

Explanatory Notes on Main Statistical Indicators

Divisions of Administrative Areas refer to the division of administrative areas by the State. The relative laws define the administrative division as follows: 1) the whole country is divided into provinces, autonomous regions and municipalities directly under the Central Government; 2) provinces and autonomous regions are further divided into autonomous prefectures, counties, autonomous counties and cities; 3) autonomous prefectures are further divided into counties, autonomous counties and cities; 4) counties and autonomous counties are further divided into townships, ethnic townships and towns; 5) municipalities directly under the Central Government and large cities are divided into districts and counties; 6) the State shall, when necessary, establish special administrative regions.

Average Annual Growth Rate shows the average growth rate of social and economic development during a longer period. It can not be directly calculated by chain based growth rate. The relation is:

Average growth rate = average speed of development – 1

Average speed of development is the time series average of speed which is obtained through chain-based calculation. Because the reference bases during the different periods are different, average speed of development can not be calculated by the general method. Level approach and accumulative approach for calculating average speed of development rate are applied. The “level approach”, or geometric average approach, is derived by the formula of geometric average of the chain-based speeds of development by continuous multiplication. The other is called the “accumulative approach” or the “equation” method, which is derived by the summation of the actual figure of each year in the interval divided by the figure in the base year. The level approach focuses on the level of the last year, while the accumulative approach emphasizes the aggregate development for the entire duration.

The average annual growth rates listed in the *Yearbook* are calculated by the level approach except for the growth rate of investment in fixed assets. The base year is not listed in the duration for which average annual growth rates are computed. For instance, the average annual growth rate of the 43 years since 1949 is shown as the average annual growth rate of 1950-1992 without showing the base year 1949.

Industrial Classification of the National Economy
The new *Industrial Classification of the National Economy* (GB/T 4754-2017) is introduced starting from the compilation of 2017 annual statistics and 2018 monthly or quarterly statistics. The revision, based on the 2011 classification, was organized by the National Bureau of Statistics taking into consideration of the characteristics of economic activities in China and the *International Standards of the Industrial Classification of All Economic Activities* (ISIC/Rev.4) of the

United Nations. The new *Classification* was promulgated by the former National Administration of Quality Supervision, Inspection and Quarantine and the Standardization Administration of the People's Republic of China on June 30, 2017. The revised version of the *Industrial Classification of the National Economy* (GB/T 4754-2017) is composed of 20 sections, 97 divisions, 473 groups and 1382 classes.

Registration Status of Enterprises (units) Enterprises are classified into 3 categories, namely enterprises with domestic investment, enterprises with investment from Hong Kong, Macao and Taiwan, and enterprises with foreign investment, according to the registration status of an enterprise in market supervision administration. Domestic-invested enterprises include state-owned enterprises, collective-owned enterprises, cooperative enterprises, joint ownership enterprises, limited liability corporations, share-holding corporations Ltd., private enterprises and other enterprises. Included in the enterprises with investment from Hong Kong, Macao and Taiwan and enterprises with foreign investment are joint-venture enterprises, cooperative enterprises, sole-proprietorship enterprises and share-holding corporations Ltd.

State-owned Enterprises refer to non-corporation economic units where the entire assets are owned by the state and which have been registered in accordance with the *Regulation of the People's Republic of China on the Management of Registration of Corporate Enterprises*. Not included from this category are state sole-proprietorship corporations in the limited liability corporations.

Collective-owned Enterprises refer to economic units where the assets are owned collectively and which have been registered in accordance with the *Regulation of the People's Republic of China on the Management of Registration of Corporate Enterprises*.

Cooperative Enterprises refer to a form of collective economic units (enterprises) where capitals come mainly from employees as their shares, with certain proportion of capital from the outside, where production is organized on the basis of independent operation, independent accounting for profits and losses, joint work, democratic management, and a distribution system that integrates remuneration according to work with dividend according to capital share.

Joint Ownership Enterprises refer to economic units established by two or more corporate enterprises or corporate institutions of the same or different ownership, through joint investment on the basis of voluntary participation, equality, and mutual benefits. They include state joint ownership enterprises; collective joint ownership enterprises; joint state-collective enterprises; and other joint ownership enterprises.

Limited Liability Corporations refer to economic units established with investment from 2-50 investors and registered



in accordance with the *Regulation of the People's Republic of China on the Management of Registration of Corporations*, each investor bearing limited liability to the corporation depending on its share of investment, and the corporation bearing liability to its debt to the maximum of its total assets. Limited liability corporations include state sole-proprietorship corporations and other limited liability corporations.

Share-holding Corporations Ltd. refer to economic units registered in accordance with the *Regulation of the People's Republic of China on the Management of Registration of Corporations*, with total registered capital divided into equal shares and additional capitals raised through issuing stocks. Each investor bears limited liability to the corporation depending on the holding of shares, and the corporation bears liability to its debt to the maximum of its total assets.

Private Enterprises refer to profit-making economic units invested and established by natural persons, or controlled by natural persons, using employed labour. Included in this category are private sole-proprietorship enterprise, private partnership enterprise, private limited liability companies, private limited-liability company by shares and individual sole-proprietorship enterprise registered in accordance with the *Company Law*, the *Law on Partnership Business* and the *Law on Individual Proprietorship Enterprises*.

Other Domestic-Invested Enterprises refer to domestic-invested economic units other than those mentioned above.

Joint Venture Enterprises with Hong Kong, Macao and Taiwan are enterprises jointly established by investors from Hong Kong, Macao and Taiwan with enterprises in the mainland of China in accordance with the former *Law of the People's Republic of China on Sino-foreign Equity Joint Ventures* and other relevant laws, where the establishment of the investment and the sharing of profits, taking risks and loss are stipulated in joint venture contracts.

Cooperative Enterprises with Hong Kong, Macao and Taiwan established by investors from Hong Kong, Macao and Taiwan with enterprises in the mainland of China in accordance with the former *Law of the People's Republic of China on Sino-foreign Contractual Joint Venture* and other relevant laws, where the investment or provision of facilities and the sharing of profits and risks are stipulated under cooperative contracts.

Sole-proprietorship Enterprises with Investment from Hong Kong, Macao and Taiwan refer to enterprises established in the mainland of China with exclusive investment from investors from Hong Kong, Macao and Taiwan in accordance with the former *Law of the People's Republic of China on Enterprises with Foreign Investment* and other relevant laws.

Share-holding Corporations Ltd. with Investment from Hong Kong, Macao and Taiwan refer to share-holding corporations Ltd. established with the approval from the Ministry of Commerce (the former Ministry of Foreign Trade

and Economic Relations) in line with relevant state regulations, where the share of investment from Hong Kong, Macao or Taiwan businessmen exceeds 25% of the total registered capital of the corporation. In case the share of investment from Hong Kong, Macao or Taiwan is less than 25% of the total registered capital, the enterprise is to be classified as domestic-invested share-holding corporation Ltd.

Other Enterprises with Funds From Hong Kong, Macao and Taiwan refer to partnership enterprises with investments from Hong Kong, Macao and Taiwan established within the territory of China in accordance with former *Administrative Measures on the Establishment of Partnership Enterprises in China by Foreign Enterprises or Foreign Individuals* and *Regulations for the Administration of the Registration of Foreign-invested Partnership Enterprises*.

Joint Venture Enterprises with Foreign Investment refer to enterprises jointly established by foreign enterprises or foreigners with enterprises in the mainland of China in accordance with the former *Law of the People's Republic of China on Sino-foreign Equity Joint Ventures* and other relevant laws, where the sharing of investment, profits and risks and loss are stipulated in contracts.

Cooperative Enterprises with Foreign Investment refer to enterprises jointly established by foreign enterprises or foreigners with enterprises in the mainland of China in accordance with the former *Law of the People's Republic of China on Sino-foreign Contractual Joint Venture* and other relevant laws, where the investment or provision of facilities and the sharing of profits and taking risks and loss are stipulated in cooperative contracts.

Sole-proprietorship Enterprises with Foreign Investment refer to enterprises established in the mainland of China with exclusive investment from foreign investors in accordance with the former *Law of the People's Republic of China on Enterprises with Foreign Investment* and other relevant laws.

Share-holding Corporations Ltd. with Foreign Investment refer to share-holding corporations Ltd. established with the approval from the Ministry of Commerce (the former Ministry of Foreign Trade and Economic Relations) in line with relevant state regulations, where the share of investment from foreign investors exceeds 25% of the total registered capital of the corporation. In case the share of foreign investment is less than 25% of the total registered capital, the enterprise is to be classified as domestic-invested share-holding corporation Ltd.

Other Enterprises with Foreign Funds refer to partnership enterprises established within the territory of China in accordance with former *Administrative Measures on the Establishment of Partnership Enterprises in China by Foreign Enterprises or Foreign Individuals* and *Regulations for the Administration of the Registration of Foreign-invested Partnership Enterprises*.