2020 CEIBS Survey

On the Impact of COVID-19 Pandemic on Business Operations in China

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China Europe International Business School

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TABLE OF CONTENTS

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ACKNOWLEDGEMENT

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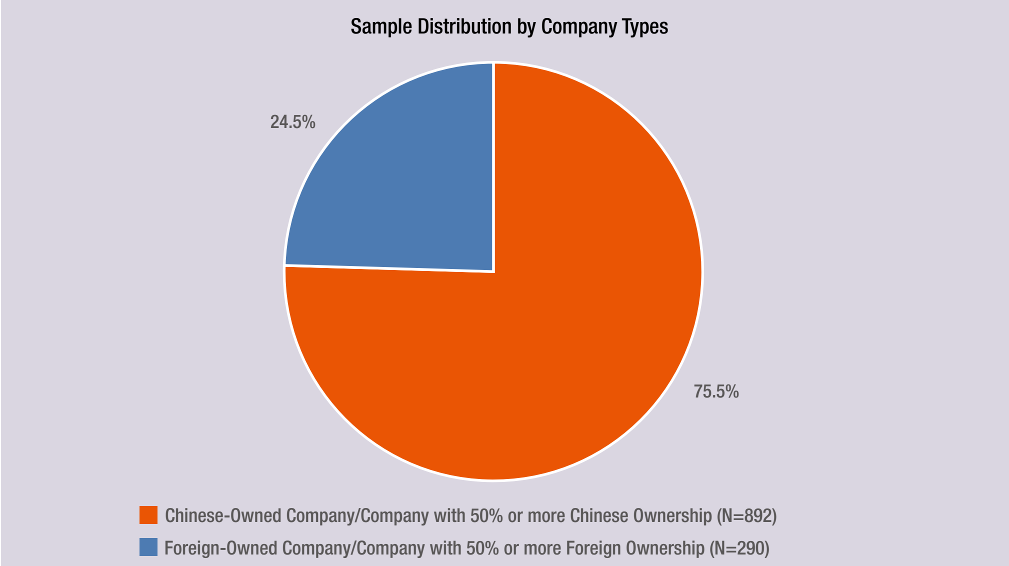
1.1. INTRODUCTION OF THE PROJECT

The China and Europe International Business School (CEIBS) Research Team with three professors and two research assistants conducted an online survey from April 2nd to April 9th 2020, receiving 1,182 responses in total. As shown in figure 1, 892 (75.5%) survey participants work for Chinese-owned firms or firms with 50% or more Chinese ownership, and 290 (24.5%) work for foreign-owned firms in China or firms with more than 50% foreign ownership.[1]

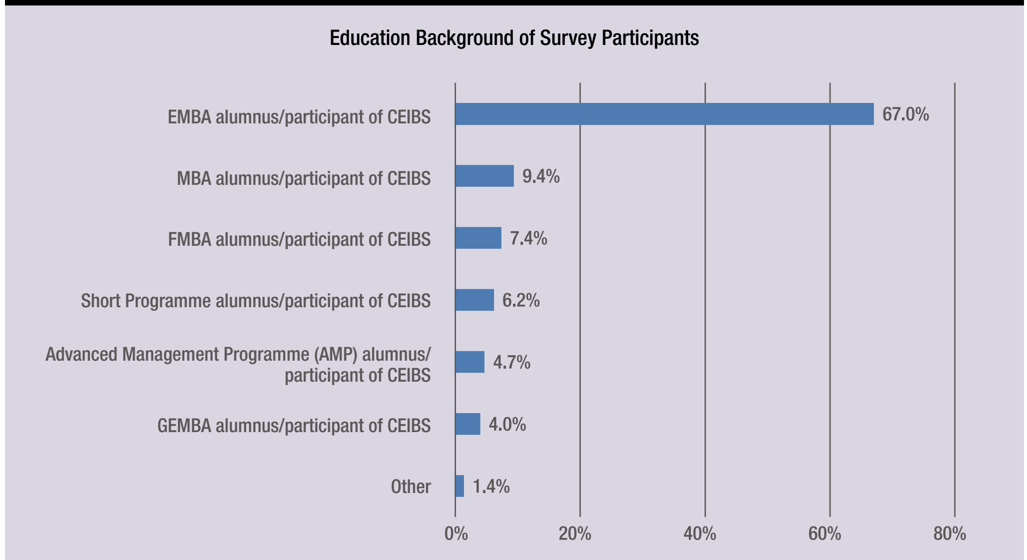
FIGURE 1 - SAMPLE DISTRIBUTION BY COMPANY TYPES



According to figure 2, 98.6% of participants are CEIBS alumni or students, and 2/3 are alumni or students of EMBA programme. Figure 3 shows that 46.7% of participants are CEOs/GMs/Owners/Partners/Chief Representatives, 32.2% are VPs/Vice GMs/Directors/Assistants of GM, and the other 20% are senior executives of their divisions.

[1] *Foreign-owned firms include Hong Kong (China), Macao (China) and Taiwan (China) companies. Chinese-owned firms refer to mainland China companies. Hereinafter we will refer to them as "foreign-owned firms" or "Chinese-owned firms".*

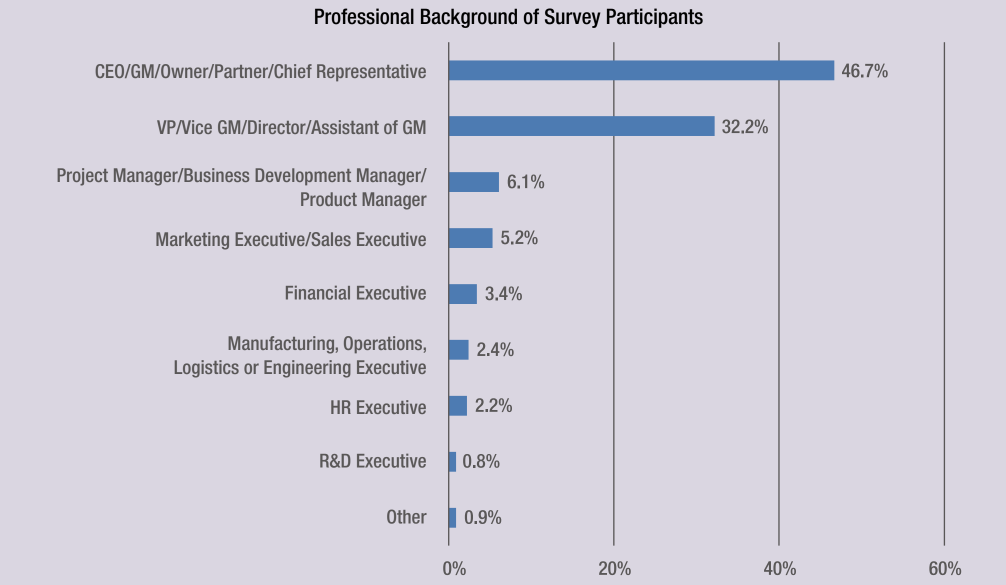
FIGURE 2 - EDUCATION BACKGROUND OF RESPONDENTS



DATA DISPLAY: EDUCATION BACKGROUND OF RESPONDENTS

	Number	Percent
EMBA alumnus/participant of CEIBS	792	67.0%
MBA alumnus/participant of CEIBS	111	9.4%
FMBA alumnus/participant of CEIBS	87	7.4%
Short Programme alumnus/participant of CEIBS	73	6.2%
Advanced Management Programme (AMP) alumnus/participant of CEIBS	56	4.7%
GEMBA alumnus/participant of CEIBS	47	4.0%
Other	16	1.4%
Total	**1,182**	**100.0%**

FIGURE 3 - PROFESSIONAL BACKGROUND OF RESPONDENTS



DATA DISPLAY: PROFESSIONAL BACKGROUND OF RESPONDENTS

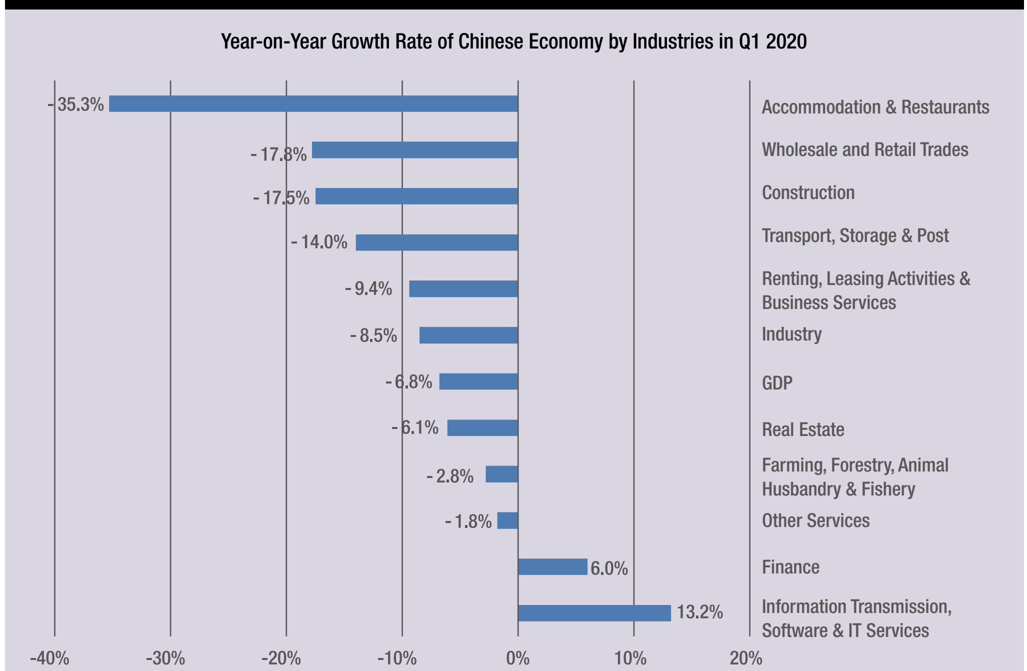
	Number	Percent
CEO/GM/Owner/Partner/Chief Representative	552	46.7%
VP/Vice GM/Director/Assistant of GM	381	32.2%
Project Manager/Business Development Manager/ Product Manager	72	6.1%
Marketing Executive/Sales Executive	62	5.2%
Financial Executive	40	3.4%
Manufacturing, Operations, Logistics or Engineering Executive	28	2.4%
HR Executive	26	2.2%
R&D Executive	10	0.8%
Other	11	0.9%
Total	**1,182**	**100.0%**

The education and professional distributions show that the survey sample is not a typical sample of enterprises operating in China, but rather reflects the situation of the enterprises of the senior executives who have study experiences in CEIBS, especially that of enterprises of 2/3 of the EMBA alumni and students. According to the class profile of CEIBS EMBA programme, the average age of participants is 39.8, average years of working experience is 16, and their average years of managing experience is 11.7. More than 98% of the participants are senior managers. CEIBS has more than 20,000 alumni, including 10,000 EMBA alumni who participated the most in this survey among all alumni or students. Based on the above information, we conclude that the survey result has reference value in the sense that it largely reflects how “head companies” (the leading companies and most active ones in their respective industries) in China assessed and judged the COVID-19 ’s impact on business operations.

1.2. MACROECONOMIC BACKGROUND

The preliminary accounting results of China's 1st quarter GDP released by the National Bureau of Statistics (NBS) on April 18, 2020 summarize the macroeconomic setting of this survey. Figure 4 shows the year-on-year growth rates of GDP and value added of broad industries (at constant price), that is, the growth rate over the same period last year (1st quarter of 2019). The Primary Industry (Farming, Forestry, Animal Husbandry and Fishery) showed a relatively small decline, with a year-on-year growth rate of -2.8%. In the secondary industry, both the Construction and the Industrial Sector had significant drop of 17.5% and 8.5% respectively. In the tertiary industry (Service Industry), we saw the biggest year-on-year decline in: Accommodation and Restaurants (-35.3%), Wholesale and Retail Trades (-17.8%), Transport, Storage and Post (-14.0%), while Finance (6.0%) and Information Transmission, Software & Information Technology Services (13.2%) had positive year-on-year growth.

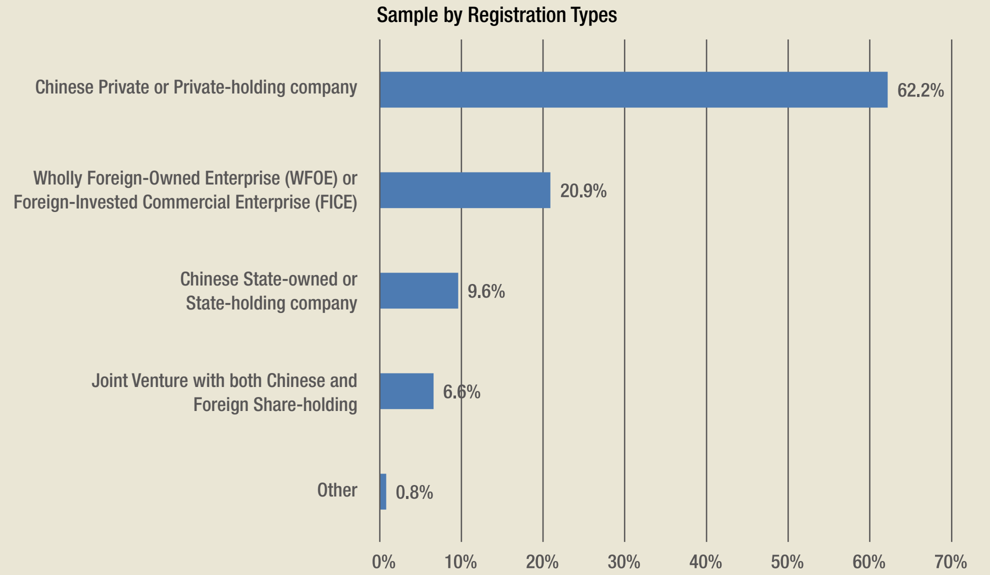
FIGURE 4 - YEAR-ON-YEAR GROWTH RATE OF CHINESE ECONOMY BY INDUSTRIES IN Q1 2020



DATA DISPLAY: THE PRELIMINARY ACCOUNTING RESULTS OF CHINA'S 1ST QUARTER GDP RELEASED BY NBS ON APRIL 18, 2020					
Industry	**Share of GDP**	**Broad Classification**	**Current Value (Trillion)**	**Share of GDP**	**Year-on-Year Change**
Primary Industry	5.2%	Farming, Forestry, Animal Husbandry, and Fishery	1.07	5.2%	-2.8%
Secondary Industry	35.8%	Construction	0.94	4.5%	-17.5%
		Industrial Sector	6.46	31.3%	-8.5%
Tertiary Industry	59.0%	Accommodation & Restaurants	0.28	1.4%	-35.3%
		Wholesale & Retail Trades	1.88	9.1%	-17.8%
		Transport, Storage and Post	0.79	3.8%	-14.0%
		Renting, Leasing Activities & Business Services	0.71	3.5%	-9.4%
		Real Estate	1.53	7.4%	-6.1%
		Other Services	3.97	19.2%	-1.8%
		Finance	2.13	10.3%	6.0%
		Information Transmission, Software & Information Technology	0.89	4.3%	13.2%
Total	**100.0%**	**Gross Domestic Product (GDP)**	**20.65**	**100.0%**	**-6.8%**

2.1. REGISTRATION TYPES

FIGURE 5 - REGISTRATION TYPES

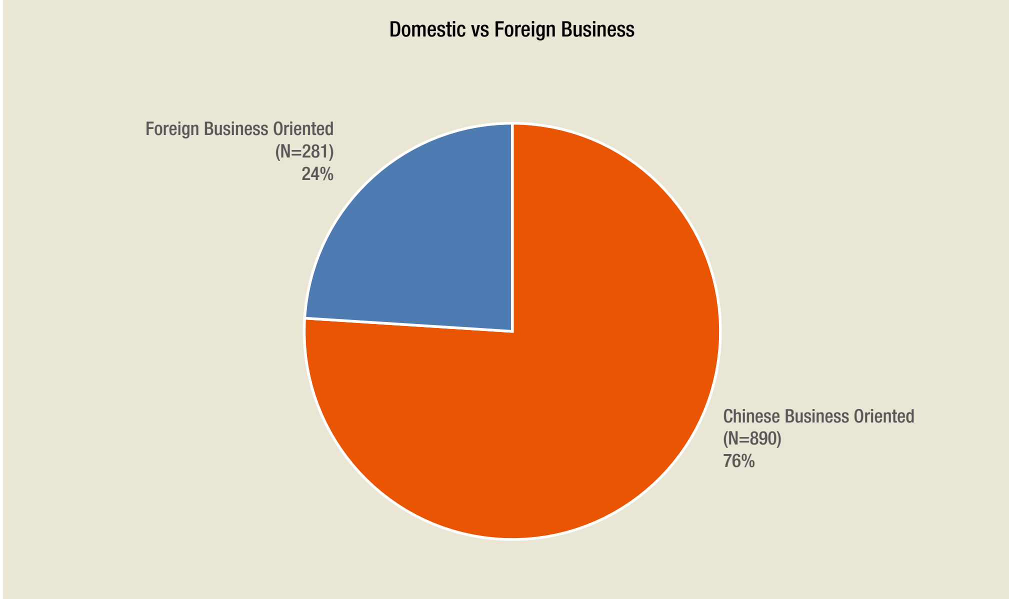


DATA DISPLAY: REGISTRATION TYPES

	Number	Percent
Private or Private-holding Companies	735	62.2%
Wholly Foreign Owned Enterprises or Foreign-Invested Commercial Enterprises	247	20.9%
Chinese State-Owned or State-holding Companies	113	9.6%
Joint Ventures with both Chinese and Foreign Share-holdings	78	6.6%
Other	9	0.8%
Total	**1,182**	**100.0%**

2.2. REVENUE CONTRIBUTION OF BUSINESS IN CHINA

FIGURE 6 - REVENUE CONTRIBUTION OF BUSINESS IN CHINA



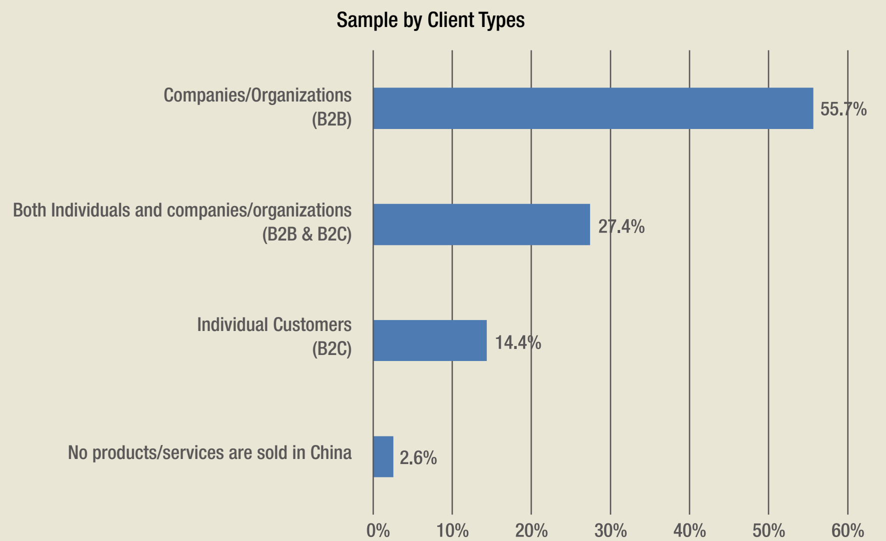
DATA DISPLAY: REVENUE CONTRIBUTION OF BUSINESS IN CHINA (MEASURED BY SHARE OF CHINESE BUSINESS IN TOTAL REVENUE)

		Number	Percent
Introverted: Business in China accounted for more than 50% of the total revenue Total: 890 (Percent=76%)	100%	474	40.5%
	75%-99%	318	27.2%
	50%-74%	98	8.4%
Extroverted: Overseas Business accounted for more than 50% of the total revenue Total: 281 (Percent=24%)	25%-49%	86	7.3%
	0%-24%	195	16.7%
	Total	**1,171**	**100.0%**

Note: 11 survey respondents did not answer this question.

2.3. CLIENT TYPES IN CHINA

FIGURE 7 - CLIENT TYPES IN CHINA

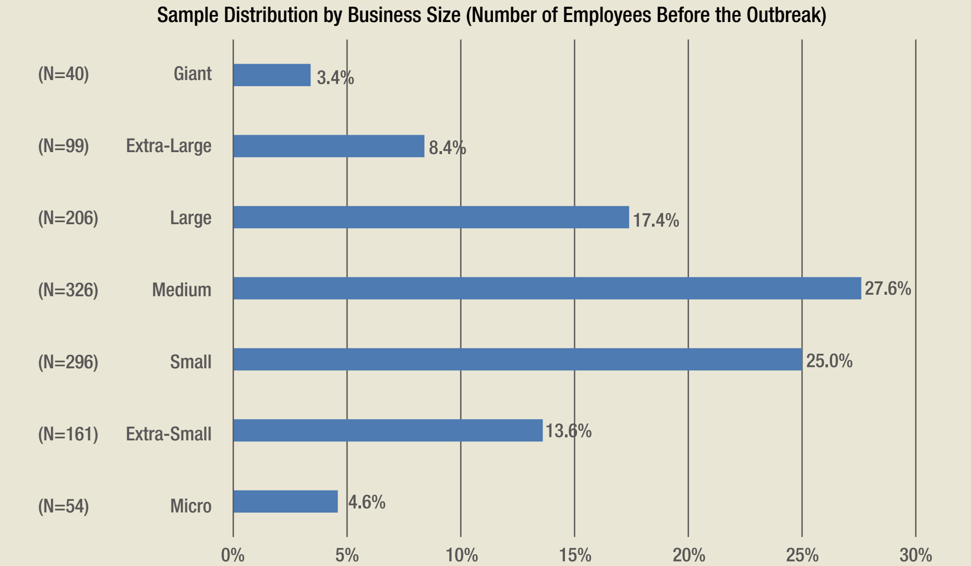


DATA DISPLAY: CLIENT TYPES IN CHINA		
	Number	**Percent**
Companies/Organizations (B2B)	655	55.7%
Both Individuals and companies/ organizations (B2B & B2C)	323	27.4%
Individual Customers (B2C)	169	14.4%
No products/services are sold in China	30	2.6%
Total	**1,177**	**100**

Note: 5 survey respondents did not answer this question.

2.4. BUSINESS SIZES

FIGURE 8 - BUSINESS SIZES



DATA DISPLAY: BUSINESS SIZES (MEASURED BY THE NUMBER OF EMPLOYEES IN CHINA BEFORE THE OUTBREAK OF COVID-19 PANDEMIC)

	Number of Employees	Number	Percent
Micro	0-9	54	4.6%
Extra-Small	10-49	161	13.6%
Small	50-299	296	25.0%
Medium	300-1999	326	27.6%
Large	2000-9999	206	17.4%
Extra-Large	10,000-49,999	99	8.4%
Giant	50,000 or above	40	3.4%
	Total	**1,182**	**100.0%**

2.5. INDUSTRY DISTRIBUTION

FIGURE 9 - INDUSTRY DISTRIBUTION OF SURVEY VS. INDUSTRY DISTRIBUTION OF NBS

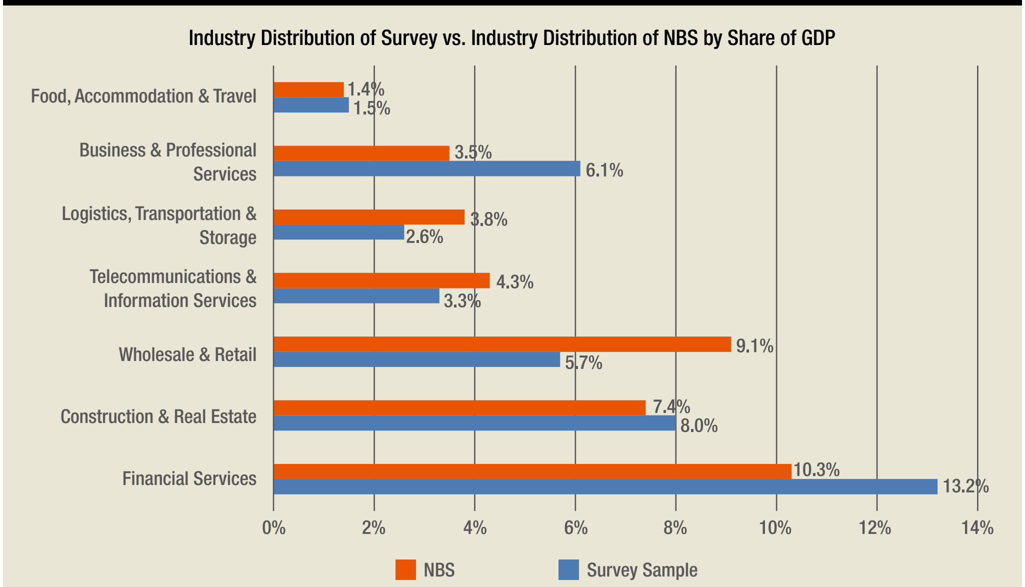


Figure 9 shows that the composition of the service industry in our sample is close to the contribution of service sectors to the 1st quarter China's GDP in NBS report. For example, Financial Services accounts for 13.2% of the service industry in terms of sample number, and 10.3% of China's GDP in NBS report; Information Services accounts for 3.3% of the service sample and 4.3% of GDP. Transportation, Logistics and Storage accounts for 2.6% of the service sample and 3.8% of GDP. Food, Accommodation & Travel accounts for 1.5% of the service sample and 1.4% of the GDP. In the NBS data, service sectors such as Education, Health Care and Entertainment are lumped together into "Other Services", while in our case, Education (4.3%), Health Care (4.3%) and Media, Entertainment & Recreation (3.8%) are listed separately.

The 1st column of table on the right shows the first level industrial classification of the National Bureau of Statistics, and the 3rd column shows the industry classification used in this survey. There are 20 industries in the questionnaire: 1 sector in the primary industry (Agriculture, Forestry, Animal Husbandry, Fishing and Mining), 9 in the secondary industry, and 10 in the tertiary industry. There are 31 Agribusiness companies which account for only 2.6% in our sample. Considering that companies of most CEIBS alumni and students are engaged in modern agricultural production similar to manufacturing, we put Agriculture, Forestry, Animal Husbandry, Fishing and Mining under manufacturing. As a result, the sample size of manufacturing companies becomes 554 with a share of 47.3%, including 10 broad industries. We further combined the Construction and the Real Estate and put it under the service industry, so the size of service industry is 617 with a share of 52.7%, covering 10 broad industries.

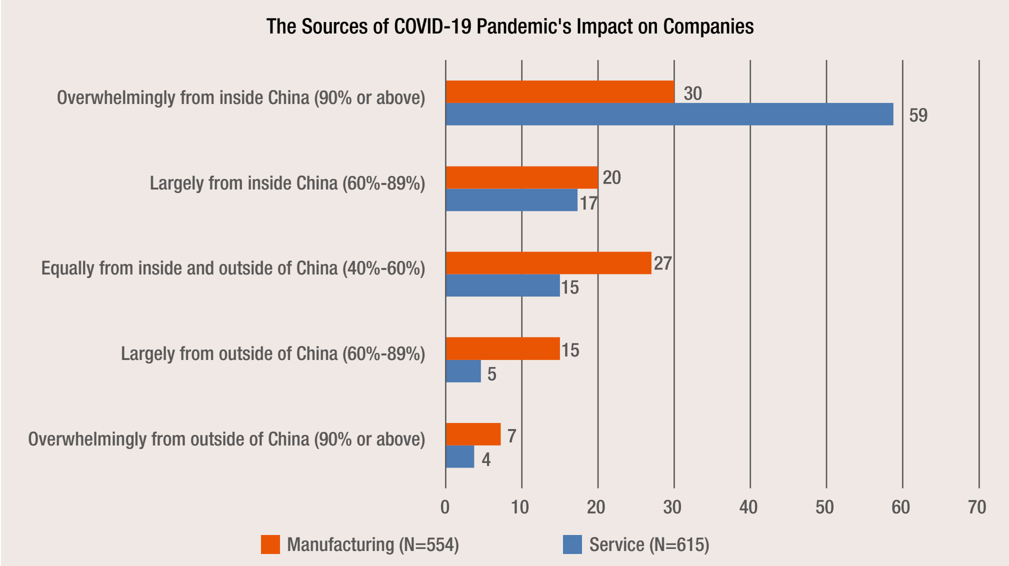
These similarities in industry distributions increase the reference value of the survey result.

DATA DISPLAY: INDUSTRY DISTRIBUTION OF SURVEY VS. INDUSTRY DISTRIBUTION OF NBS BY SHARE OF GDP				
Industrial Classification (NBS)	**Share of GDP (NBS)**	**Industrial Classification (Survey)**	**Number (Survey)**	**Percent (Survey)**
Primary Industry	**5.2%**	Agriculture, Forestry, Animal Husbandry, Fishing & Mining	31	2.7%
Secondary Industry (Excluding Construction)	**31.3%**	Communications & Technology Products	128	10.9%
		Consumer Products	95	8.1%
		Machinery & Equipment	93	7.9%
		Medical & Pharmaceutical Products	66	5.6%
		Automobile & Transportation Vehicles	65	5.6%
		Chemicals and Energy	30	2.6%
		Materials, Printing & Packaging	20	1.7%
		Public Utlities (Water, Electricity, etc)	15	1.3%
		Environment, new energy and new materials	11	0.9%
		Total (Manufacturing)	**554**	**47.3%**
Tertiary Industry (Including Construction)	**63.5%**			
Finance	10.3%	Financial Services	154	13.2%
Real Estate	7.4%	Construction & Real Estate	94	8.0%
Construction	4.5%			
Wholesale and Retail Trades	9.1%	Wholesale and Retail	67	5.7%
Information Transmission, Software & Information Technology	4.3%	Telecommunications & Information Services	39	3.3%
Transport, Storage & Post	3.8%	Logistics, Transportation & Storage	30	2.6%
Renting, Leasing Activities & Business Services	3.5%	Business and Professional Services	71	6.1%
Accommodation & Restaurants	1.4%	Food, Accommodation & Travel	17	1.5%
Other Services	19.2%	Education	50	4.3%
		Health Care Services	50	4.3%
		Media, Entertainment & Recreation	45	3.8%
		Service Industry	**617**	**52.7%**
Total	**100.0%**	**Total**	**1,171**	**100.0%**

3.1. THE REGIONAL SOURCES OF COVID-19 PANDEMIC'S IMPACT IN Q1 2020

Figure 10 shows the regional sources of the impact of COVID-19 on manufacturing and services, based on question 12 "Where does the COVID-19 pandemic's impact on your company come from?". As can be seen from figure 10, the shocks on the service industry were mainly from inside China. 59% of respondents believed that 90% or more of the impact came from China, and another 17% believed that 60-89% of the impact was from China. Less than 10% of service companies believed that the impact was mainly from overseas (more than 60%). In contrast, domestic and overseas impacts on the manufacturing industry were evenly distributed, with 30% of respondents believed that 90% or more of the impact on their companies was from China, and 27% believed that domestic and overseas influences were roughly the same. In general, the impact of the pandemic in the 1st quarter mainly came from China, but the impact from overseas can hardly be ignored, especially for manufacturing companies.

FIGURE 10 - THE REGIONAL SOURCES OF COVID-19 PANDEMIC'S IMPACT ON COMPANIES



3.2. IMPACT ON Q1 BUSINESS OPERATIONS IN CHINA

Based on the question 4 “In the first quarter of 2020, what is the estimated reduction of your company’s business in China caused by the COVID-19 pandemic?”, figure 11 ranks all service sectors according to their severity of impact, measured by the proportion of companies in each sector whose business activities in China decreased by 60% or more in Q1 2020. The higher the ranking, the greater the impact on business activities. Figure 12 shows companies’ resistance to pandemic’s impact in each sector, measured by the proportion of companies whose business activities in China declined by 20% or less in Q1 2020. The higher the ranking, the smaller the impact on business activities and the stronger the ability to resist shocks.

FIGURE 11 - THE MOST AFFECTED SERVICE SECTORS

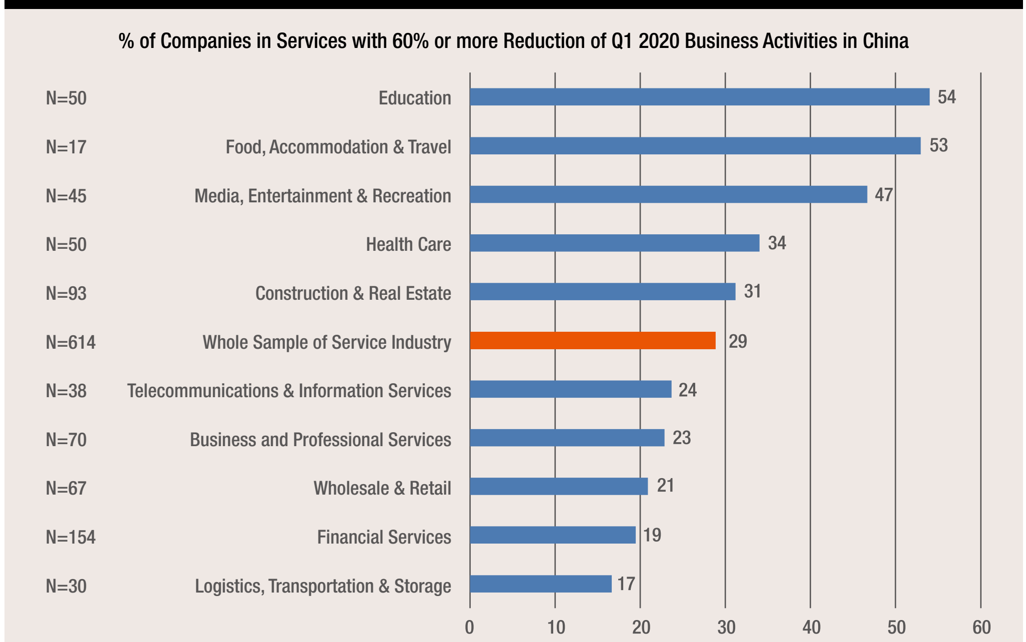


Figure 11 shows the proportion of each service sector with 60% or more reduction of 1st quarter business activities in China under the impact of COVID-19. In Education, Food, Accommodation & Travel and Media, Entertainment & Recreation, the most affected sectors, 54%, 53% and 47% of companies had more than 60% reduction of their business activities in China. The main reason was that the pandemic greatly restricted travelling and offline consumption, hence industries who were highly dependent on offline business bore the brunt of the pandemic. While education, catering or entertainment companies started online services such as online tutoring and food delivery, they can hardly ensure the same level of consumer experience as before. This is especially true for the middle and high-end service companies run by many CEIBS alumni and students. Therefore it’s inevitable that these industries received huge blow in the 1st quarter.

FIGURE 12 - THE LEAST AFFECTED SERVICE SECTORS

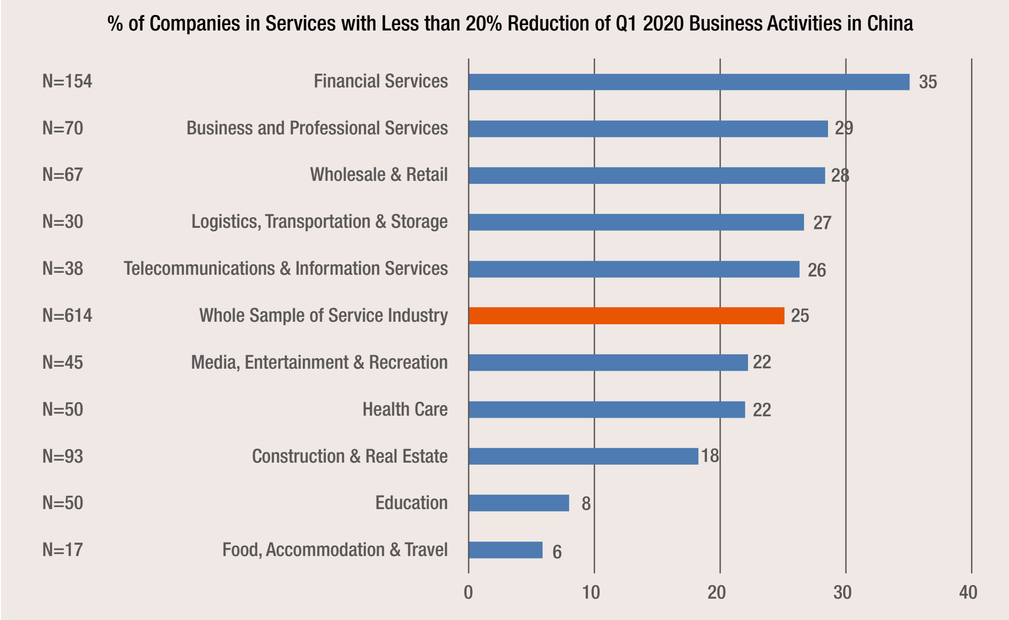


Figure 12 shows the proportion of each service sector with 20% or less reduction of 1st quarter business activities in China. Financial Services, Business & Professional Services were less affected compared to other sectors, as 35% and 29% of companies in these two sectors had less than 20% reduction of business activities.[2] Financial companies showed more resistance as they could handle most of the services like securities trading and banking services online, and were less affected by social distancing.

We noticed that 28% of wholesale and retail enterprises experienced less than 20% reduction of business activities. The result suggests that the industry has, to some extent, realized its transition from relying on offline operations to focusing on online electronic sales which improved companies' resistance to external shocks. Logistics, Transportation and Storage also performed better than industry average, partly because of the rise in online consumption and high demand for logistic services during the pandemic. In addition, there was huge disparity in Media, Entertainment & Recreation. On one hand, 47% of enterprises suffered a huge decline in their 1st quarter business activities in China. On the other hand, 22% of enterprises encountered a smaller decline of 20% or less.

[2] *Business and Professional Services includes consulting, advertising, design, leasing, public relations, exhibition, law, inspection and certification, and production services, etc.*

Let's look at manufacturing. Figure 13 shows the proportion of companies in manufacturing (including Agriculture, Forestry, Husbandry, Fishing & Mining) whose business activities in China declined by 60% or more in the 1st quarter. The manufacturing industry was much less affected than the service industry, with less than 30% of companies in each of the 10 sectors reporting significant drop in business activities. On the contrary, in 5 out of 10 service sectors, 30% of companies suffered a higher-than-60% decline according to figure 11. In Education, and Food, Accommodation & Travel, 54% and 53% of companies encountered huge disruptions in their business activities. On industry level, 29% of companies in services experienced 60% or more reduction compared with only 18% in manufacturing.

FIGURE 13 - THE MOST AFFECTED MANUFACTURING SECTORS

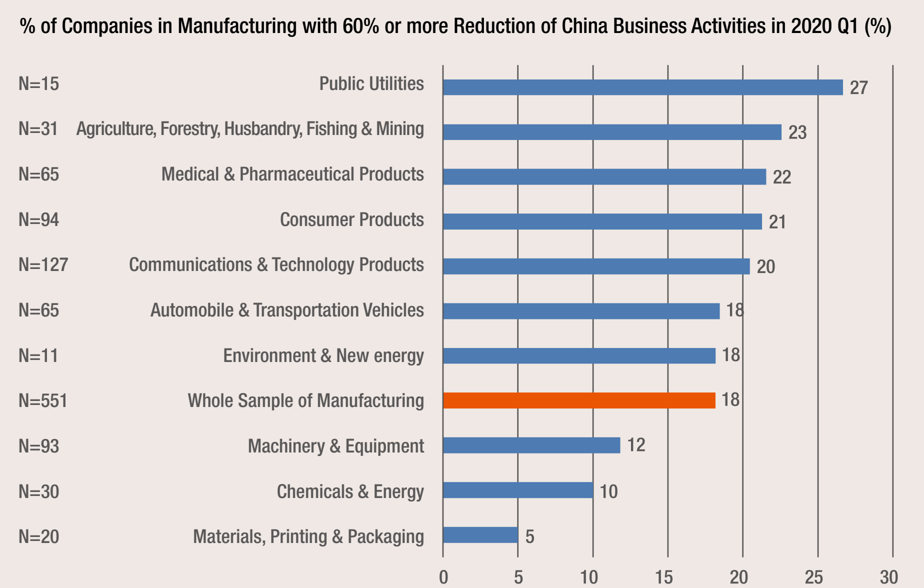
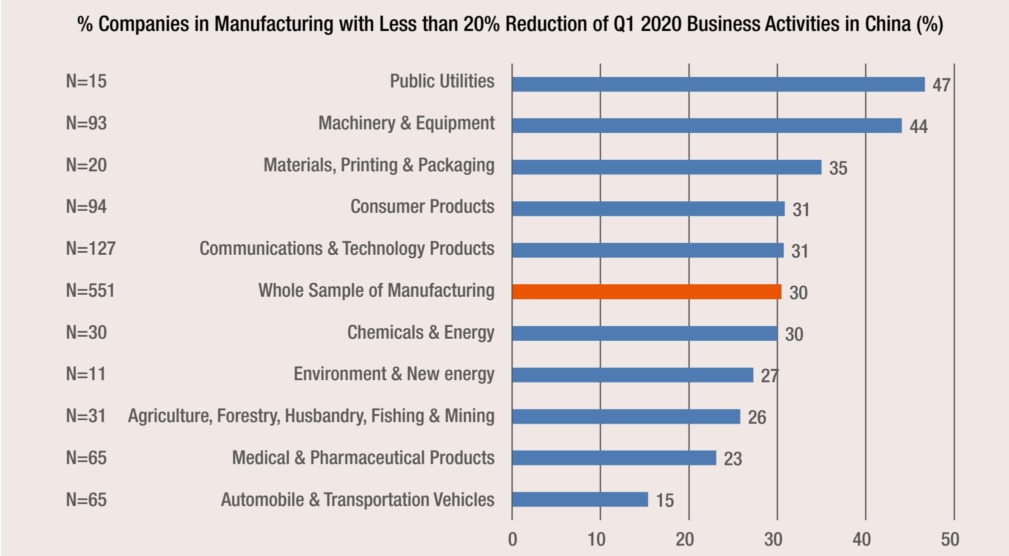


Figure 14 further confirms that manufacturing companies are more resistant to the pandemic. In Public Utilities (Water, Electricity, etc), Machinery & Equipment, Materials, Printing & Packaging, 47%, 44% and 35% of companies reported decline of 20% or less in their business activities in the 1st quarter.[3] Consumer Products and Communications & Technology Products followed behind, with 31% of companies reporting a drop of less than 20%. Thus, product features and demand elasticity are important determinants of the pandemic's impact on manufacturing enterprises. For example, Public Utilities provides living necessities and supply of water or electricity must be ensured. Similarly, Consumer Products provides daily necessities, and demand for these products is usually inelastic. Moreover, online shopping became very active in China as brick-and-mortar stores closed and social distancing was enforced. This provided another sales channel for businesses. On the contrary, in Automobile & Transportation Vehicles, only 15% of companies had less than 20% decline in business activities, because of the greater demand elasticity of their products.

FIGURE 14 - THE LEAST AFFECTED MANUFACTURING SECTORS



[3] *Materials includes the production and manufacturing of metal and non-metal products. We merged Materials and Printing & Packaging due to their small sample sizes.*

3.3. EXPECTED RECOVERY OF BUSINESS OPERATIONS BY THE END OF Q2 2020

Based on question 5 "Looking forward, by the end of June, what percentage of your company's business activities do you expect to return to normal?", figure 15 and figure 16 respectively show the proportion of enterprises with slow (below 40%) and fast (above 80%) expected recovery of business activities in the service industry by the end of June. Food, Accommodation & Travel and Education not only experienced serious decline of business activities in the 1st quarter, but were also pessimistic towards recovery in the 2nd quarter. In catering and education sectors, 41% and 32% of companies expected that less than 40% of their business activities would return to normal by the end of June. In Media, Entertainment & Recreation, 20% of companies expected slow recovery of business in the 2nd quarter, and only 24% of companies expected fast recovery. These 3 industries were at bottom of the recovery ranking in figure 16. The service sectors expected to recover the fastest were Financial Services, Telecommunications & Information Services, and Business & Professional Services, which were also less affected during the pandemic. There are two things worth mentioning. First, there was wider difference among service industries with respect to their performance during the pandemic. The expected recovery of business activities in services mainly depends on business modes. The financial and telecommunication industries with strong alternatives to offline services were less affected by the pandemic, while education, catering and tourism industries with weak alternatives were more heavily affected. Second, although the pandemic has been quickly brought under control in China and the economy is in the progress of restart, it still takes time for business activities to return to normal.

FIGURE 15 - SERVICE SECTORS WITH LOWEST DEGREE OF ESTIMATED RECOVERY BY THE END OF JUNE

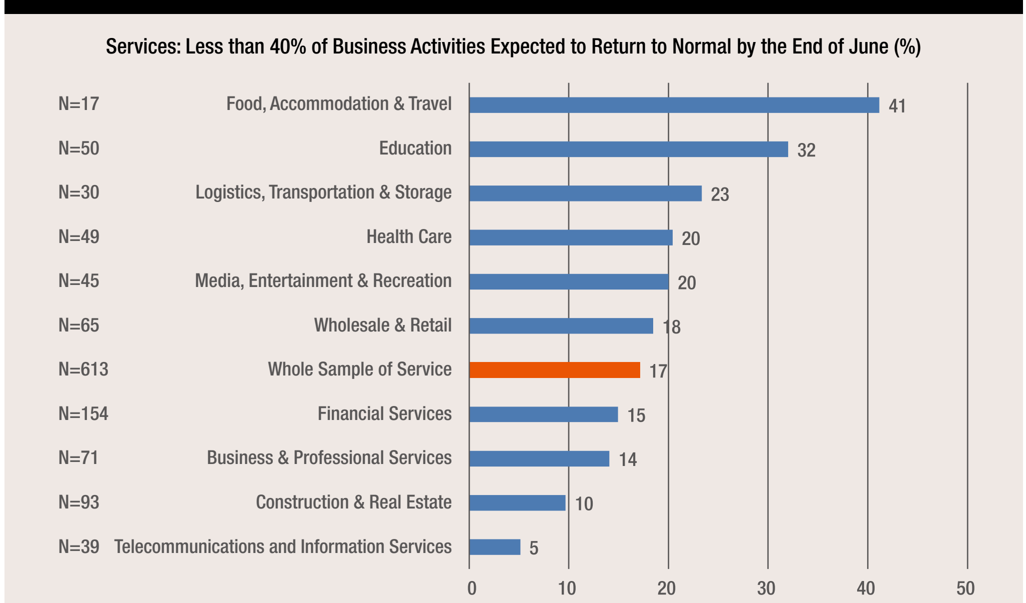
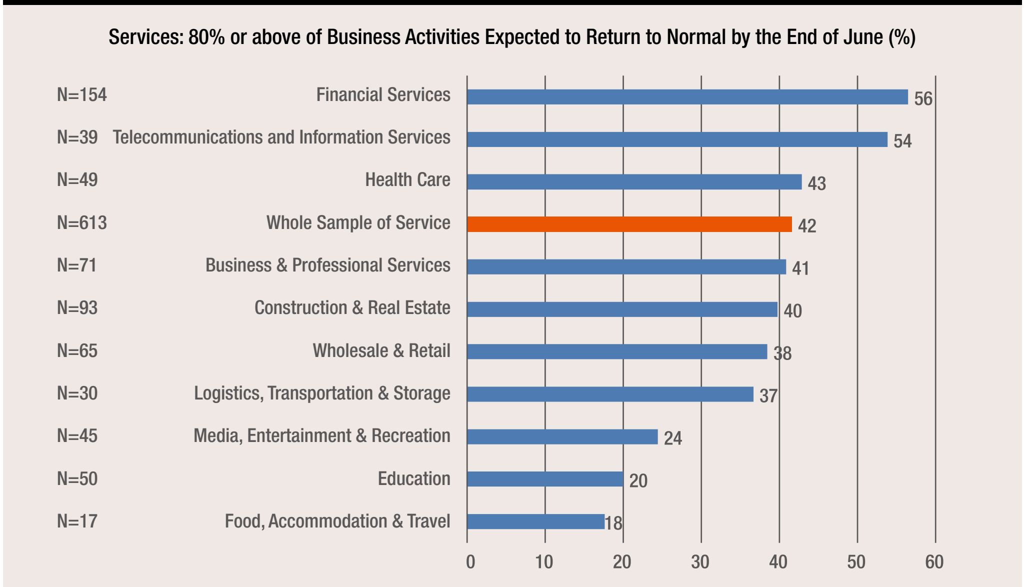


FIGURE 16 - SERVICE SECTORS WITH HIGHEST DEGREE OF ESTIMATED RECOVERY BY THE END OF JUNE



Let's look at manufacturing. Figure 17 shows that the expected degree of recovery in manufacturing is quite high. Figure 18 shows that in 7 of the 10 manufacturing sectors, more than half of the companies expect that 80% or more of their business activities would resume by the end of June. On average only 10% of manufacturing companies expect that less than 40% of business would be back on track. There is also less difference in expected recovery across manufacturing sectors.

FIGURE 17 - MANUFACTURING SECTORS WITH LOWEST DEGREE OF ESTIMATED RECOVERY BY THE END OF JUNE

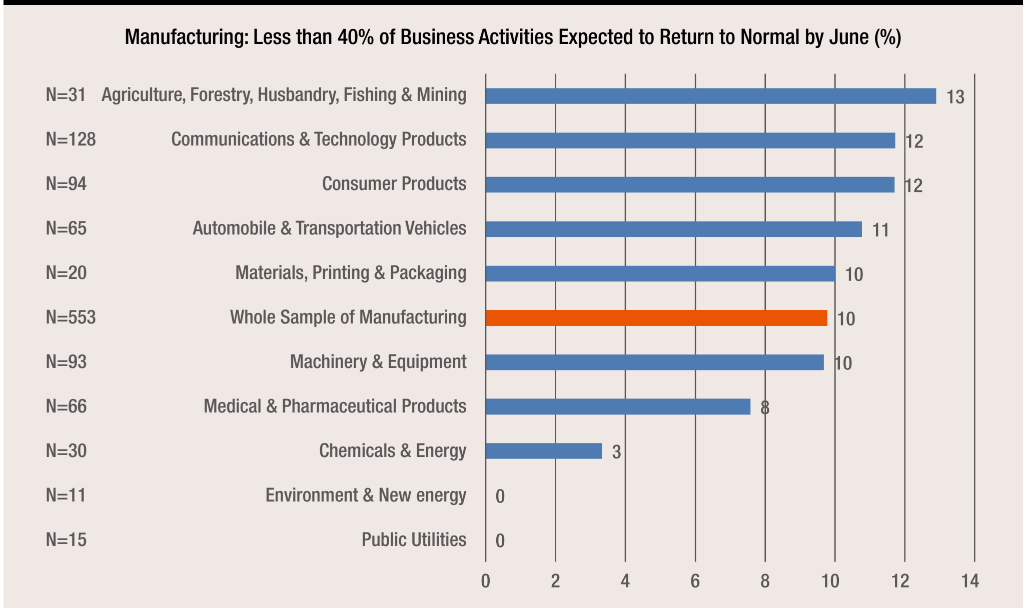
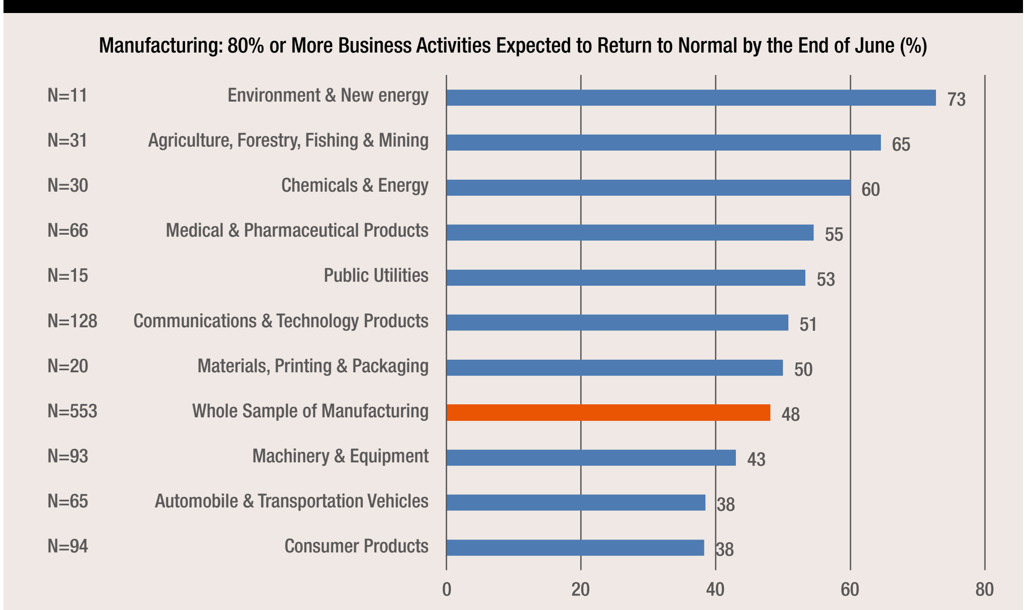


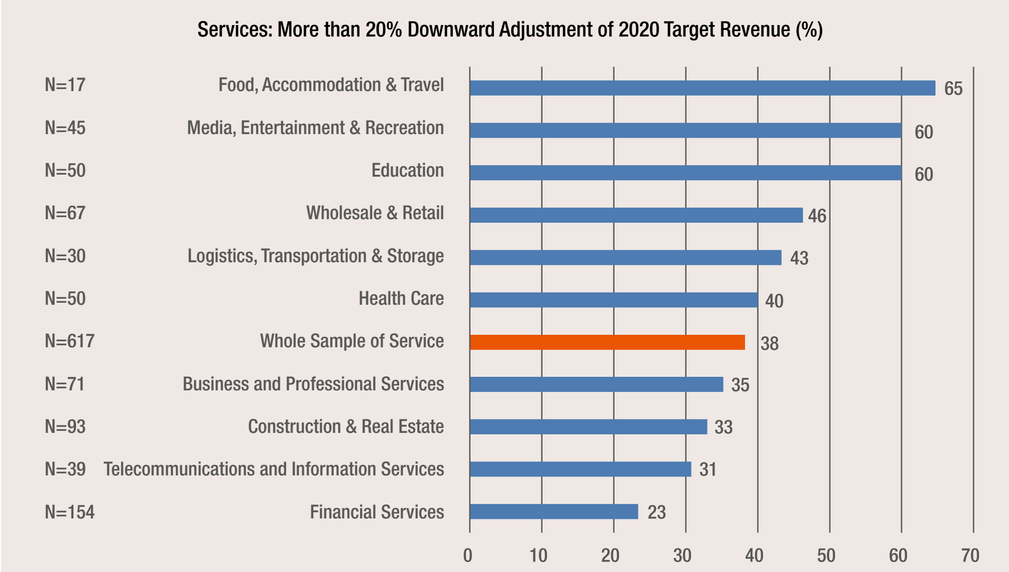
FIGURE 18 - MANUFACTURING SECTORS WITH HIGHEST DEGREE OF ESTIMATED RECOVERY BY THE END OF JUNE



3.4. ADJUSTMENT OF 2020 TARGET REVENUE

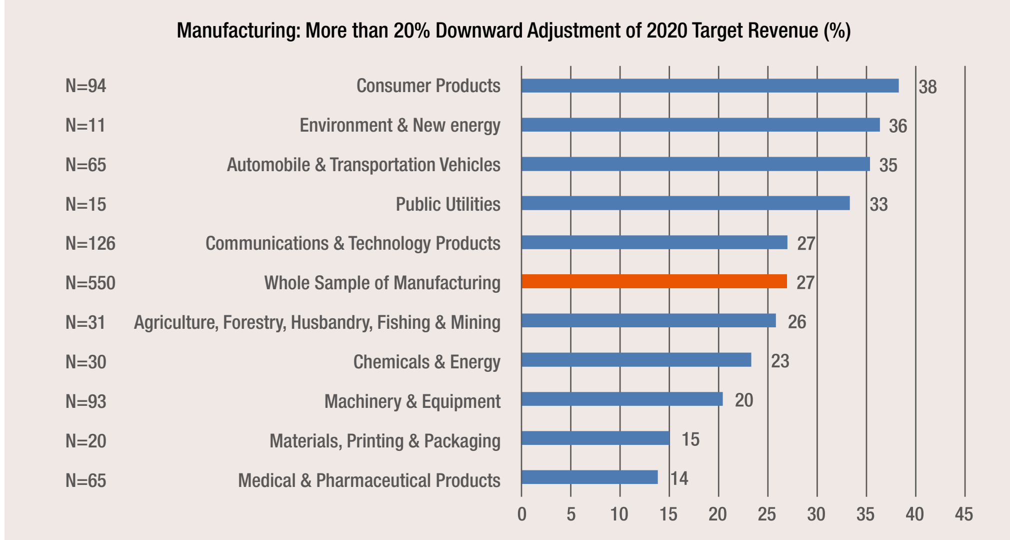
Based on question 6 "Due to the COVID-19 pandemic, how would your company's 2020 target revenue be adjusted?", figure 19 and 20 show the proportion of companies with significant downward adjustment (20% or more) of target revenue in manufacturing and services.

FIGURE 19 - SERVICE INDUSTRIES WITH SIGNIFICANT DOWNWARD ADJUSTMENT OF 2020 TARGET REVENUE



Acording to figure 19, in Food, Accommodation & Travel (65%), Education (60%) and Media, Entertainment & Recreation (60%), more than 60% of companies downward adjusted their year-end target revenue by 20% or more. The main reason was that these industries were heavily hit in the 1st quarter and expect slow recovery in the 2nd quarter. We noticed that up to 46% of wholesale and retail companies have cut their full-year revenue targets by 20% or more, although the impact on their business operations was not as significant as that on other sectors in the 1st quarter. Figure 19 shows that there were fewer adjustments in Financial Services, Telecommunications and Information Services, as well as Construction & Real Estate. On the whole, except for financial industry, the proportion of enterprises in the other 9 service industries with significant adjustment exceeded 30%. In general service companies expect that the shocks on business performance would continue in the second half of the year. As can be seen from figure 20, in 6 of 10 manufacturing sectors, less than 30% of companies have significantly lowered revenue targets. The business performance in manufacturing was far better than in service industry. On industry average, 38% of companies in the service industry slashed their 2020 revenue targets, compared with only 27% in the manufacturing industry. In manufacturing, Consumer Products, Environment & New Energy, and Automobile & Transportation Vehicles had the highest proportions in which 38%, 36% and 35% of companies downward adjusted their revenue targets by 20% or more.

FIGURE 20 - MANUFACTURING INDUSTRIES WITH SIGNIFICANT DOWNWARD ADJUSTMENT OF 2020 TARGET REVENUE



3.5. THE BIGGEST DIFFICULTIES FOR COMPANIES CAUSED BY COVID-19

Based on question 10 “Due to the COVID-19 pandemic, what are the difficulties by your company in China (You may choose up to three)?”, figure 21 and 22 rank difficulties from high to low, based on the proportion of respondents in each industry choosing a given option. For service industry, the biggest challenges were sales difficulties and travel difficulties for employees, also the top difficulties for manufacturing. Sales difficulties arose partly because customers cancelled orders due to financial or other operational concerns during the pandemic. For enterprises whose overseas orders account for a high proportion of total sales, the simultaneous decline in domestic and foreign demand was undoubtedly a double blow. Restrictions on mobility created barrier for the communication between enterprises and their clients or partners. The degree of supply chain operation difficulties encountered by services and manufacturing varied considerably.

Figure 21 shows that service companies did not choose domestic or global supply chain operation difficulties as their biggest challenges. However figure 22 shows that difficulties in global and domestic supply chain operations were top 3 challenges for 39% and 21% of manufacturing companies. This was due to the fact that normal functioning of supply chain is very crucial to manufacturing enterprises, and overseas expansion increases business’ exposure to global risks. As the pandemic spreads overseas, we expect that more and more manufacturing companies will select supply chain operation difficulties as their top challenges.

FIGURE 21 - THE BIGGEST CHALLENGES FOR SERVICE INDUSTRY

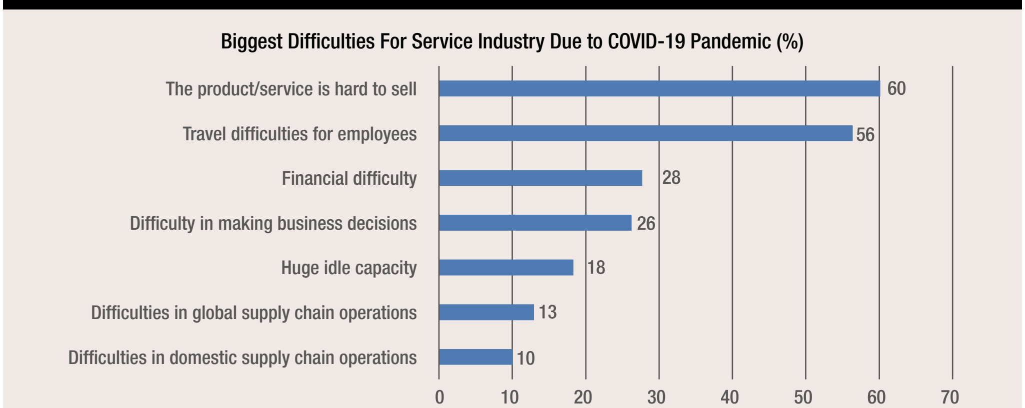
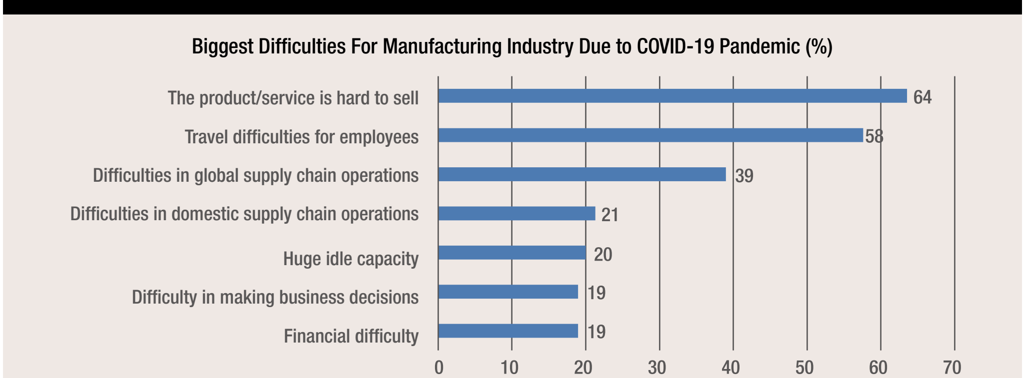


FIGURE 22 - THE BIGGEST CHALLENGES FOR MANUFACTURING INDUSTRY



4.1. MEASURES ALREADY TAKEN BY COMPANIES IN RESPONSE TO THE PANDEMIC

Based on question 11 "What measures has your company already taken to deal with the COVID-19 pandemic (You may choose up to three)?", figure 23 and 24 show the measures already taken by manufacturing and service companies during the pandemic. We ranked the measures according to the proportion of companies in each industry choosing a given option. It can be seen that work-from-home was the top 3 measure of 67% and 61% of service and manufacturing companies respectively. Some companies indicated in the questionnaire that they would fasten the pace of business digitalization and strengthen online sales. Considering the many factors that were not conducive to offline operations during the pandemic like social distancing policy, it was not surprising that switching to remote working became the most popular measure.

However online services cannot fully replace offline services. For example in education and health-care industries, the core value of their services can only provided by offline services. For those companies, negotiating with business partners and trying new business were key measures they have taken to tackle the problems. 37% of service companies and 47% of manufacturing companies listed "negotiating with business partners" as top 3 response. In addition, 37% and 31% of service and manufacturing companies selected "turning to new business" as top 3 measure. However in both service and manufacturing industries, adjusting headcount and salaries was not the major practice adopted by companies (25% in both services and manufacturing), and far fewer companies sought for government assistance (10% in services, and 16% in manufacturing).

FIGURE 23 - MEASURES TAKEN BY SERVICE INDUSTRY

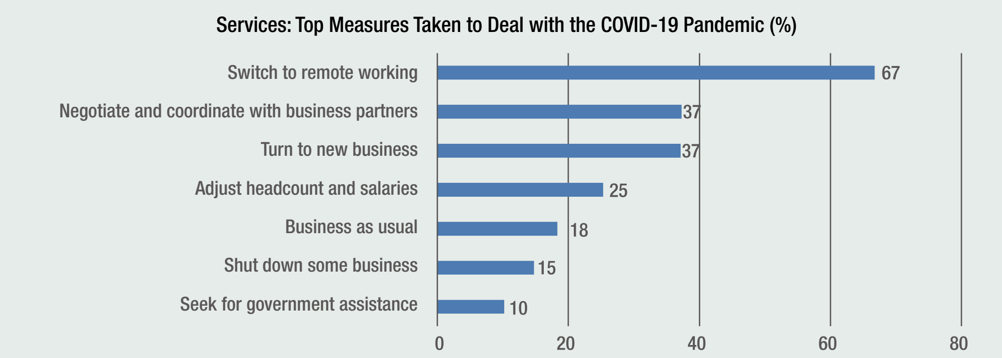
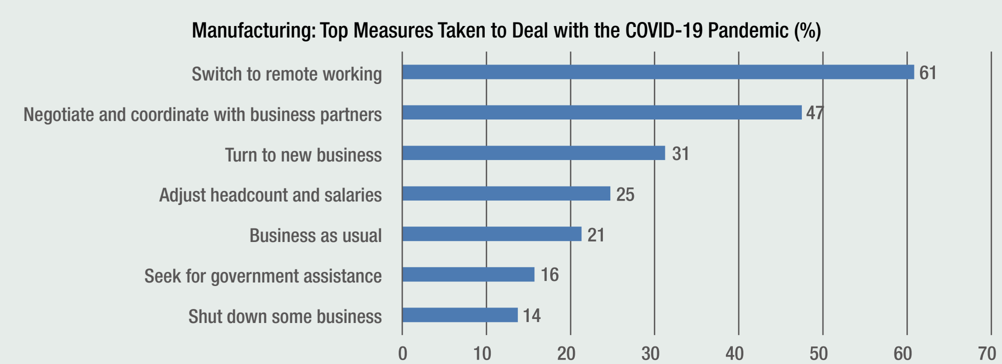


FIGURE 24 - MEASURES TAKEN BY MANUFACTURING INDUSTRY



4.2. ADJUSTMENT OF 2020 RECRUITMENT PLAN IN CHINA

Based on question 8 "Due to the COVID-19 pandemic, how would your company adjust the 2020 recruitment plan in China?", figure 25 and 26 show the proportion of service and manufacturing companies choosing a specific adjustment measure.

FIGURE 25 - ADJUSTMENT OF 2020 RECRUITMENT PLAN IN CHINA IN SERVICES

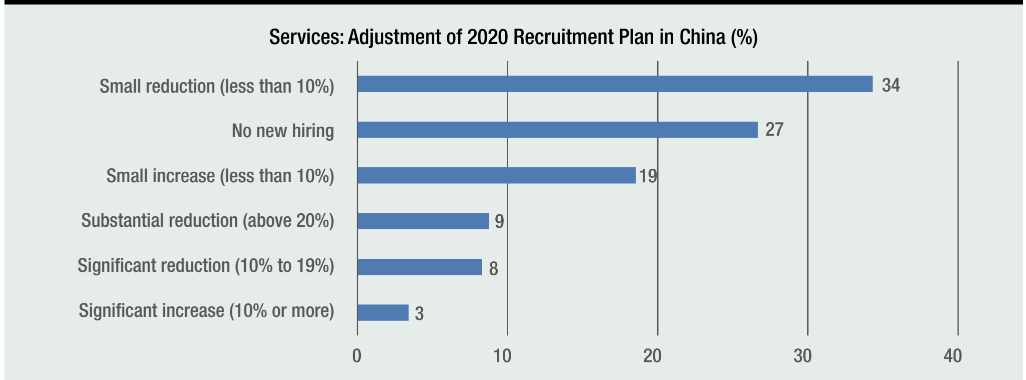
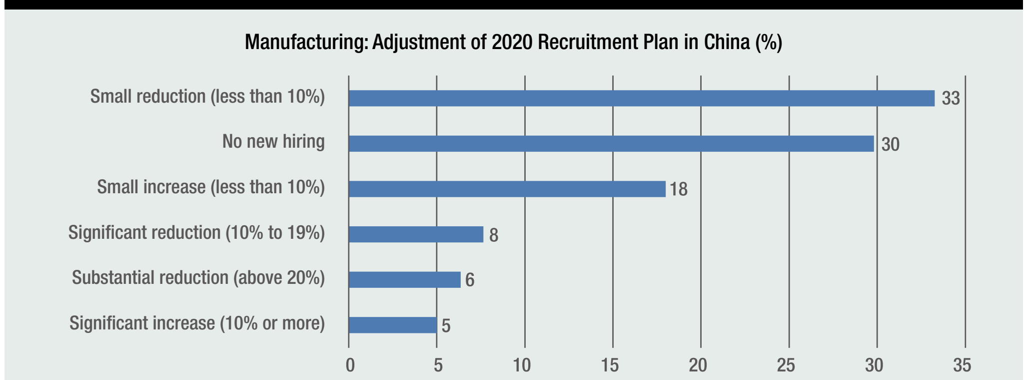


FIGURE 26 - ADJUSTMENT OF 2020 RECRUITMENT PLAN IN CHINA IN MANUFACTURING



As shown in figure 25 and figure 26, there was reduction in planned recruitment in China in both service and manufacturing sectors. 34% and 33% of service and manufacturing firms chose "small reduction", ranking the first among all options. Another 27% of service firms and 30% of manufacturing firms stopped new hiring. In addition, 17% of service and 14% of manufacturing companies significantly (10% to 19% reduction) or substantially (20% or above reduction) scaled back new hiring for 2020. These figures suggest that the pandemic has severely hit the labor market. Notably, 19% of service companies and 18% of manufacturing companies planned to increase hiring slightly, while another 3% in service sectors and 5% in the manufacturing sectors increased hiring significantly. The reasons might be that companies still expect positive growth this year, or have found new sources of growth amid the pandemic.

4.3. MEASURES IN HR MANAGEMENT TAKEN BY COMPANIES IN RESPONSE TO THE PANDEMIC

Based on question 9 "What are the measures in HR management that your company has already taken to deal with the COVID-19 pandemic (You may choose up to three)?", figure 27 and 28 rank the proportion of companies in services and manufacturing choosing a specific measure from highest to lowest. Most companies chose not to layoff workers or cut salaries. In bot service and manufacturing industries, more than 60% of companies chose "no layoffs" as top 3 measure, and more than 50% chose "no salary cut". Only 17% of service companies laid off workers and 12% cut salaries for all. In manufacturing, the figures are 17% and 11% respectively.

FIGURE 27 - MEASURES IN HR MANAGEMENT TAKEN BY SERVICE INDUSTRY IN RESPONSE TO THE PANDEMIC

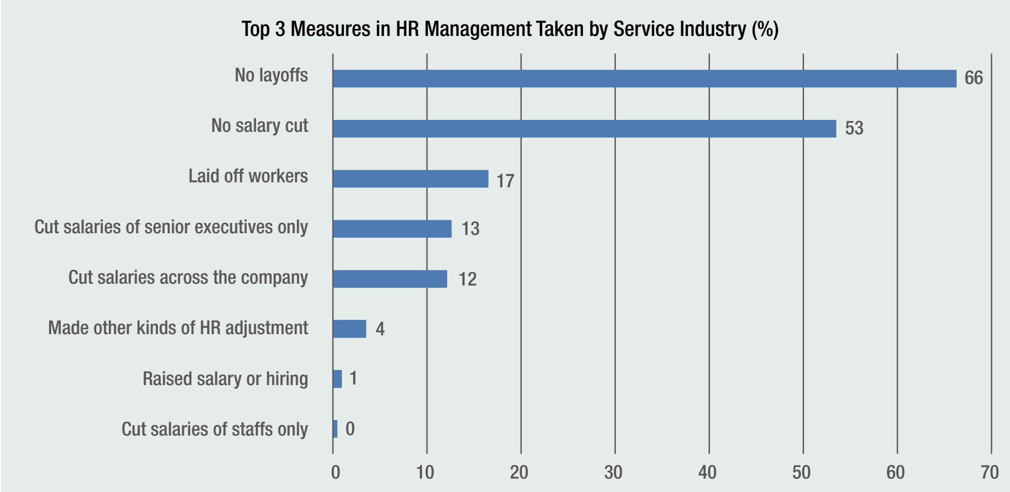
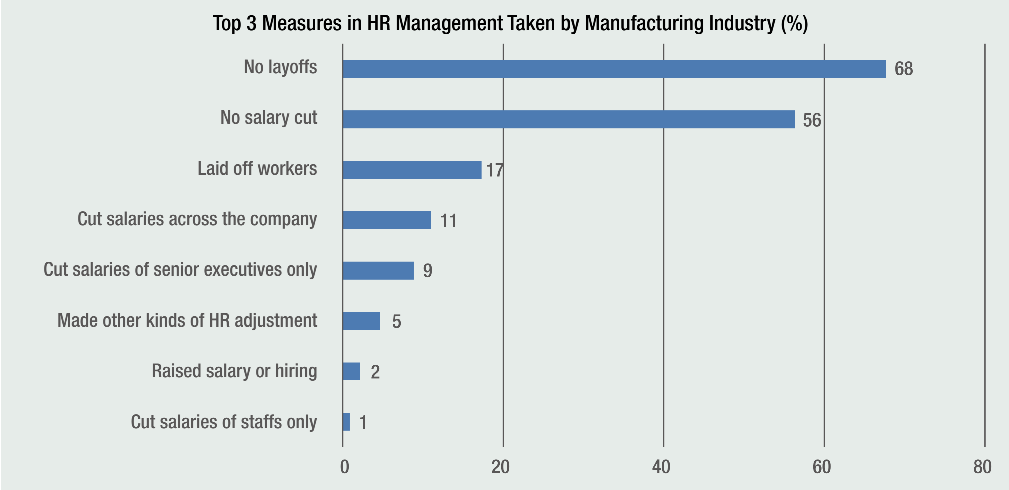


FIGURE 28 - MEASURES IN HR MANAGEMENT TAKEN BY MANUFACTURING INDUSTRY IN RESPONSE TO THE PANDEMIC



Based on the comments of respondents in the survey, we summarized the following points: **1.** Instead of cutting salaries directly, some companies chose to postpone salaries. This measure not only saved cost for companies, but also stabilized expectations of employees. With a stable workforce, firms would have a quick restart once the pandemic is brought under control and economy improves. **2.** Some companies said that no layoffs or salary cut had been implemented so far but would consider adopting these measures if the situation worsened. The pandemic, as a global health crisis, is more uncertain and uncontrollable compared to financial crisis, hence business can hardly predict the future trend of the pandemic, in particular the situation outside of China. **3.** Some enterprises said that they would stop raising salary or control the magnitude of salary increase, while some enterprises raised salary as planned. These responses reflected that the pandemic's impact on those enterprises was relatively small or they had ample cash-flow. **4.** Some enterprises gave employees unpaid leave to reduce costs. **5.** Some companies optimized their personnel structure by keeping the fittest, while others raised salaries for key employees or hired new people for key positions. These practices indicated that employees with technical advantages or worked for core departments were less negatively affected.

4.4. TOP 3 ASSISTANCE COMPANIES WANT TO GET FROM THE CHINESE GOVERNMENT

Based on question 13 "In the rest of the year, what are the top–three assistance that your com–pany wants to get from the Chinese government (You may choose up to three)?" , figure 29 and 30 show the will of companies in service and manufacturing industries.

FIGURE 29 - TOP 3 ASSISTANCE SERVICE COMPANIES WANT TO GET FROM THE CHINESE GOVERNMENT

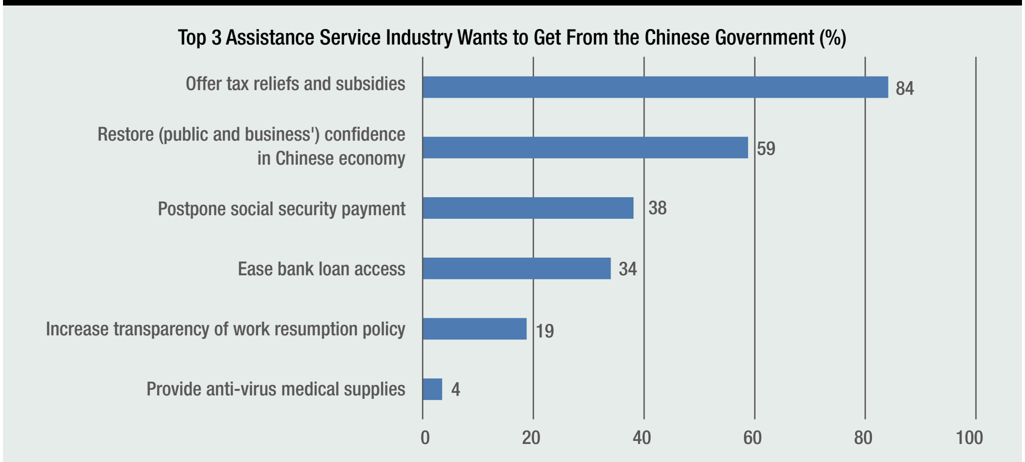
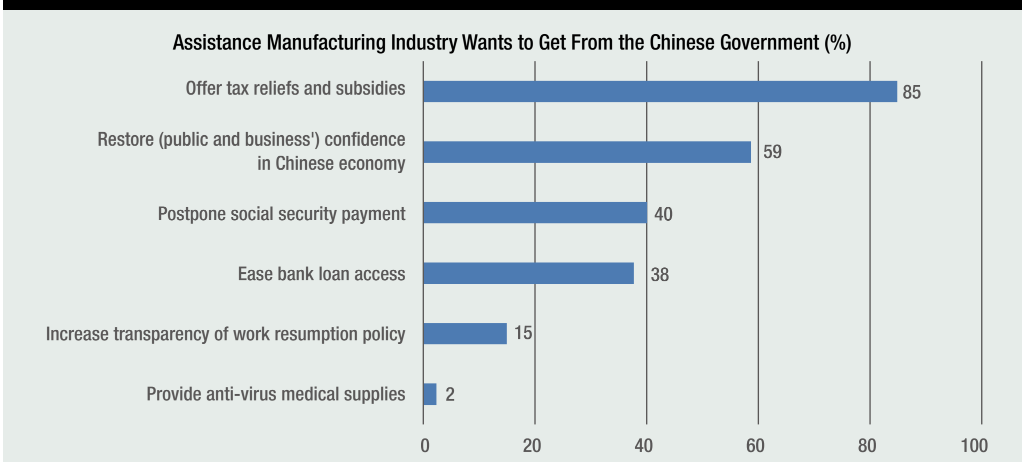
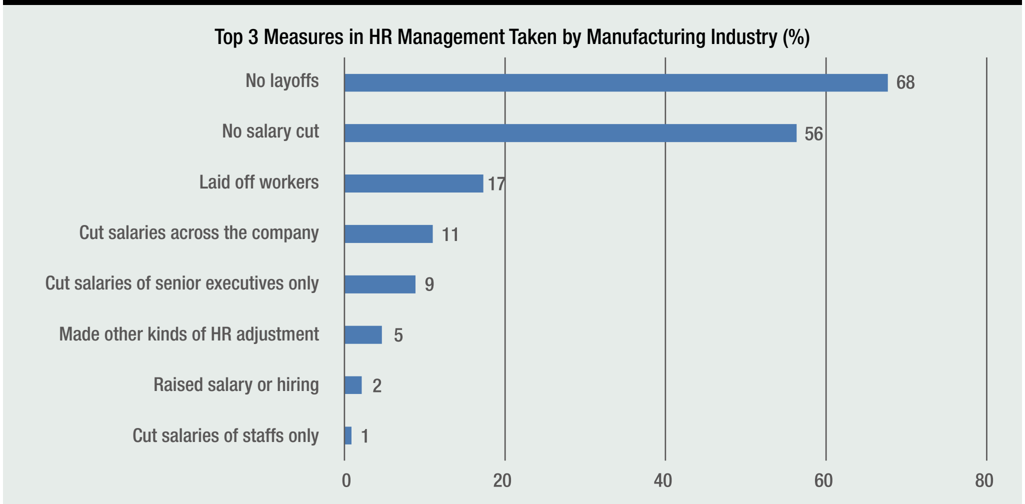


FIGURE 30 - TOP 3 ASSISTANCE MANUFACTURING COMPANIES WANT TO GET FROM THE CHINESE GOVERNMENT



Previous results have shown that only a small proportion of companies turned to the government for help during the pandemic. However we can see from figure 29 and 30 that companies have strong demand for tax reliefs and subsidies. As many as 84% of service and 85% of manufacturing companies hope to receive tax cut and subsidies, suggesting that tax relief measures have yet to be implemented. More notably, in both service and manufacturing sectors, 59% of companies hope that the Chinese government could take effective measures to restore public confidence in Chinese economy. There is no fixed standard in raising confidence which is more of a subjective evaluation. Hence it is difficult for government to operate in practice. The government might be able to restore confidence by improving industrial policies, fostering communication with public and business and responding to their need promptly.

FIGURE 28 - MEASURES IN HR MANAGEMENT TAKEN BY MANUFACTURING INDUSTRY IN RESPONSE TO THE PANDEMIC

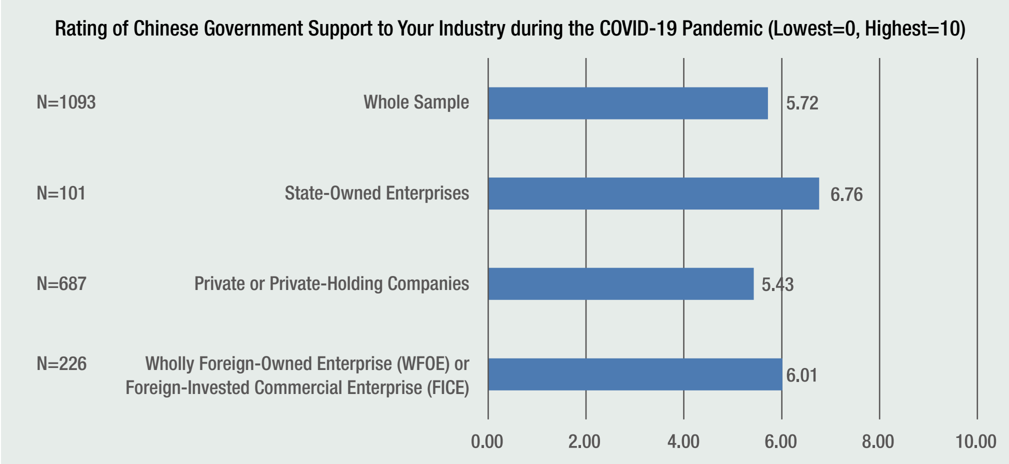


Based on the comments of respondents in the survey, we summarized the following points: **1.** Instead of cutting salaries directly, some companies chose to postpone salaries. This measure not only saved cost for companies, but also stabilized expectations of employees. With a stable workforce, firms would have a quick restart once the pandemic is brought under control and economy improves. **2.** Some companies said that no layoffs or salary cut had been implemented so far but would consider adopting these measures if the situation worsened. The pandemic, as a global health crisis, is more uncertain and uncontrollable compared to financial crisis, hence business can hardly predict the future trend of the pandemic, in particular the situation outside of China. **3.** Some enterprises said that they would stop raising salary or control the magnitude of salary increase, while some enterprises raised salary as planned. These responses reflected that the pandemic's impact on those enterprises was relatively small or they had ample cash-flow. **4.** Some enterprises gave employees unpaid leave to reduce costs. **5.** Some companies optimized their personnel structure by keeping the fittest, while others raised salaries for key employees or hired new people for key positions. These practices indicated that employees with technical advantages or worked for core departments were less negatively affected.

4.6. EVALUATION OF GOVERNMENT'S SUPPORT TO INDUSTRIES DURING THE PANDEMIC

Based on question 15 "How would you rate Chinese government's effort to your industry during the COVID-19 pandemic?", figure 32 shows the rating of Chinese government's support to industries by state-owned enterprises, private companies and foreign-owned companies. Note that there is large gap between the ratings in figure 31 and 32. While companies highly acknowledged Chinese' government effort in tackling the pandemic, they believed that government's support to industries was inadequate. The average score of the whole sample was 5.72 only. State-owned companies only gave a score of 6.76 though highest among all registration types. Private companies assigned a score of 5.43 only while foreign-owned companies were somewhere in the middle with a rating of 6.01.

FIGURE 32 - EVALUATION OF CHINESE GOVERNMENT'S SUPPORT TO INDUSTRIES DURING THE PANDEMIC



5.1. CONFIDENCE INDICES FOR THIS YEAR (2020) AND FOR THE NEXT FIVE YEARS (2020-2025) BY REGISTRATION TYPES

Based on question 16 “Taking into consideration of the impact of the COVID-19 pandemic, how confident are you that your business operations in China will be successful this year (2020)? In the next 5 years (2020-2025)?”, figure 33 and 34 show the confidence indices of state-owned enterprises, private companies and foreign-owned companies for this year and the next 5 years respectively.

FIGURE 33 - CONFIDENCE IN BUSINESS OPERATIONS IN CHINA THIS YEAR (2020)

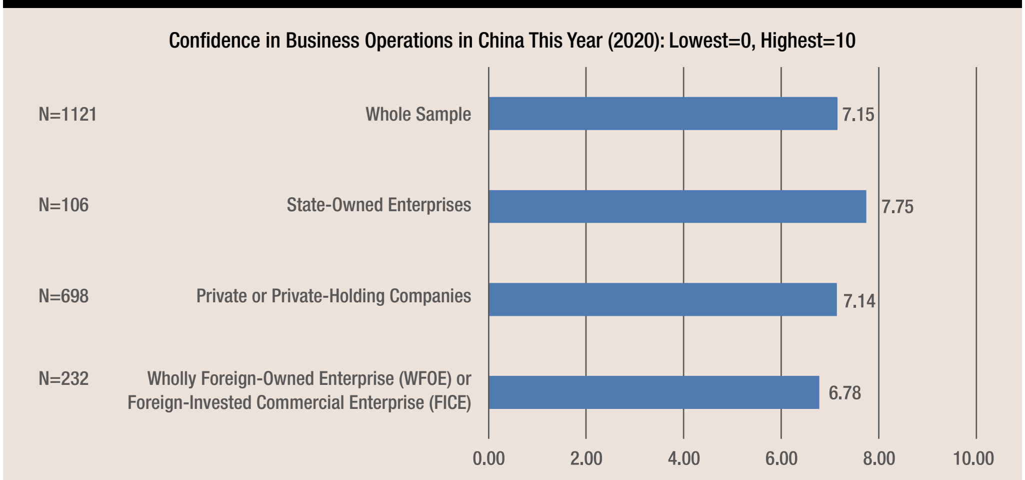
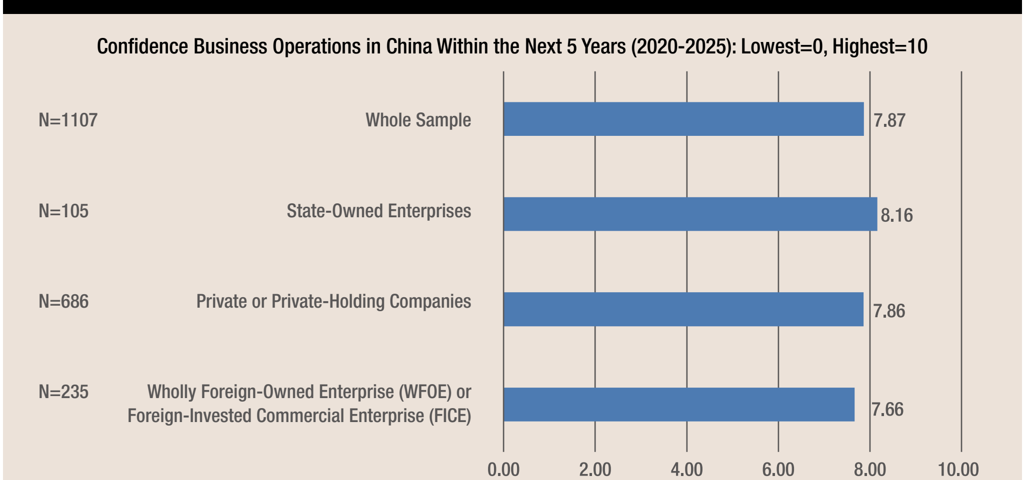


FIGURE 34 - CONFIDENCE IN BUSINESS OPERATIONS IN CHINA IN 2020-2025



We can see from the above figures that companies on average have higher confidence in the long term. Among all registration types, the confidence level of foreign-owned companies does not make a huge difference in the short run and long run. State-owned companies are most confident in their business operations in China, while confidence index of foreign companies is lower than sample average in both short and long term. Therefore the Chinese government needs to optimize the investment and business environment for foreign companies and improve industrial policies to boost the confidence of foreign enterprises in Chinese economy and their recognition of business environment in China.

5.2. CONFIDENCE INDICES FOR 2020 BY INDUSTRIES

Figure 35 shows the confidence indices of service companies for 2020. We see that the average confidence level of services regarding their operations in China is 7.00, slightly lower than that of manufacturing (7.30). In service industry, Wholesale and Retail, Food, Accommodation & Travel and Media, Entertainment & Recreation suffered the most and they have the lowest confidence indices, all below 6.6. However those who were less negatively affected or even positively influenced by the pandemic, like Telecommunications & Information Services, Health Care and Financial Services had higher confidence indices, all above 7.3.

FIGURE 35 - CONFIDENCE IN BUSINESS OPERATIONS IN CHINA THIS YEAR (2020) OF SERVICE INDUSTRY

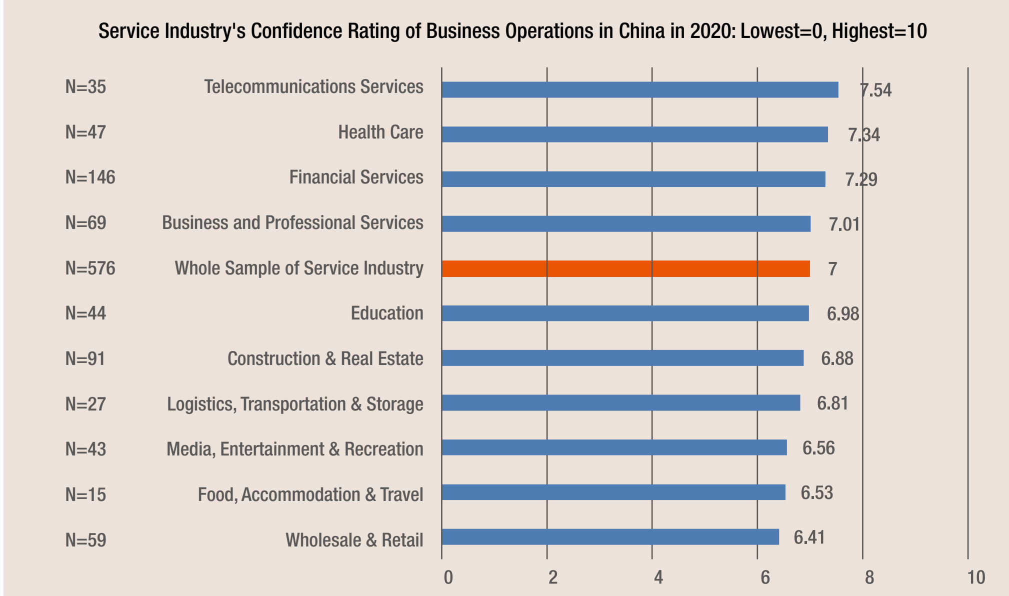


FIGURE 36 - CONFIDENCE IN BUSINESS OPERATIONS IN CHINA THIS YEAR (2020) OF MANUFACTURING INDUSTRY

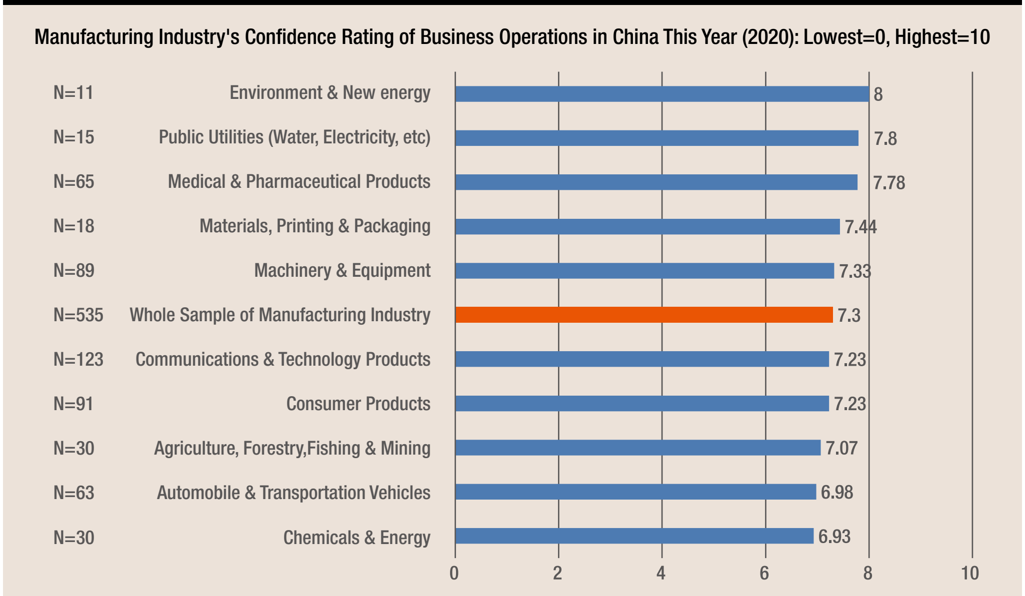


Figure 36 shows the confidence indices of manufacturing sectors for 2020. The confidence indices of the hardest hit industries like Automobile & Transportation Vehicles, and Chemicals & Energy are below the industry average of 7.3. The confidence levels of Environment & New Energy, Public Utilities, and Medicals & Pharmaceuticals are very high, reaching 8.00, 7.80 and 7.78 respectively, as these industries were less affected or even positively affected.

5.3. CONFIDENCE INDICES FOR 2020-2025 BY INDUSTRIES

Figure 37 shows the confidence indices of service companies in the next 5 years. We see that the confidence in business operations in China of service industry for the next 5 years is 7.71 on average, higher than that for 2020. Among all sectors, Telecommunications & Information Services, Education and Financial Services have the highest confidence indices of 7.97, 7.93 and 7.89 respectively. Even the most pessimistic Logistics, Transportation & Storage has a high confidence level of 7.08 in the long-run.

FIGURE 37 - CONFIDENCE IN BUSINESS OPERATIONS IN CHINA IN 2020-2025 OF SERVICE INDUSTRY

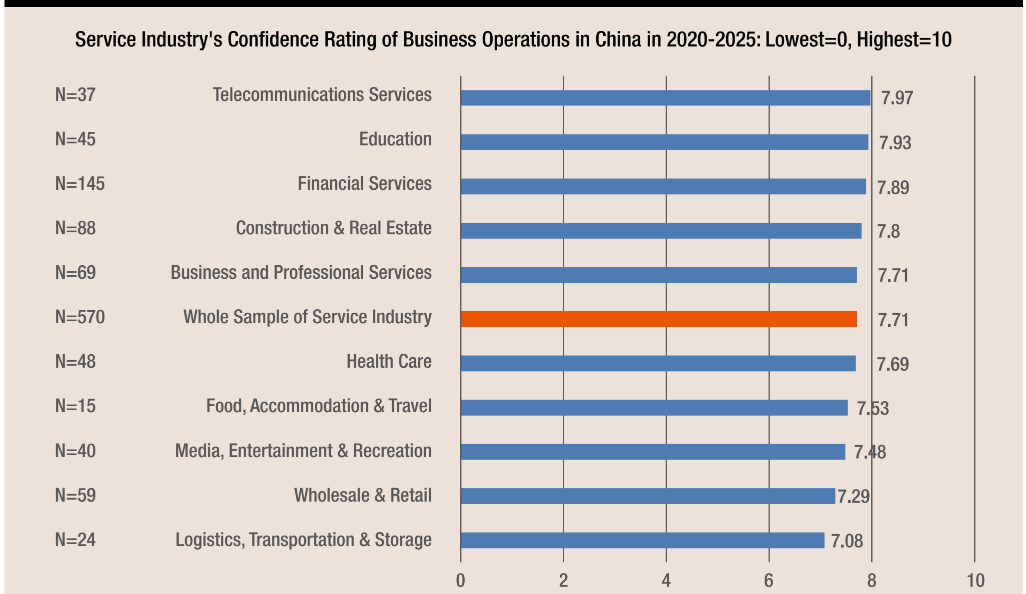


FIGURE 38 - CONFIDENCE IN BUSINESS OPERATIONS IN CHINA IN 2020-2025 OF MANUFACTURING INDUSTRY

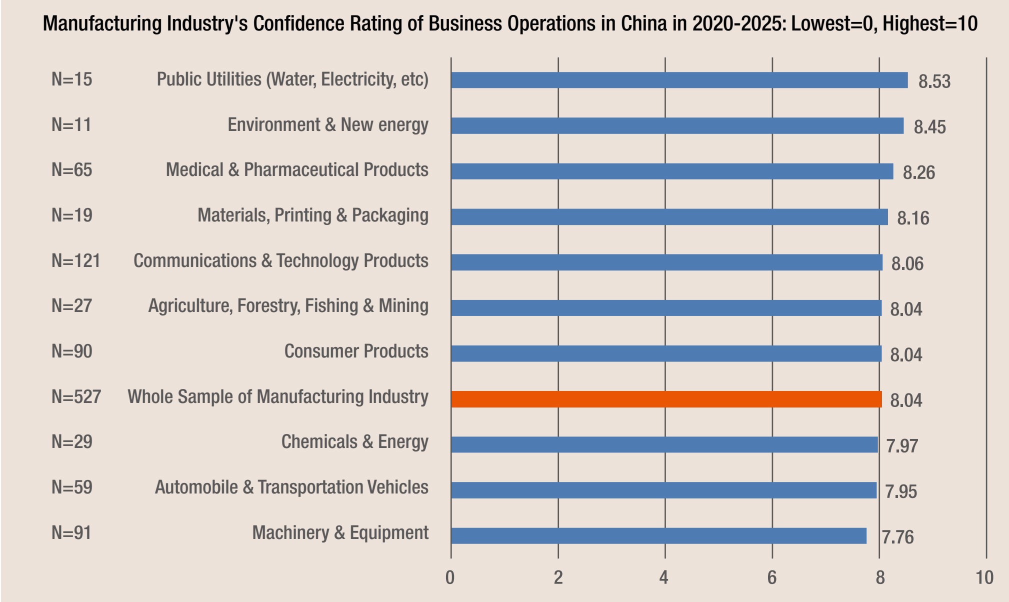


Figure 38 shows the confidence indices of manufacturing companies in the next 5 years. The average confidence level of manufacturing is 8.04, higher than its index for 2020 as well as the long-run confidence level of services. In manufacturing, the confidence indices of Public Utilities, Environment & New Energy and Medicals & Pharmaceuticals are the highest, reaching 8.53, 8.45 and 8.26 respectively. Even the most pessimistic Machinery & Equipment has a five-year confidence index of 7.76.

Based on the online survey we conducted from April 2nd to 9th 2020 among company executives (98.6% are CEIBS alumni or participants) and 1,182 responses received in total, we analyzed the impact of COVID-19 pandemic which started at the end of 2019 on business operations in China from multiple dimensions.

Our results have shown that the pandemic gave a hard hit to the service industry, especially the education, catering and accommodation as well as entertainment and recreation sectors. Financial and business service (including consulting, advertising, design, leasing, public relations, exhibition, law, inspection and certification, production services, etc) sectors were less negatively affected, since companies in these two sectors could handle most of the services online and were less constrained by social distancing policies. We found that the pandemic' impact on wholesale and retail companies was smaller than anticipated, reflecting to some extent that wholesale and retail sector has partially fulfilled transition from offline to online sales. The new mode of retailing increases the resistance of these companies against external shocks. Logistics, Transportation & Storage also received a smaller impact due to the rising demand for its services during the pandemic. In addition, there was huge disparity in Media, Entertainment & Recreation, with 47% of companies suffering 60% or more reduction of business activities, and another 22% of companies experiencing a decline of less than 20%.

Compared with service industry, manufacturing was much less affected. We found that the proportions of companies with 60% or more 1st quarter business reduction in China were below 30% in all manufacturing sectors. In Public Utilities, Machinery & Equipment and Materials, Printing & Packaging, more than 30% of companies had 20% or less reduction of 1st quarter business activities. However in 5 out of 10 service sectors, more than 30% of companies experienced 60% or more reduction of 1st quarter business operations in China. The percentages of the most heavily affected sectors, like Education, and Food, Accommodation & Travel, were 54% and 53% respectively. On industry level, 29% of service companies had a big reduction of 60% or above in business activities, compared with only 18% in manufacturing.

Considering the size of reduction of 1st quarter business activities and the expected degree of recovery by the end of June, we found that Food, Accommodation & Travel, and Education not only had significant reduction of business activities in the 1st quarter, but also have lower expected degree of recovery afterwards. In these two sectors, 41% and 32% of companies expect that less than 40% of business activities would resume by the end of June. In Media, Entertainment & Recreation, 24% of companies expect that 80% or more of business activities by the end of 2nd quarter would return to normal, while 20% of companies expect that less than 40% of business activities would resume. These 3 industries have the lowest expected degree of recovery in services. In service industry, the fastest recovered sectors are Financial Services, Telecommunications & Information Services, and Business & Professional Services, all of which were less affected at the onset. Here are the conclusions: First, there was wider difference among service sectors in terms of the impact on business activities during the pandemic. The recovery of business activities in services mainly depends on business modes. Industries in which online business dominates were less affected by the pandemic, like financial and information services. Second, although the pandemic has been quickly brought under control in China and the economy is in the progress of restart, it still takes time for business activities to return to normal.

Compared with services, manufacturing on average has faster expected recovery by the end of 2nd quarter. In 7 of the 10 manufacturing sectors, more than half of the companies expect that 80% or more of their business activities would resume by the end of June. Only 10% of manufacturing companies expect that less than 40% of business would be back on track, far less than the percentage of services. There is also less difference in expected recovery across manufacturing sectors, in sharp contrast to the wide difference across service sectors.

The pandemic had a bigger impact on the full year revenue of services than that of manufacturing. The proportion of companies with significant downward adjustment of targets was 38% for services and only 27% for manufacturing. In services, Food, Accommodation & Travel (65%), Media, Entertainment & Recreation (60%), and Education (60%) had the highest proportions. These 3 industries suffered the most in the early stage of the pandemic, and their expected degree of recovery also lagged behind that of other industries. The results showed that in services, except for financial industry, the proportion of enterprises in the other 9 sectors with significant downward adjustment exceeded 30%. Hence the impacts on service companies would continue in the second half of the year. In contrast, the situation in manufacturing was better than in services. In manufacturing, Consumer Products, Environment & New Energy, and Automobile & Transportation Vehicles had the highest proportions in which 38%, 36% and 35% of companies downward adjusted their revenue targets by 20% or more.

The biggest difficulties for both service and manufacturing companies were sales and travel difficulties. Difficulties in domestic and global supply chain operations were also obstacles faced by manufacturing companies, while service companies encountered more domestic problems like financial difficulties. It is noticeable that disruptions in supply chains have already caused huge difficulties to manufacturing companies even in the 1st quarter, as 39% and 21% of manufacturing companies selected “difficulties in global and domestic supply chain operations” as top 3 challenges. It can be inferred that manufacturing firms in China are highly reliant on the normal functioning of domestic and global supply chains. We expect that difficulty in global supply chain operations will become the biggest challenge for more and more manufacturing firms as the pandemic spreads overseas and China eventually gets the feedback.

The result indicated that companies in China have already carried out some measures in response to the impact of pandemic in the 1st quarter. Among all options, switching to remote working was the most popular one chosen by 67% and 61% of service and manufacturing enterprises respectively. The result is not surprising given that social distancing policy was not conducive to offline operations. The next two responses were trying new business and coordinating with business partners. 37% of service companies and 47% of manufacturing companies selected “negotiating and coordinating with partners” as their top 3 measure, while 37% of service companies and 31% of manufacturing companies chose “trying new business” as top 3 measure. We noticed that only a small proportion of companies in services and manufacturing (less than 25% in both services and manufacturing) adjusted headcount and salaries, and even fewer companies turned to government for help (10% in services and 16% in manufacturing).

There was reduction in recruitment for 2020 in both services and manufacturing. The top one adjustment measure was small reduction (less than 10%) of hiring, selected by 34% and 33% of service and manufacturing companies. The second highest option was “no new hiring”, selected by 27% of service companies and 30% of manufacturing companies. In addition, 17% of service and 14% of manufacturing companies significantly (10%-19%) or substantially (more than 20%) reduced the size of recruitment, suggesting that the pandemic has caused huge contraction of labor demand. We also noticed that 19% and 18% of service and manufacturing companies planned to have a small increase in hiring, and another 3% and 5% of service and manufacturing companies would significantly increase their recruitment. The reasons might be that these companies still expect positive growth post-pandemic, or have found new sources of growth amid the pandemic.

In personnel management, we found that most of the companies chose not to lay off workers nor cut salaries. In both services and manufacturing, more than 60% of companies did not lay off workers and more than 50% of companies did not cut salaries. In service industry, only 17% of companies laid off workers and 12% cut salaries for all, while in manufacturing, 17% of companies laid off workers and 11% cut salaries across the company. Based on the comments of respondents in the survey, we summarized the following points: **1.** Instead of cutting salaries directly, some companies chose to postpone salaries. This measure not only saved cost for companies, but also stabilized expectations of employees. With a stable workforce, firms would have a quick restart once the pandemic is brought under control and economy improves. **2.** Some companies said that no layoffs or salary cut had been implemented so far but would consider adopting these measures if the situation worsened. The pandemic, as a global health crisis, is more uncertain and uncontrollable compared to financial crisis, hence business can hardly predict the future trend of the pandemic, in particular the situation outside of China. **3.** Some enterprises said that they would stop raising salary or control the magnitude of increase in salary, while some enterprises raised salary as planned. These responses reflected that the pandemic’s impact on those enterprises was relatively small or they had ample industries. The results showed that in services, except for financial industry, the proportion of enterprises in the other 9 sectors with significant downward adjustment exceeded 30%. Hence the impacts on service companies would continue in the second half of the year. In contrast, the situation in manufacturing was better than in services. In manufacturing, Consumer Products, Environment & New Energy, and Automobile & Transportation Vehicles had the highest proportions in which 38%, 36% and 35% of companies downward adjusted their revenue targets by 20% or more.

The biggest difficulties for both service and manufacturing companies were sales and travel difficulties. Difficulties in domestic and global supply chain operations were also obstacles faced by manufacturing companies, while service companies encountered more domestic problems like financial difficulties. It is noticeable that disruptions in supply chains have already caused huge difficulties to manufacturing companies even in the 1st quarter, as 39% and 21% of manufacturing companies selected “difficulties in global and domestic supply chain operations” as top 3 challenges. It can be inferred that manufacturing firms in China are highly reliant on the normal functioning of domestic and global supply chains. We expect that difficulty in global supply chain operations will become the biggest challenge for more and more manufacturing firms as the pandemic spreads overseas and China eventually gets the feedback.

The result indicated that companies in China have already carried out some measures in response to the impact of pandemic in the 1st quarter. Among all options, switching to remote working was the most popular one chosen by 67% and 61% of service and manufacturing enterprises respectively. The result is not surprising given that social distancing policy was not conducive to offline operations. The next two responses were trying new business and coordinating with business partners. 37% of service companies and 47% of manufacturing companies selected “negotiating and coordinating with partners” as their top 3 measure, while 37% of service companies and 31% of manufacturing companies chose “trying new business” as top 3 measure. We noticed that only a small proportion of companies in services and manufacturing (less than 25% in both services and manufacturing) adjusted headcount and salaries, and even fewer companies turned to government for help (10% in services and 16% in manufacturing).

There was reduction in recruitment for 2020 in both services and manufacturing. The top one adjustment measure was small reduction (less than 10%) of hiring, selected by 34% and 33% of service and manufacturing companies. The second highest option was “no new hiring”, selected by 27% of service companies and 30% of manufacturing companies. In addition, 17% of service and 14% of manufacturing companies significantly (10%-19%) or substantially (more than 20%) reduced the size of recruitment, suggesting that the pandemic has caused huge contraction of labor demand. We also noticed that 19% and 18% of service and manufacturing companies planned to have a small increase in hiring, and another 3% and 5% of service and manufacturing companies would significantly increase their recruitment. The reasons might be that these companies still expect positive growth post-pandemic, or have found new sources of growth amid the pandemic.

In personnel management, we found that most of the companies chose not to lay off workers nor cut salaries. In both services and manufacturing, more than 60% of companies did not lay off workers and more than 50% of companies did not cut salaries. In service industry, only 17% of companies laid off workers and 12% cut salaries for all, while in manufacturing, 17% of companies laid off workers and 11% cut salaries across the company. Based on the comments of respondents in the survey, we summarized the following points: **1.** Instead of cutting salaries directly, some companies chose to postpone salaries. This measure not only saved cost for companies, but also stabilized expectations of employees. With a stable workforce, firms would have a quick restart once the pandemic is brought under control and economy improves. **2.** Some companies said that no layoffs or salary cut had been implemented so far but would consider adopting these measures if the situation worsened. The pandemic, as a global health crisis, is more uncertain and uncontrollable compared to financial crisis, hence business can hardly predict the future trend of the pandemic, in particular the situation outside of China. **3.** Some enterprises said that they would stop raising salary or control the magnitude of increase in salary, while some enterprises raised salary as planned. These responses reflected that the pandemic’s impact on those enterprises was relatively small or they had ample

2020 CEIBS Survey on the Impact of COVID-19 Pandemic on Business Operations in China

Note: In this survey, "China" refers to mainland China; "Foreign" refers to all overseas economies, including Taiwan (China), Hong Kong (China), and Macao (China).

Please answer:

I work for a Chinese-owned firm, or for a firm with 50% or more Chinese ownership (1)

I work for a foreign-owned firm in China, or for a firm with more than 50% foreign ownership (2)

Q1 What is the legal status in China of the company you work for?

Chinese State-owned or State-holding company (1)

Chinese Private or Private-holding company (2)

Joint Venture with both Chinese and Foreign Share-holding (3)

Wholly Foreign-Owned Enterprise (WFOE) or Foreign-Invested Commercial Enterprise (FICE) (4)

Representative Office/Branch (5)

Virtual Office (operating in China without legal incorporation) (6)

Other (please specify): (7) ____

Q2 What is the main industry where your company operates?

Consumer Products (1)

Medical & Pharmaceutical Products (2)

Healthcare Services (3)

Logistics, Transportation & Storage (4)

Automobile & Transportation Vehicles (5)

Machinery & Equipment (6)

Communications & Technology Products (7)

Telecommunications Services (8)

Wholesale & Retail (9)

Education (10)

Financial Services (11)

Food, Accommodation & Travel (12)

Media, Entertainment & Recreation (13)

Construction & Real Estate (14)

Agriculture, Forestry, Fishing & Mining (15)

Public Utilities (such as water and electricity) (16)

Other manufacturing (please specify): (17) ____

Other services (please specify): (18) ____

Q3 What percentage of your company's revenue in 2019 was generated from business operations in China?

100% (my company operates only in China) (1)

75% to 99% (2)

50% to 74% (3)

25% to 49% (4)

0% to 24% (5)

Other (please specify): (6) ____

Q4 In the first quarter of 2020, what is the estimated reduction of your company's business activities in China caused by the COVID-19 pandemic?

80% or more (1)

60% to 79% (2)

40% to 59% (3)

20% to 39% (4)

0% to 19% (5)

Other (please specify): (6) ____

Q5 Looking forward, by the end of June, what percentage of your company's business activities do you expect to return to normal?

Less than 20% (1)

20% to 39% (2)

40% to 59% (3)

60% to 79% (4)

80% or more (5)

Not Sure (6)

Q6 Due to the COVID-19 pandemic, how would your company's 2020 target revenue be adjusted?

Adjusted downward by 20% or more (1)

Adjusted downward by 10% to 19% (2)

Adjusted downward by 3% to 9% (3)

As originally planned (less than 3% adjustment) (4)

Adjusted upward by 3% to 9% (5)

Adjusted upward by 10% or more (6)

Q7 How many employees in China did your company hire prior to the outbreak of COVID-19?

Less than 10 (1)

10 to 49 (2)

50 to 299 (3)

300 to 1,999 (4)

2,000 to 9,999 (5)

10,000 to 49,999 (6)

50,000 or above (7)

Q8 Due to the COVID-19 pandemic, how would your company adjust the 2020 recruitment plan in China?

No new hiring (1)

Small reduction (less than 10%) (2)

Significant reduction (10% to 19%) (3)

Substantial reduction (above 20%) (4)

Small increase (less than 10%) (5)

Significant increase (10% or more) (6)

Q9 What are the measures in HR management that you company has already taken to deal with the COVID-19 pandemic? (You may choose up to three)

No layoffs (1)

Laid off workers (2)

No salary cut (3)

Cut salaries across the company (4)

Cut salaries of senior executives only (5)

Cut salaries of staffs only (6)

Other (please specify): (7) ____

Q10 Due to the COVID-19 pandemic, what are the difficulties faced by your company in China? (You may choose up to three)

The product (or service) is hard to sell (1)

Financial difficulty (2)

Huge Idle capacity (labor or equipment) (3)

Travel difficulties for employees (4)

Difficulties in domestic supply chain operations (5)

Difficulties in global supply chain operations (6)

Difficulty in making business decisions (7)

Other (please specify): (8) ____

Q11 What measures has your company already taken to deal with the COVID-19 pandemic? (You may choose up to three)

Switch to remote working (1)

Shut down some business (2)

Turn to new business (3)

Adjust headcount and salaries (4)

Negotiate and coordinate with business partners (5)

Seek for government assistance (6)

Business as usual (7)

Other (please specify): (8) ____

Q12 The COVID-19 pandemic's impact on my company comes:

Overwhelmingly from inside China (90% or above) (1)

Largely from inside China (60%-89%) (2)

Overwhelmingly from outside of China (90% or above) (3)

Largely from outside of China (60%-89%) (4)

Equally from inside and outside of China (40%-60%) (5)

Other (please specify): (6) ____

Q13 In the rest of the year, what are the top-three assistance that your company want to get from the Chinese government? (You may choose up to three)

Provide anti-virus medical supplies (1)

Postpone social security payment (2)

Increase transparency of work resumption policy (3)

Offer tax reliefs and subsidies (4)

Ease bank loan access (5)

Restore (public and business') confidence in Chinese economy (6)

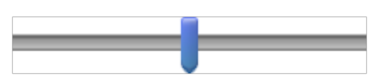
Other (please specify): (7) ____

Q14 How would you rate Chinese government's effort in tackling the COVID-19 pandemic? Please move the cursor or tap on the scale

0=lowest effort; 10=highest effort

0 1 2 3 4 5 6 7 8 9 10

Chinese government's effort in tackling the COVID-19 pandemic ( )



Q15 How would you rate Chinese government's support to your industry during the COVID-19 pandemic? Please move the cursor or tap on the scale

0=lowest support; 10=highest support

0 1 2 3 4 5 6 7 8 9 10

Chinese government's support to your industry during the COVID-19 pandemic ( )

Q16 Taking into consideration of the impact of the COVID-19 pandemic, how confident are you that your business operations in China will be successful this year (2020)? In the next 5 years (2020-2025)? Please move the cursor or tap on the scale

0=lowest confidence; 10=highest confidence

0 1 2 3 4 5 6 7 8 9 10

Confidence in my company's business operations in China this year (2020) ( )

Confidence in my company's business operations in China within the next 5 years (2020-2025) ( )

Q17 Who are your major clients in China?

Individuals (B2C) (1)

Companies or organizations (B2B) (2)

Both individuals and companies/organizations (B2C & B2B) (3)

We do not sell our products/services in China (4)

Q18 What is your position in the company (please choose the closest to your position)?

CEO/GM/Owner/Partner/Chief Representative (1)

VP/Vice GM/Director/Assistant of GM (2)

Project Manager/ Business Development Manager/Product Manager (3)

HR Executive (4)

Manufacturing, Operations, Logistics or Engineering Executive (5)

Marketing Executive/Sales Executive (6)

Finance Executive (7)

R&D Executive (8)

Other (please specify): (9) ____

Q19 Where are you from?

Mainland China (1)

Hong Kong (S.A.R.) & Macao (S.A.R.) (2)

Taiwan (China) (3)

Other(please specify): (4) ____________________

Q20 Your identity is:

EMBA alumnus/participant of CEIBS (1)

GEMBA alumnus/participant of CEIBS (2)

MBA alumnus/participant of CEIBS (3)

FMBA alumnus/participant of CEIBS (4)

AMP alumnus/participant of CEIBS (5)

Short Program participant of CEIBS (6)

Other (please specify): (7) ____________________