

December 27, 2022

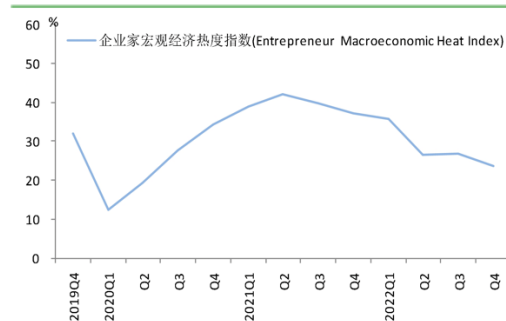
Entrepreneur Survey Report (Q4 2022)

The results of the entrepreneur survey conducted by the People's Bank of China (PBC) in Q4 2022 are as follows:

I. Entrepreneur Macroeconomic Heat Index

The entrepreneur macroeconomic heat index registered 23.5 percent, decreasing 3.4 percentage points quarter-on-quarter (q-o-q) and 13.7 percentage points year-on-year (y-o-y). Among the entrepreneurs surveyed, 53.7 percent considered the macroeconomic climate “cold,” 45.5 percent regarded it as “normal,” and 0.8 percent regarded it as “overheated.”

Figure 1: Entrepreneur Macroeconomic Heat Index

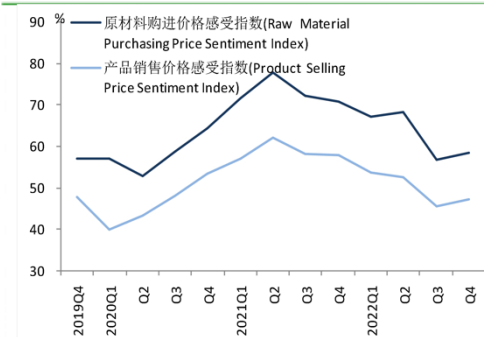


Source: Statistics and Analysis Department, PBC

II. Product Selling Price Sentiment Index and Raw Material Purchasing Price Sentiment Index

The product selling price sentiment index posted 47.2 percent, increasing 1.8 percentage points q-o-q and decreasing 10.7 percentage points y-o-y. Of the total entrepreneurs surveyed, 10.9 percent considered the current

Figure 2: Product Selling Price Sentiment Index and Raw Material Purchasing Price Sentiment Index



Source: Statistics and Analysis Department, PBC

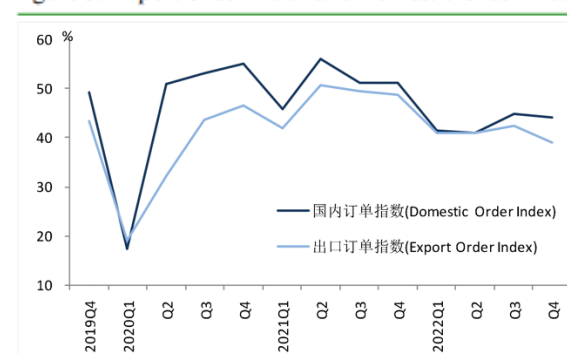
product selling price “increased” compared with the previous quarter, while 72.7 percent and 16.4 percent considered it “unchanged” and “decreased,” respectively.

The raw material purchasing price sentiment index reached 58.5 percent, increasing 1.8 percentage points q-o-q and decreasing 12.1 percentage points y-o-y. Among the entrepreneurs surveyed, 26.2 percent considered the raw material purchasing price “increased” compared with the previous quarter, while 64.5 percent and 9.3 percent considered it “unchanged” and “decreased,” respectively.

III. Export Order Index and Domestic Order Index

The export order index was 38.9 percent, decreasing 3.3 percentage points q-o-q and 9.8 percentage points y-o-y. Among the entrepreneurs surveyed, 13.2 percent considered the number of export orders “increased” compared with the previous quarter, 51.5 percent considered it “unchanged,” and 35.3 percent considered it “decreased.”

Figure 3: Export Order Index and Domestic Order Index



Source: Statistics and Analysis Department, PBC

The domestic order index posted 44.1 percent, decreasing 0.6 percentage points q-o-q and 7.1 percentage points y-o-y. Among the entrepreneurs surveyed, 16.8 percent considered the number of domestic orders “increased” compared with the previous quarter, 54.6 percent considered it “unchanged,” and 28.6 percent considered it “decreased.”

IV. Fund Turnover Index and Sales Revenue Collection Index

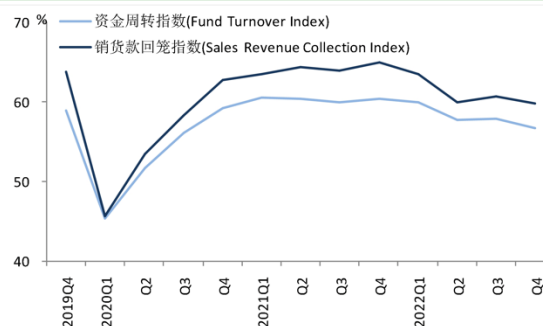
The fund turnover index was 56.7 percent, decreasing 1.2 percentage points q-o-q and 3.8

percentage points y-o-y. Among the entrepreneurs surveyed, 28.5 percent considered the performance of fund turnover in the current quarter to be “good,” 56.3 percent considered it “average,” and 15.2 percent considered it “poor.”

The sales revenue collection index registered 59.8 percent, decreasing 0.8

percentage points q-o-q and 5.1 percentage points y-o-y. Among the entrepreneurs surveyed, 29.9 percent considered the collection of sales revenue to be “easy,” 59.9 percent considered it “ordinary,” and 10.3 percent considered it “difficult.”

Figure 4: Fund Turnover Index and Sales Revenue Collection Index



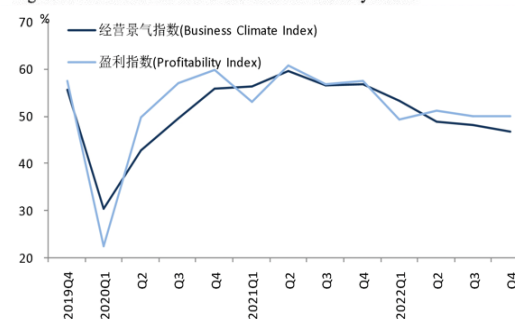
Source: Statistics and Analysis Department, PBC

V. Business Climate Index and Profitability Index

The business climate index posted 46.6 percent, decreasing 1.5 percentage points q-o-q and 10.2 percentage points y-o-y. Among the entrepreneurs surveyed, 14.8 percent considered their business performance in the current quarter to be “good,” 63.7 percent considered it “average,” and 21.6 percent considered it “poor.”

The profitability index registered 50.0 percent, flat with the previous quarter and decreasing 7.3 percentage points y-o-y. Among the entrepreneurs surveyed, 30.0 percent stated “profits increased/losses reduced” compared with the previous quarter, 40.0 percent considered that “profits/losses remained unchanged,” and 29.9 percent stated that “losses increased/ profits declined.”

Figure 5: Business Climate Index and Profitability Index



Source: Statistics and Analysis Department, PBC

Annex: Survey Index on 5,000 Entrepreneurs

%

| 时 间 | 企业家宏观经济热度指数 Entrepreneur Macroeconomic Heat Index | 产品销售价格感受指数 Product Selling Price Sentiment Index | 原材料购进价格感受指数 Raw Material Purchasing Price Sentiment Index | 国内订单指数 Domestic Order Index | 出口订单指数 Export Order Index | 资金周转指数 Fund Turnover Index | 销货款回笼指数 Sales Revenue Collection Index | 经营景气指数 Business Climate Index | 盈利指数 Profitability Index |
|----------|--|---|--|--------------------------------|------------------------------|-------------------------------|---|----------------------------------|-----------------------------|
| 2019. Q4 | 31. 9 | 47. 6 | 57. 1 | 49. 1 | 43. 2 | 59. 0 | 63. 7 | 55. 5 | 57. 3 |
| 2020. Q1 | 12. 4 | 40. 0 | 56. 9 | 17. 4 | 19. 1 | 45. 4 | 45. 7 | 30. 3 | 22. 3 |
| 2020. Q2 | 19. 3 | 43. 2 | 52. 8 | 50. 9 | 32. 0 | 51. 6 | 53. 4 | 42. 7 | 49. 6 |
| 2020. Q3 | 27. 7 | 48. 1 | 58. 6 | 53. 0 | 43. 6 | 56. 1 | 58. 3 | 49. 4 | 57. 0 |
| 2020. Q4 | 34. 4 | 53. 3 | 64. 2 | 55. 0 | 46. 4 | 59. 3 | 62. 7 | 55. 8 | 59. 8 |
| 2021. Q1 | 38. 9 | 56. 9 | 71. 6 | 45. 8 | 41. 8 | 60. 6 | 63. 5 | 56. 3 | 53. 1 |
| 2021. Q2 | 42. 1 | 62. 1 | 77. 6 | 56. 0 | 50. 6 | 60. 3 | 64. 4 | 59. 6 | 60. 7 |
| 2021. Q3 | 39. 8 | 58. 2 | 72. 0 | 51. 1 | 49. 4 | 59. 9 | 63. 9 | 56. 6 | 56. 7 |
| 2021. Q4 | 37. 3 | 57. 9 | 70. 6 | 51. 2 | 48. 7 | 60. 4 | 64. 9 | 56. 8 | 57. 4 |
| 2022. Q1 | 35. 7 | 53. 6 | 67. 1 | 41. 4 | 40. 9 | 60. 0 | 63. 4 | 53. 3 | 49. 3 |
| 2022. Q2 | 26. 5 | 52. 4 | 68. 1 | 40. 9 | 41. 0 | 57. 7 | 59. 9 | 48. 7 | 51. 2 |
| 2022. Q3 | 26. 9 | 45. 4 | 56. 7 | 44. 8 | 42. 2 | 57. 8 | 60. 6 | 48. 1 | 50. 0 |
| 2022. Q4 | 23. 5 | 47. 2 | 58. 5 | 44. 1 | 38. 9 | 56. 7 | 59. 8 | 46. 6 | 50. 0 |

Source: Statistics and Analysis Department, PBC.

Note: Figures in this table are rounded to one decimal place. Possible discrepancies between year-on-year or quarter-on-quarter changes calculated from the figures and those published in the report are mainly due to rounding.

Compilation Notes:

The People's Bank of China (PBC) started the entrepreneur survey in 1992. About 5,000 industrial firms are surveyed nationwide (excluding Tibet) on seven aspects of business operation, i.e., overall production performance, production factors, market demand, funding, cost and profitability, investment and others. The indexes in the entrepreneur survey report are calculated using the diffusion index approach, i.e., the proportion c_i represented by each option is calculated, and different options are given different weights q_i (a weight of 1 to the "good/increase" option, 0.5 to "average/unchanged", and 0 to "poor/decrease"), and the final indexes are obtained by adding up the results of each c_i multiplied by the corresponding q_i . All indexes range between 0 and 100 percent. An index reading above 50 percent indicates an upward trend or expansion while an index below 50 percent is a sign of a downward trend or contraction.

The calculation methods of major indexes are introduced briefly below.

1. Macroeconomic heat index: It is a diffusion index reflecting entrepreneurs' judgment on the current macroeconomic situation. The index is derived by calculating the proportions of entrepreneurs who considered the economic climate in the current quarter "overheated" and "normal" respectively, assigning weights 1 and 0.5 to them, and adding up the multiplication results.

2. Product selling price sentiment index: It is a diffusion index reflecting entrepreneurs' judgment on the current product selling prices of firms. The index is derived by calculating the proportions of entrepreneurs who considered the current product selling price "increased" and "unchanged" compared with the previous quarter, assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.

3. Raw material purchasing price sentiment index: It is a diffusion index reflecting entrepreneurs' judgment on the current raw material purchasing prices. The index is derived by calculating the proportions of entrepreneurs who considered the raw material purchase price "increased" and "unchanged" respectively compared with the previous quarter, assigning weights 1 and 0.5 to them, and adding up the multiplication results.

4. Domestic order index: It is a diffusion index reflecting entrepreneurs' judgment on the quantity level of domestic product orders. The index is derived by calculating the

proportions of entrepreneurs who considered the current number of domestic product orders “increased” and “unchanged” compared with the previous quarter, assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.

5. Export order index: It is a diffusion index reflecting entrepreneurs’ judgment on the changes (qoq) of current export product orders. The index is derived by identifying the firms with export business, calculating the proportions of entrepreneurs who considered the current number of export orders “increased” and “unchanged” compared with the previous quarter, assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.

6. Fund turnover index: It is a diffusion index reflecting entrepreneurs’ judgment on fund turnover of the firms. The index is derived by calculating the proportions of entrepreneurs who considered the performance of fund turnover in the current quarter “good” and “average,” assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.

7. Sales revenue collection index: It is a diffusion index reflecting entrepreneurs’ judgment of collection of sales revenue. The index is derived by calculating the proportions of entrepreneurs who considered the collection of sales revenue in the current quarter “easy” and “ordinary,” assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.

8. Business climate index: It is an index reflecting entrepreneurs’ judgment on the current operation climate. The index is derived by calculating the proportions of entrepreneurs who considered the performance of business operation in the current quarter “good” and “average,” assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.

9. Profitability index: It is a diffusion index reflecting entrepreneurs’ judgment on the profitability of the firms compared with the previous quarter. The index is derived by calculating the proportions of entrepreneurs who considered “profits increased/losses reduced” and that “profits/losses remained unchanged,” assigning weights 1 and 0.5 to them respectively, and adding up the multiplication results.