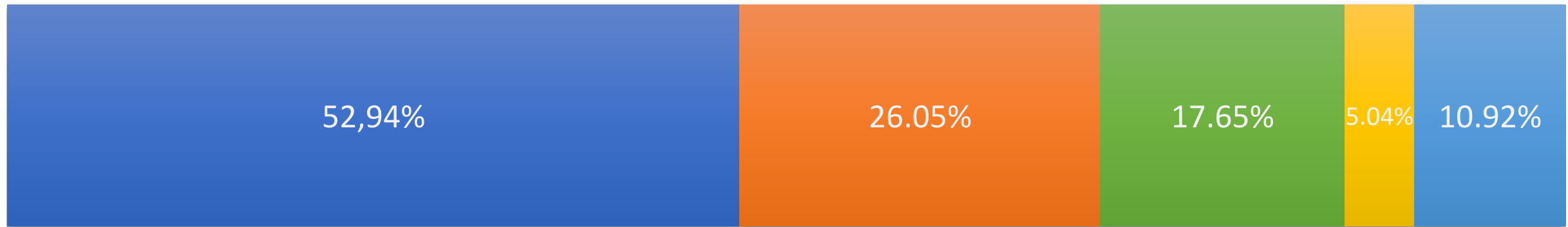


BUSINESS CONFIDENCE SURVEY 2020

FBCS, FBCB, FBCG and FinnCham HK

MAJORITY OF RESPONDENTS ARE MEMBERS OF AT LEAST ONE OF THE BUSINESS COUNCILS

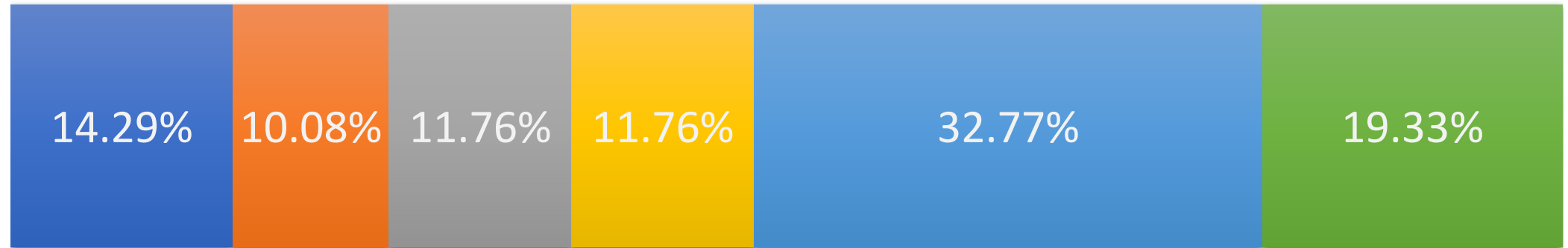
WHICH BUSINESS COUNCIL ARE YOU MEMBER OF? IF MEMBER OF SEVERAL, PLEASE CHOOSE ALL.



■ FBC Shanghai ■ FBC Beijing ■ FinnCham Hong Kong ■ FBC Guangdong ■ Not a member in any of the above

MAJORITY OF RESPONDENTS HAVE HAD THEIR FIRST LEGAL ENTITY MORE THAN 10 YEARS

WHEN WAS THE FIRST LEGAL ENTITY REPRESENTING YOUR COMPANY ESTABLISHED IN CHINA/HK?



■ No legal entity in China/HK ■ 0-2 years ■ 2-5 years ■ 5-10 years ■ 10-20 years ■ 20+ years

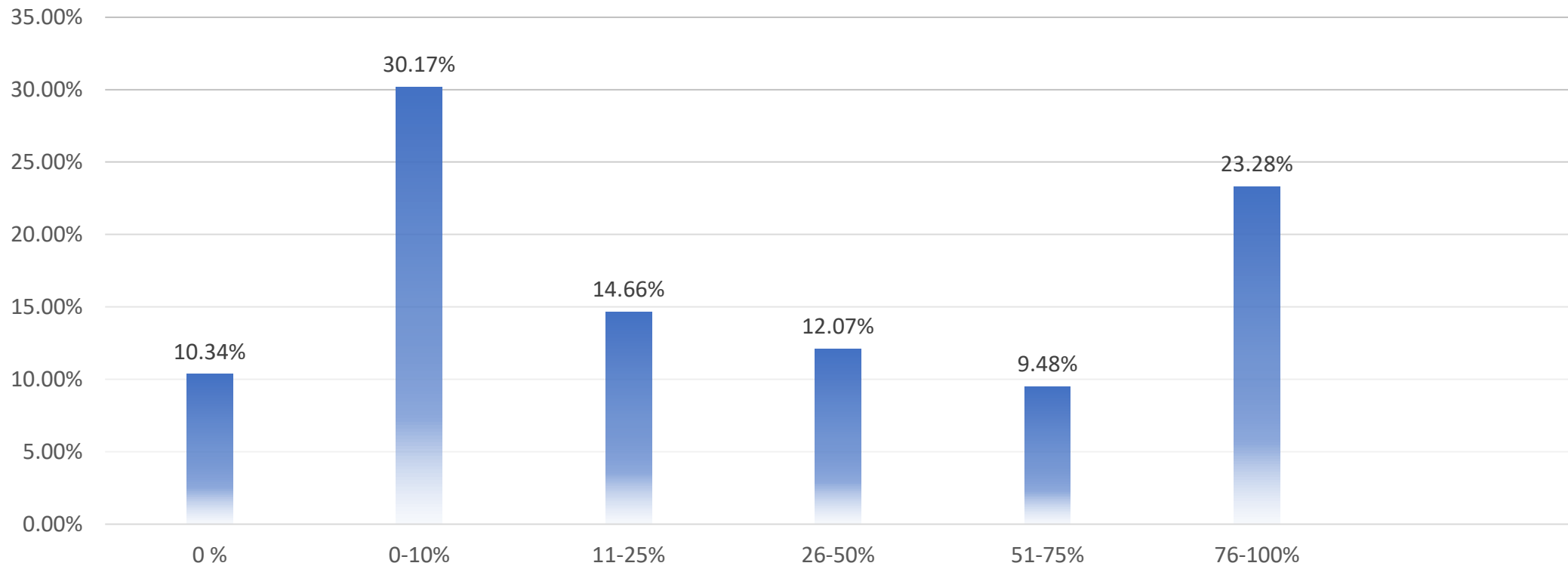
THE INDUSTRIES THAT BUSINESSES REPRESENT

WHICH INDUSTRY DO YOU REPRESENT? IF YOUR COMPANY IS IN SEVERAL INDUSTRY FIELDS, WRITE MAX THREE MAIN INDUSTRIES.

MOST RESPONDEES	SOME RESPONDEES	FEW RESPONDEES
<ul style="list-style-type: none">• Technology• IT• Consulting	<ul style="list-style-type: none">• Food & Beverage• Logistics• Environment• Forestry• Bioecology• Finance	<ul style="list-style-type: none">• Law• Retail• Fashion• Furniture• Services• Manufacturing• Tourism• Health• Agriculture

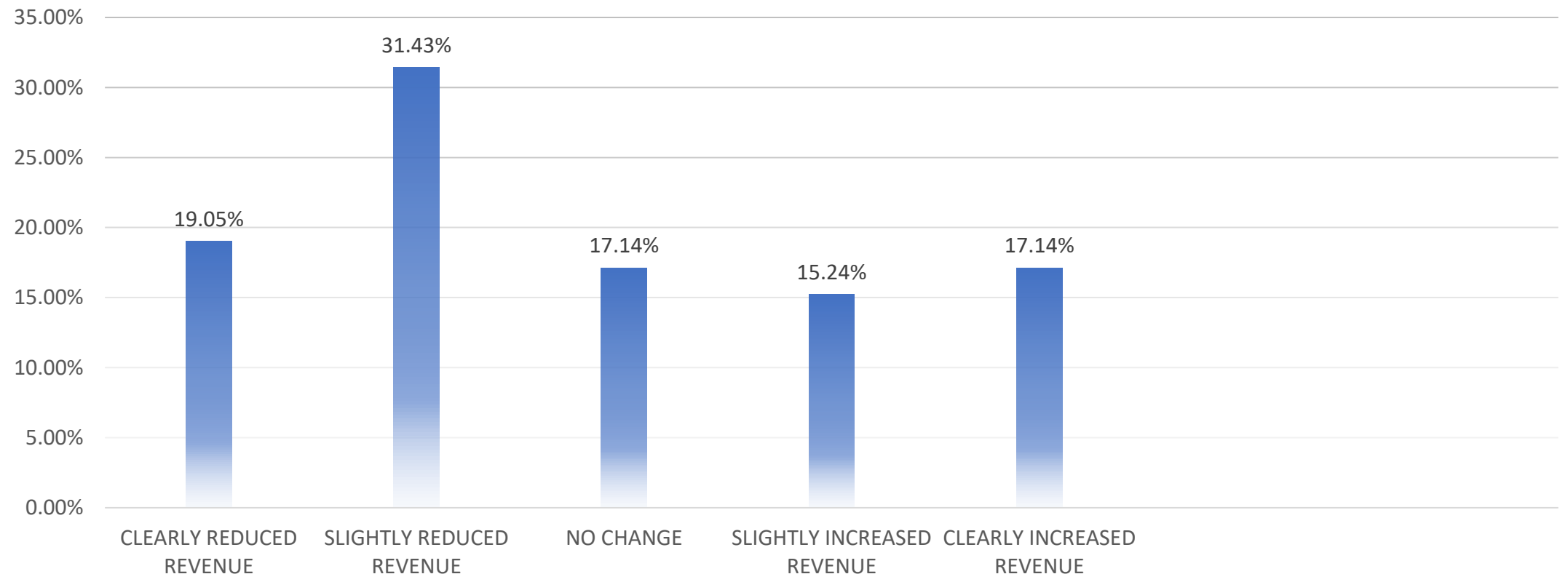
MAJORITY OF THE COMPANIES' REVENUE IS GENERATED OUTSIDE OF CHINA / HONG KONG

HOW MUCH OF YOUR COMPANY'S REVENUE IS GENERATED FROM LOCAL (CHINESE/HK) CUSTOMERS? COMPANY = THE LEGAL ENTITY THROUGH WHICH YOU OPERATE IN CHINA/HK



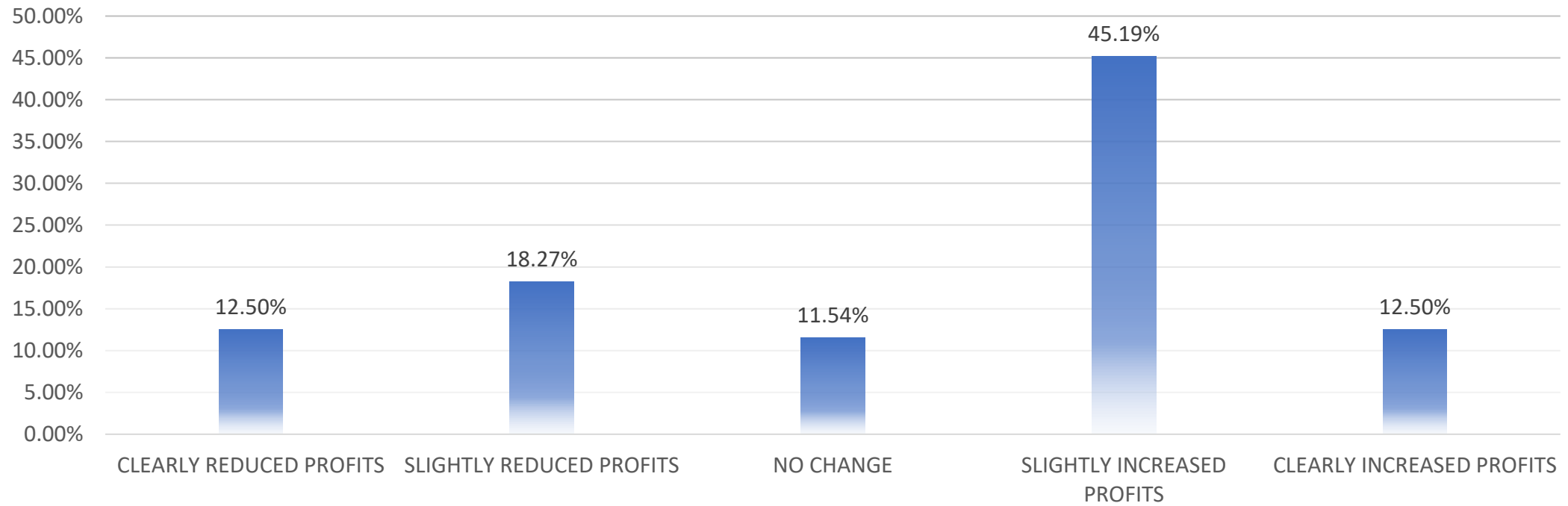
DIFFERENCES IN THIS YEAR'S REVENUES COMPARED WITH EXPECTATIONS IN JANUARY 2020

LOOKING BACK TO JANUARY 2020 BEFORE THE PANDEMIC AND GIVEN THE INFORMATION YOU HAVE TODAY; HOW DO YOU EXPECT YOUR COMPANIES REVENUE IN CHINA/HK TO CHANGE FOR 2020 COMPARED TO THE FORECAST/EXPECTATION IN JANUARY 2020?



58% OF RESPONDENTS EXPECT INCREASED PROFITS IN 2021

GIVEN THE INFORMATION YOU HAVE TODAY, HOW DO YOU EXPECT YOUR COMPANY'S REVENUE/NET PROFIT (EBIT) IN CHINA/HK TO CHANGE IN 2021 COMPARED TO THE RESULTS OF 2020?



BUSINESSES MITIGATE THE RISKS AND ADVERSE EFFECTS OF THE EPIDEMIC

WHAT ARE THE MEASURES THAT YOUR COMPANY HAVE TAKEN OR INTEND TO TAKE IN ORDER TO MITIGATE THE RISKS AND ADVERSE EFFECTS OF THE EPIDEMIC?

KEY AREAS

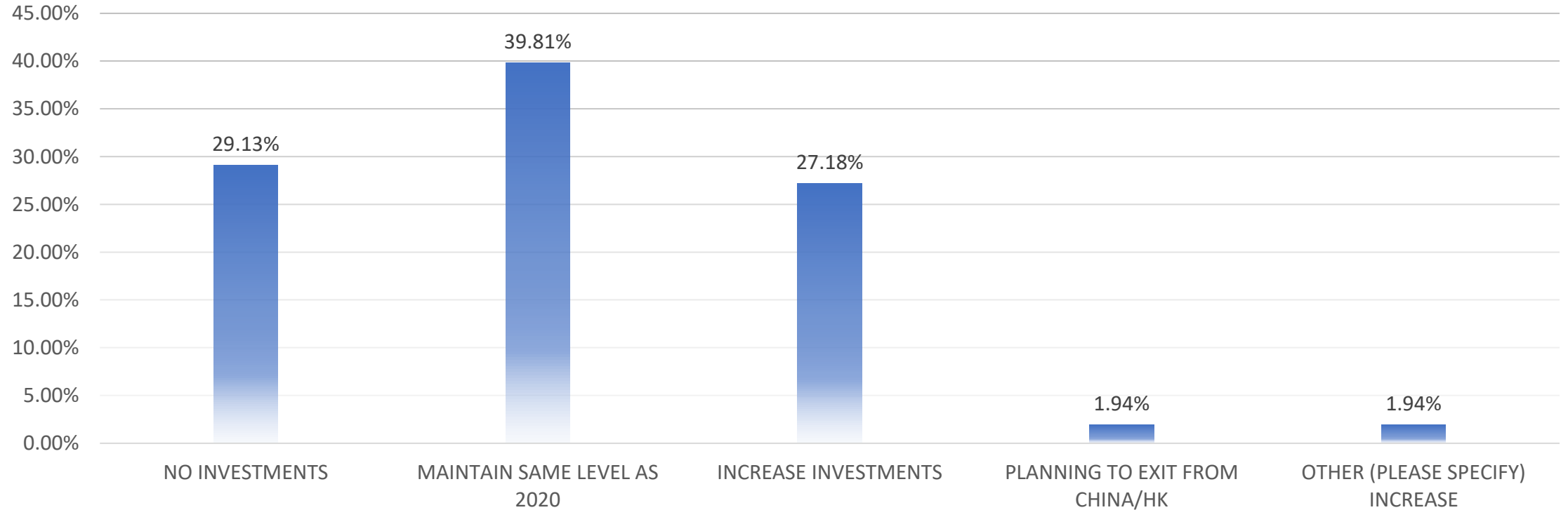
- Localization
- R & D
- Digitalization
- Budgeting
- Investment
- Organizational changes
- Retention
- Business Contingency Plan

WAYS TO MITIGATE

- Hire locals, reduce work trips
- Product design & development
- Online business activities
- Fixed cost control
- Purchase of shares
- Repositioning of HQ, lay offs, remote working
- Frequent meetings with staffs & customers
- Enhance client contacts, update vision

40% OF COMPANIES PLAN TO MAINTAIN THE SAME LEVEL OF INVESTMENTS IN 2021 AS IN 2020

DOES YOUR COMPANY PLAN FURTHER INVESTMENTS IN CHINA/HK IN 2021?



THE MOST ATTRACTIVE PROVINCES/CITIES FOR THE BUSINESSES TO EXPAND ARE IN MAINLAND CHINA

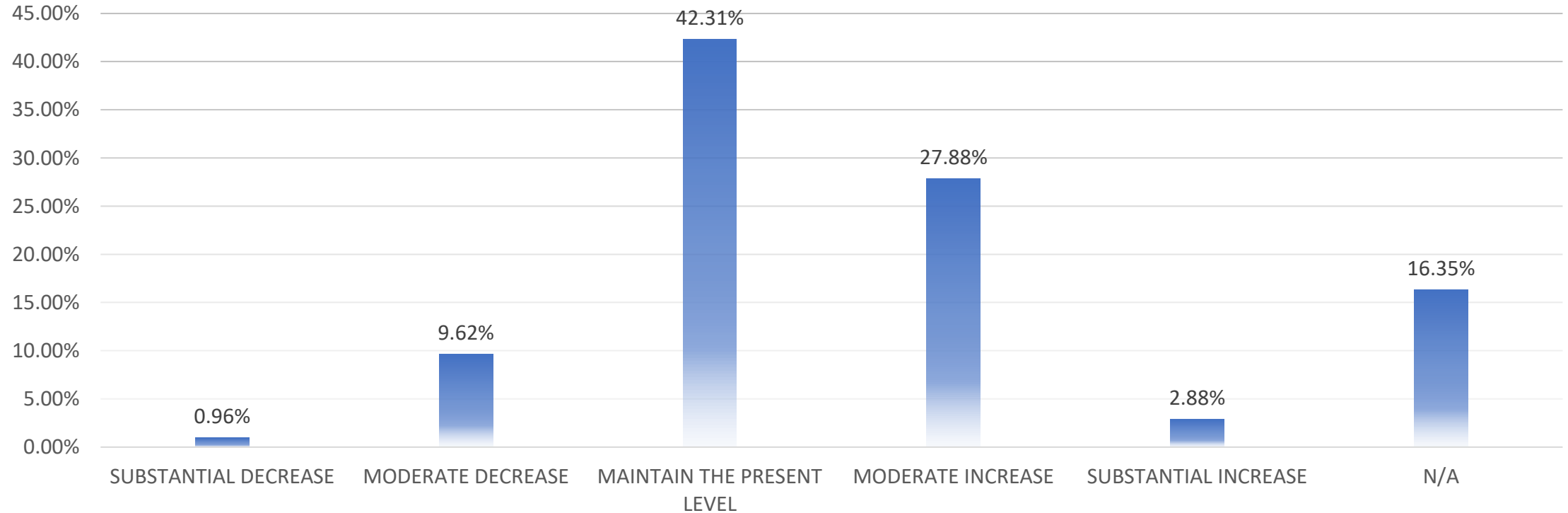
TO WHICH AREAS IN CHINA YOU WOULD LIKE TO EXPAND YOUR BUSINESS? MENTION MAX THREE MOST ATTRACTIVE PROVINCES/CITIES FOR YOUR COMPANY'S FUTURE BUSINESS.



- Shanghai
- Guangzhou
- Beijing
- Hong Kong
- Shenzhen
- Macao
- Guangdong

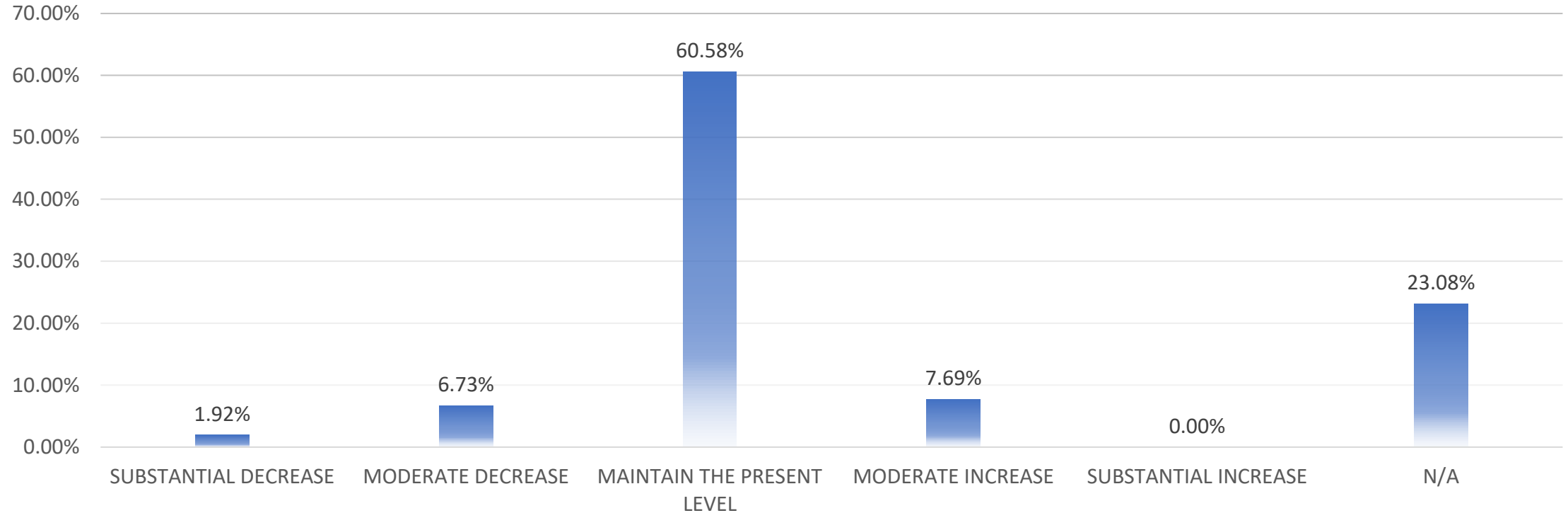
THE ROLE OF LOCAL EMPLOYEES REMAINS STRONG

DO YOU PLAN TO CHANGE THE NUMBER OF LOCAL CHINESE EMPLOYEES IN 2021?



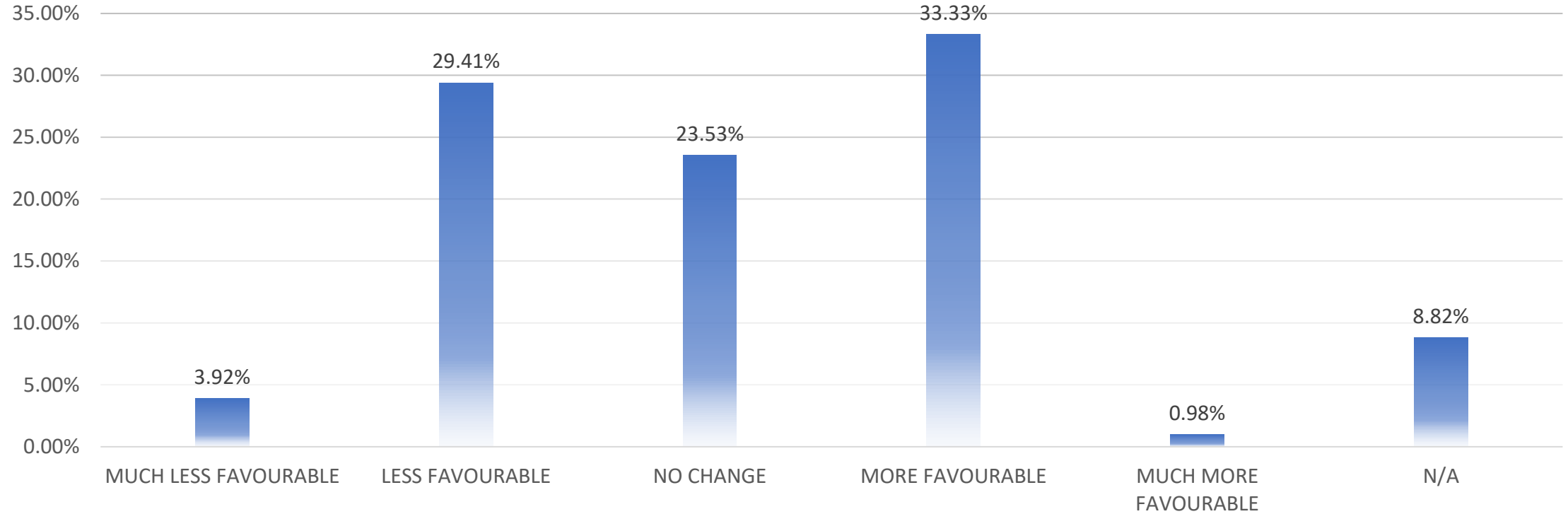
NO SIGNIFICANT CHANGES IN NUMBER OF FOREIGN EMPLOYEES IN 2021

DO YOU PLAN TO CHANGE THE NUMBER OF FOREIGN EMPLOYEES IN 2021?



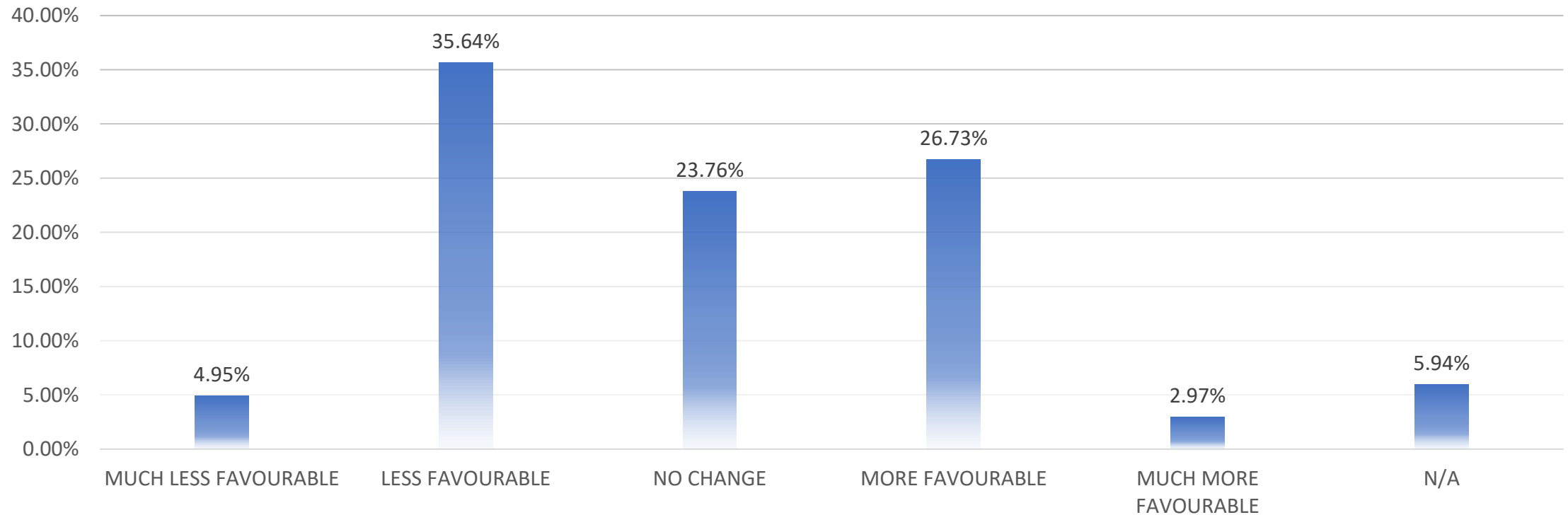
MIXED SIGNALS FOR INVESTMENT CLIMAT IN 2021

HOW DO YOU EXPECT THE INVESTMENT CLIMATE IN CHINA/HK TO DEVELOP IN 2021 COMPARED TO PREVIOUS YEAR?



DIVIDED OPINIONS ABOUT BUSINESS CLIMATE IN 2021

HOW DO YOU EXPECT THE BUSINESS CLIMATE IN CHINA/HK TO DEVELOP IN 2021 COMPARED TO PREVIOUS YEAR?



THE KEY BARRIERS FOR COMPANIES TO DO BUSINESS IN CHINA/HK

WHAT ARE THE KEY BARRIERS TO DOING BUSINESS IN CHINA/HK?



- Trade war between China-USA
- National security law
- COVID-19
- Cultural differences
- Government policies
- High living costs
- Competition

BENEFICIAL POSSIBLE REFORMS FOR BUSINESSES IN CHINA/HK

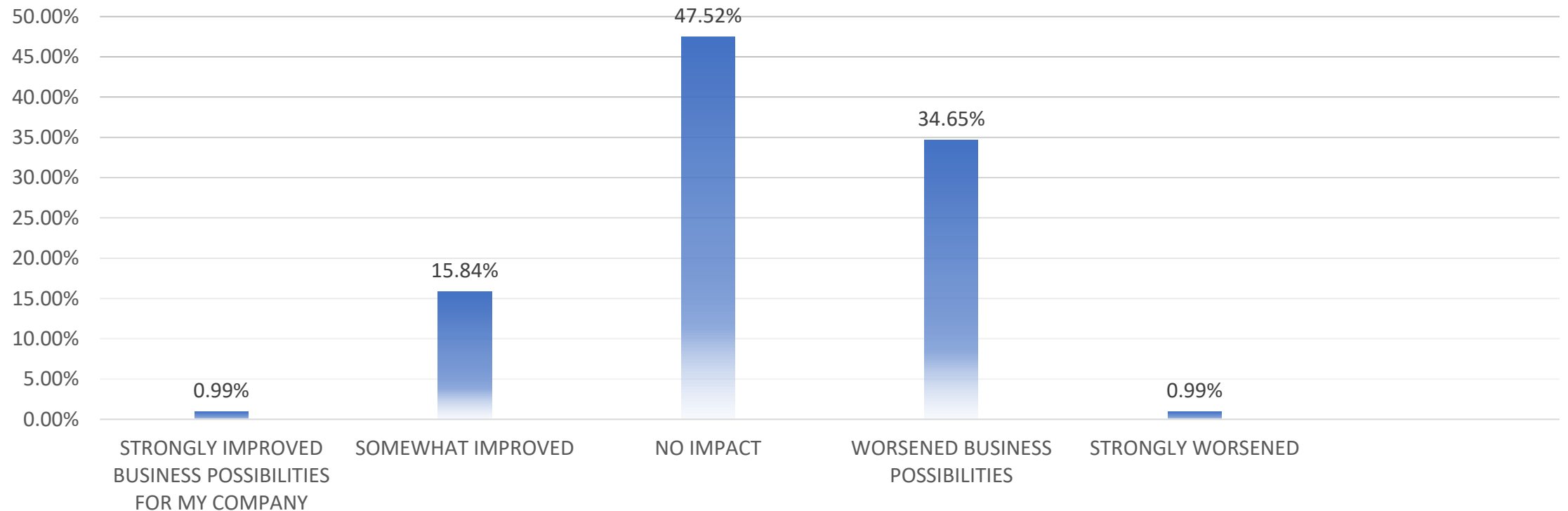
WHAT KIND OF REFORM IN CHINA/HK WILL BENEFIT YOUR BUSINESS?



- Travel bubble
- Taxation
- Efficient visa process
- Improved relationships for China with EU & USA
- Decreased regulations
- Financial improvements
- Loan rates

CHINA-US RELATIONS AFFECT ALSO FINNISH COMPANIES

HOW DO YOU ASSESS THE ONGOING TRADE AND TECHNOLOGY BATTLE BETWEEN CHINA AND USA WILL IMPACT YOUR COMPANY'S BUSINESS PROSPECTS?



CHINA-US RELATIONS IMPACT ON BUSINESSES

REFERRING TO THE ONGOING TRADE AND TECHNOLOGY BATTLE BETWEEN CHINA AND USA, WHAT ARE THE DIRECT OR INDIRECT IMPACTS TO YOUR COMPANY'S BUSINESS?

KEY OBSERVATIONS

- Availability of certain components may be limited
- Likely complications to do business with American companies in China
- Less competition from the USA market
- Import duties both in USA and China
- Increased focus toward EU and China from USA and China
- Growing global political and economical instability
- Easier to find employees / Reduces employee turnover
- Impact and uncertainty on currency exchange rates
- Business will shift from China to other Asian countries
- China may become a less attractive place to bring new brands and technologies

NO SIGNIFICANT IMPACT OF EU VIEWS ON TRADE ISSUES

HOW DO YOU ASSESS THE MORE CRITICAL EU VIEWS ON TRADE ISSUES WITH CHINA WILL IMPACT YOUR COMPANY'S BUSINESS PROSPECTS?

At this point, majority of FBCS, FBCB, FinnCham HK and FBCG members don't see any major positive or negative impacts of critical EU views on trade issues with China. Collectively businesses are hoping for a more positive atmosphere between EU and China.

Some key observations:

- No direct impact as China market provides enough opportunities for growth
- Level playing field and fair and equal treatment is very much needed
- Diplomatic relations directly impact governmental projects
- Will increase trade barriers
- Probable negative impact on company's technology sector in China