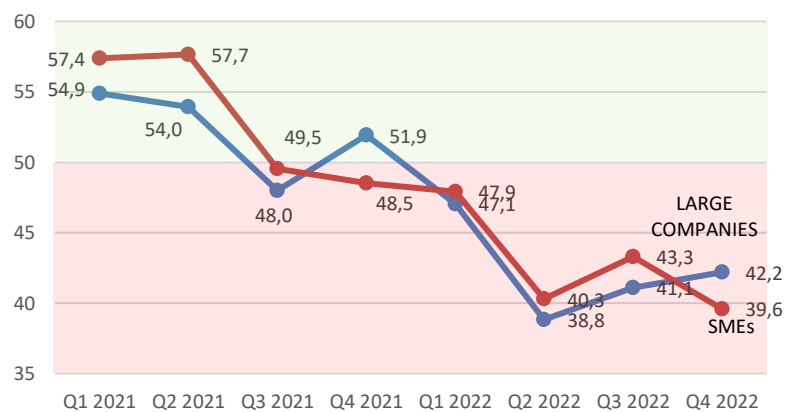


COMPARABLE OUTLOOK AMONGST SMEs AND LARGE COMPANIES' OUTLOOK ON CHINA

BOTH SMEs AND LARGE COMPANIES SHOW AN OVERALL NEGATIVE OUTLOOK IN THEIR SHORT-TERM.

WHILE THE SLIGHT UPCURVE FOR LARGE COMPANIES CONTIUES FOR THE SECOND CONSECUTIVE QUARTER, BRINGING THEIR INDEX LEVEL ABOVE THAT OF SMEs FOR THE FIRST TIME IN 2022, THE OUTLOOK FOR SMEs HAVE REACHED THEIR LOWEST POINT TO DATE.

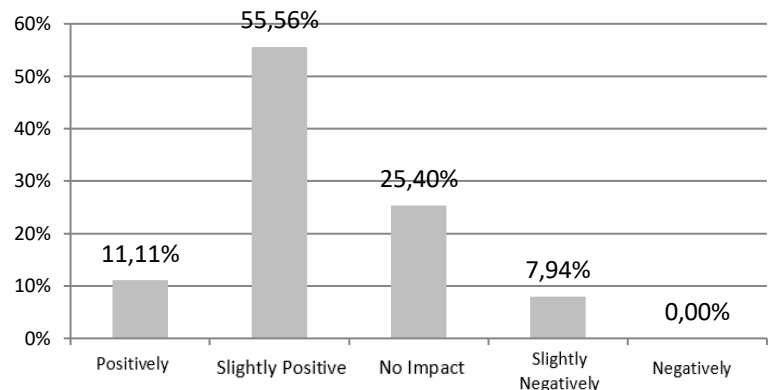
THE NEGATIVE OUTLOOK FOR BOTH LARGE COMPANIES AND SMEs IS PREDOMINANTLY DRIVEN BY THEIR OUTLOOK ON CHINA AS A MARKET FOR SALES IN CHINA/EXPORT TO CHINA, ALBEIT TO A LESSER DEGREE FOR SMEs.



COVID POLICY CHANGES EXPECTED TO HAVE LIMITED NEGATIVE IMPACT ON 2023 OPERATIONS

WHEN COMPANIES WERE ASKED BETWEEN 22 NOVEMBER AND 6 DECEMBER TO ASSESS THE EXPECTED IMPACT THAT CHANGES IN CHINA'S COVID POLICY IN 2023 COMPARED TO 2022 WILL HAVE FOR THE COMPANIES' PLANNED OPERATIONS IN 2023, ONLY 7.9% OF THE COMPANIES EXPECT A SLIGHTLY NEGATIVE IMPACT, WHILE NONE INDICATED AN EXPECTATION OF A SIGNIFICANTLY NEGATIVE IMPACT.

25.4% OF THE COMPANIES REPORT THAT CHANGES IN COVID POLICY IN 2023 ARE EXPECTED TO HAVE NEITHER POSITIVE NOR NEGATIVE IMPACT WHILE AN ABSOLUTE MAJORITY OF 66.6 EXPECT A POSITIVE IMPACT FOR THEIR PLANNED OPERATIONS IN 2023.



The Danish Business Outlook on China (or DBOC) Index is a joint initiative of the Embassy of the Kingdom of Denmark in Beijing, the Danish Chamber of Commerce in China (DCCC), the Danish-Chinese Business Forum (DCBF) and the Sino-Danish Center for Education and Research (SDC). DBOC is a quarterly index tracking changes in short-term outlook of the Danish business community regarding China using the following recurrent question: "Looking at the past three months, has your short-term outlook for China: significantly improved / improved / unchanged / deteriorated / significantly deteriorated / not applicable". Respondents provide replies separately regarding China as a market and as a location for various business related activities. This survey was conducted between 22 November 2022 until 06 December 2022 with the participation of 65 Danish companies located in either China or Denmark. All participating companies have a Danish CVR number and are either members of DCCC or DCBF. For further information or questions, please contact Minister Counsellor, Morten Kruse (markru@um.dk) at the Embassy of the Kingdom of Denmark. Find the latest data and information about the DBOC index on the following homepages: