

## Explanatory Notes on Main Statistical Indicators

**Industry** refers to the material production sector which is engaged in the extraction of natural resources and processing and reprocessing of minerals and agricultural products, including (1) extraction of natural resources, such as mining, salt production (but not including hunting and fishing); (2) processing and reprocessing of farm and sideline produces, such as grain and oil processing, food processing, silk reeling, spinning and weaving and leather making; (3) processing and reprocessing of mineral products, such as steel making, iron smelting, chemicals manufacturing, petroleum processing, machine building, timber processing, and production and supply of electricity, gas and water; (4) repairing and renovating of industrial products such as the machinery.

In industrial surveys, the units of enquiry are industrial corporate units.

Industrial corporate units refer to corporate units engaging in industrial production and operation activities, which meet the following requirements: (1) They are established legally, having their own names, organizations, location, and are able to take civil liability independently; (2) They possess (or are authorized to use) assets independently, assume liabilities and are entitled to sign contracts with other units; (3) They have accounts including the balance sheets or can compile the accounts according to the need.

**State-holding Enterprises** cover the original state-owned enterprises and state-holding enterprises. They are classified according to the actual investment made by the contributors of state-owned part in the paid-in capital of the enterprises, or the degree of control or dominance of the contributor on the assets of the enterprises. The following cases are regarded as state-holding: (1) Absolute state-holding in which the contributors of state-owned parts possess more than 50% of all the paid-in capital (stocks) of the enterprises; (2) Relative state-holding in which the contributors of state-owned parts possess no more than 50% of the paid-in capital (stocks) of the enterprises, but more than that of any other contributors; or agreed state-holding in which the contributors of state-owned parts possess no more than other contributors but have actual control over the enterprises according to agreements; (3) In case both contributors possess 50% and it is not clear which one is in absolute holding position, the enterprise is regarded as state-holding enterprise if one of the contributor has state-owned elements.

**Total Assets** refer to all resources that are owned or controlled by enterprises through previous trades or transactions, with expectation of making economic profits to enterprises. Included are all assets owned by enterprises such as land, office buildings, factories, machines, vehicles, inventories and other physical assets as well as cash, deposits, accounts receivable, prepayments and other financial assets. Classified

by the degree of liquidity, total assets include current assets and non-current assets. Current assets can be classified into monetary capital, trading financial assets, notes receivable, accounts receivable, advanced payments, other receivables and inventories. Non-current assets can be divided into long-term equity investment, fixed assets, intangible assets and other non-current assets. Data on this indicator can be obtained from the year-end figures of total assets in the *Balance Sheet* of accounting records.

**Current Assets** refer to the assets that meet one of the following requirements: (1) expected to be cashed, sold or used in a normal operation cycle, mainly including inventory and accounts receivable; (2) owned for transaction purpose mainly; (3) expected to be cashed within one year (including one year) from the day of the *Balance Sheet*; (4) unlimited cash or cash equivalents that can be exchanged with other assets or capable of settling debts during one year since the day of the *Balance Sheet*. Included are monetary capital, notes receivable, accounts receivable and inventories. Data on this indicator can be obtained from the year-end figures of total current assets in the *Balance Sheet* of accounting records.

**Total Liabilities** refer to payable liabilities of enterprises that are accumulated from earlier transactions with expectation of leaking out of economic profits. Included are debts that enterprises are responsible for repaying such as bank loans, borrowings, accounts payable, wages payable, employee benefits payable, taxes payable, etc. In terms of payment, it can be divided into liquid liabilities and long-term liabilities. Data on this indicator can be obtained from the year-end figures of total liabilities in the *Balance Sheet* of accounting records.

**Accounts Receivable** refers to creditor's rights through business activities such as selling goods and providing labor. It comes from the ending balance of accounts receivable in balance sheet.

**Inventories** refers to finished goods or commodities held in preparation for sale in enterprises' daily activities, goods in the production process, material or the physical materials consumed in the production process or in the process of providing labor, usually include raw materials, goods in the production process, semi-finished products, finished products, goods and materials in flow. It comes from the ending balance of inventory in balance sheet.

**Finished Goods** refers to products that have completed the entire production process and have been accepted for storage by the enterprise, and can be delivered to the ordering unit according to the conditions stipulated in the contract, or can be sold as commodities to the outside world; and various goods purchased or commissioned for processing, acceptance and storage for sale. If the accounting "balance sheet" lists "finished products" or "inventory goods" items, report them

based on their ending balance; alternatively, based on the ending debit balance of the accounting "finished products" or "inventory goods" account, subtract the provision for inventory depreciation made for "finished products" or "inventory goods".

**Business Revenue** refers to the inflow of economic benefits through production and operation activities of enterprises, such as selling commodities, providing labor services and transferring the right to use of assets. Business revenue includes "revenue from principal business" and "revenue from other business". It comes from current year's cumulative report of "business revenue" items from the "income statement".

**Business Cost** refers to the actual costs incurred by the enterprises in such production and operation activities as selling commodities, providing labor services and transferring the right to use of assets. It includes various expenditures incurred by enterprises (units) in their daily activities of selling goods and providing labour services during the reporting period. It includes "cost of principal business" and "cost of other business". It comes from current year's cumulative report of "operating cost" items from the "income statement".

**Selling Expenses** refer to the cost during the sale of goods and materials, providing labour services, including insurance, packing, exhibition fees and advertising fees, merchandise maintenance costs, expected product quality guarantee loss, transportation fees, handling fees, and operating expenses for the sales of the company's products, such as

employee compensation, business expenses, depreciation costs for dedicated sales offices (including sales outlets, after-sales service outlets, etc.).

**Management Expenses** refer to the expenses for the organization and management of enterprise operation, including the start-up costs during the construction of enterprises, funds occurred during enterprises operation by board of directors and executive management in the enterprise management, and other costs to be paid by enterprises. It comes from current year's cumulative amount of management cost in income statement.

**Financial Expenses** refer to cost of fund-raising for enterprises to raise funds for production and operation, including interest payments (a reduction in interest income), exchange loss (less exchange gains) and related fees during the period of production. It comes from current year's cumulative amount of financial expenses in income statement.

**Total Profits** refer to the operational results in a certain accounting period, and it is the balance of various incomes minus various spending in the course of operation, reflecting the total profits and losses of enterprises in reference period. Data are obtained from current year's cumulative amount of total profits in the profit statement of the accounting record of enterprise.

**Annual Average Employees** refer to the number of persons engaged in the production and operation activities of enterprises in the reporting period, which are actually employed by the enterprises.