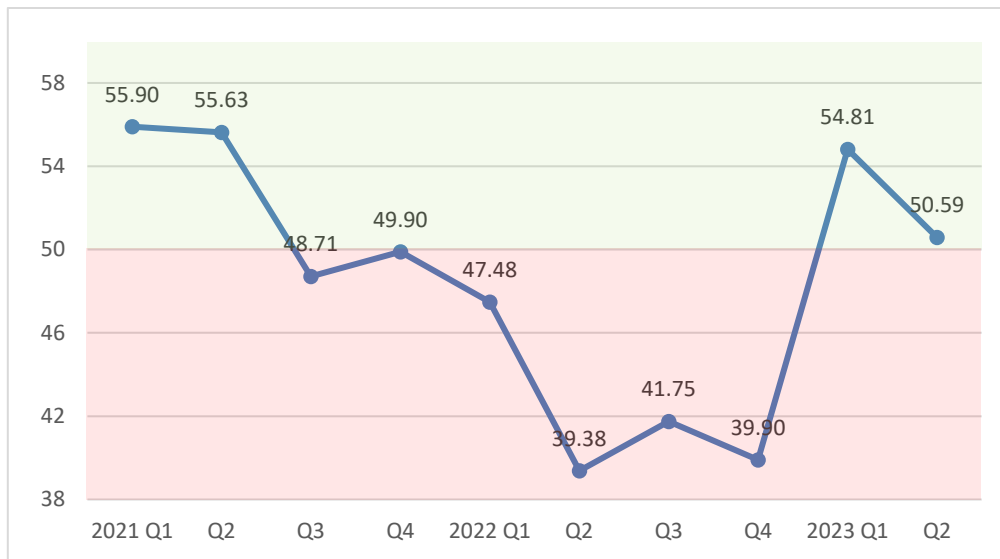


DANISH BUSINESS OUTLOOK ON CHINA (DBOC) INDEX – JULY 2023

50.5

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

IN Q2, 2023, THE SHORT-TERM OUTLOOK OF DANISH COMPANIES REMAINS IN POSITIVE TERRITORY FOR THE SECOND CONSECUTIVE QUARTER. HOWEVER, THE INDEX SCORE HAS DECREASED SINCE LAST QUARTER, AND CONCERNS ON SECURITY RISKS AND MIXED RESULTS AMONG CERTAIN GROUPS OF RESPONDENTS LINGER.



THE INDEX EXPLAINED

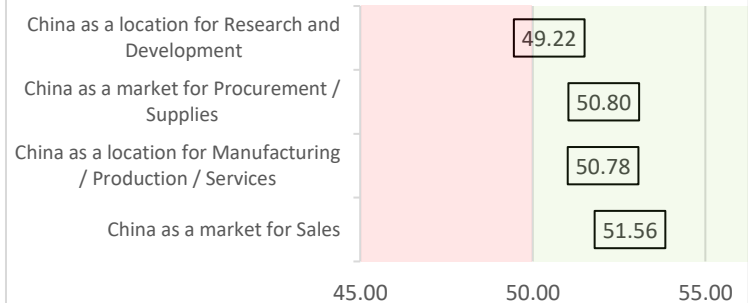
- If a majority indicate an improvement the index will be >50
- If there are matching positive and negative trends in the data, the index will be exactly 50.
- If a majority indicate a deterioration the index will be <50

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

CHINA AS A MARKET FOR SALES CONTINUES TO DRIVE THE OUTLOOK

THE SHORT-TERM OUTLOOKS FOR CHINA AS A MARKET FOR SALES, MANUFACTURING AND PROCUREMENT ALL CONTINUE TO IMPROVE IN THIS QUARTER, WITH OUTLOOK FOR SALES DRIVING THE OUTLOOK.

ONLY THE FUTURE OUTLOOK FOR CHINA AS A LOCATION FOR RESEARCH AND DEVELOPMENT INDICATES AN OVERALL DETERIORATION IN OUTLOOK, BASED ON THE PAST THREE MONTHS.

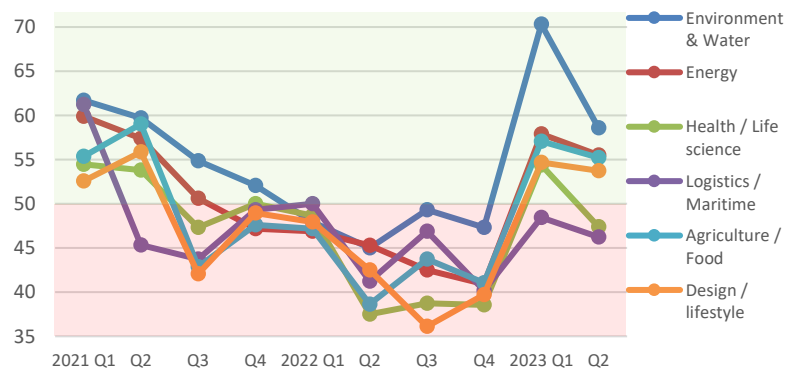


FOUR OUT OF SIX SECTORS MAINTAIN A POSITIVE OUTLOOK DESPITE DECREASED SCORES

WHEN BREAKING THE OUTLOOK DOWN INTO INDIVIDUAL SECTORS – FOUR OUT OF SIX SECTORS MAINTAIN A POSITIVE OUTLOOK, ALTHOUGH ALL HAVE DECREASED INDEX SCORES COMPARED TO THE PREVIOUS QUARTER.

ENVIRONMENT & WATER CONTINUES FOR THE FOURTH CONSECUTIVE QUARTER TO INDICATE THE HIGHEST INDEX SCORE AMONG THE RESPONDENTS.

HEALTH RE-ENTERED DETERIORATING INDEX SCORES, AFTER IMPROVEMENTS IN THE PREVIOUS QUARTER, WHILE LOGISTICS CONTINUES TO HOLD THE LOWEST SHORT-TERM OUTLOOK FOR THE SECOND CONSECUTIVE QUARTER.

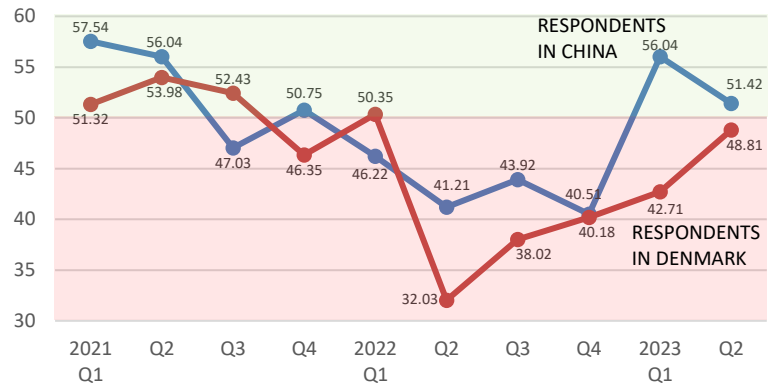


LOCATION OF RESPONDENTS HAS INFLUENCE ON OUTLOOK

ONCE AGAIN, THERE IS A NOTICABLE DIFFERENCE IN OUTLOOK DEPENDING ON THE VANTAGE POINT OF THE RESPONDENTS.

RESPONDENTS BASED IN CHINA CONTINUE TO BE THE SEGMENT WITH THE HIGHEST INDEX SCORES FOR SHORT TERM OUTLOOKS AMONG THE SURVEYED.

HOWEVER, WHILE RESPONDENTS IN DENMARK CONTINUE TO REPORT NUMBERS BELOW 50 (DETERIORATING), THEIR NUMBERS HAVE SLOWLY BEEN INCREASING OVER THE PAST FIVE QUARTERS, CLOSING IN ON THE GAP TO THEIR COLLEAGUES IN CHINA.



OUTLOOK CONTINUES TO BE HIGHER FOR LARGE COMPANIES

LARGE COMPANIES CONTINUE TO SHOW A POSITIVE SHORT-TERM OUTLOOK, BASED ON THE PAST THREE MONTHS, DESPITE A LOWER INDEX SCORE THAN THE PREVIOUS QUARTER.

FOR SMEs, THE OUTLOOK HAS DETERIORATED TO BELOW A SCORE OF 50, INDICATING A LESS POSITIVE SHORT-TERM OUTLOOK FOR THE CHINESE MARKET.

SMEs INDICATE LOWER NUMBERS THAN LARGER COMPANIES FOR THE THIRD CONSECUTIVE QUARTER.

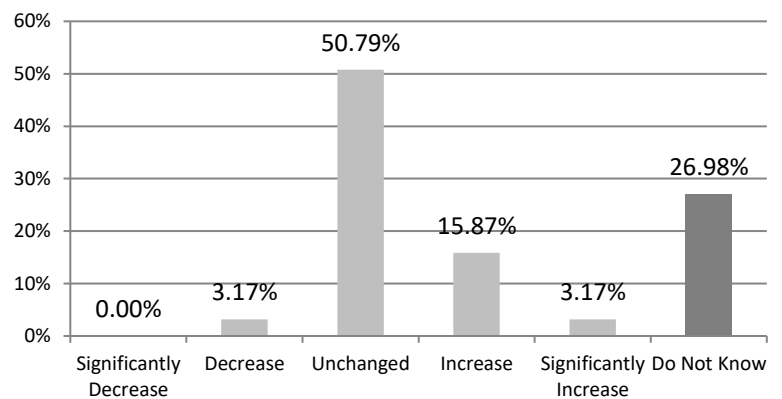


IMPACTS FROM REVISED ANTI-ESPIONAGE LAW

IN MAY, CHINA PASSED CHANGES TO THE COUNTRY'S ANTI-ESPIONAGE LAW.

ASKED TO ASSESS THE EXTENT OF HOW THE REVISED ANTI-ESPIONAGE LAW INCREASES THE SECURITY RISKS FOR THE COMPANIES OPERATIONS IN CHINA, OVER HALF OF THE RESPONDENTS EXPECT IT TO REMAIN UNCHANGED.

19% INDICATE INCREASED SECURITY RISKS, WHILE NEARLY 27% ARE UNSURE OF THE LAW'S IMPACTS ON THE SECURITY RISKS.



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 21 June 2023 until 3 July 2023 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 (morkru@um.dk) at the Embassy of the Kingdom of Denmark. Find the latest data and information about the DBOC index on the following homepages: