Explanatory Notes on Main Statistical Indicators

Industry refers to the material production sector which is engaged in 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 rice husking, flour milling, wine making, oil pressing, silk reeling, spinning and weaving, and leather making; (3) manufacture of industrial products, such as steel making, iron smelting, chemicals manufacturing, petroleum processing, machine building, timber processing;and production and supply of electricity,heat,gas and water; (4)repairing of industrial products such as the repairing of machinery and means of transport (including cars).

Prior to 1984, the rural industry run by villages and cooperative organizations under village was classified into agriculture. Since 1984, it has been grouped into industry.

Units of industrial statistics survey corporate industrial enterprises with independent accounting system.

Corporate industrial enterprises with independent accounting system refer to enterprises engaging in industrial production activities, which meet the following requirements: ① They are established legally, having their own names, organizations, location, able to take civil liability; ②They possess and use their assets independently, assume liabilities, and are entitled to sign contracts with other units; ③ They are financially independent and compile their own balance sheets.

Light Industry refers to the industry that produces consumer goods and hand tools. It consists of two categories, depending on the materials used:

(1) Industries using farm products as raw materials. These are branches of light industry which directly or indirectly use farm products as basic raw materials, including the manufacture of food and beverages, tobacco processing, textile, clothing, fur and leather manufacturing, paper making, printing, etc.

(2) Industries using non farm products as raw materials. These are branches of light industry which use manufactured goods as raw materials, including the manufacture of cultural, educational articles and sports goods, chemicals, synthetic fiber, chemical products for daily use, glass products for daily use, metal products for daily use, hand tools, medical apparatus and instruments, and the manufacture of cultural and office machinery.

Heavy Industry refers to the industry which produces capital goods, and provides various sectors of the national economy with necessary material and technical basis. It consists of the following three branches according to the purpose of production or the use of products:

(1) Mining, quarrying and logging industry refers to the industry that extracts natural resources, including extraction of petroleum, coal, metal and non-metal ores.

(2) Raw materials industry refers to the industry that provides various sectors of the national economy with raw materials, fuels and power. It includes smelting and processing of metals, coking and coke chemistry, chemical materials and building materials such as cement, plywood, and power, petroleum refining and coal dressing.

(3) Manufacturing industry refers to the industry that processes raw materials. It includes machine-building industry which equips sectors of the national economy, industries of metal structure and cement products, industries producing means of agricultural production, such as chemical fertilizers and pesticides.

According to the above principle of classification, the repairing trades, which are engaged primarily in repairing products of heavy industry are classified as heavy industry while these engaged in repairing products of light industry are classified as light industry.

Gross Industrial Output Value is the total volume of final industrial products produced and industrial services provided during a given period. It reflects the total achievements and overall scale of industrial production during a given period.

Total Assets refer to all economic resources, in monetary terms, that is owned or controlled by enterprises, including properties, creditors Equities and other economic rights of all forms. Classified by the degree of equitability, total assets include circulating assets, long-term investment, fixed assets, intangible assets and deferred assets, and other assets. Data on this indicator can be obtained by the year-end figures of total assets in the Assets and Liability Table of accounting records of enterprises.

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.

Original Value of Fixed Assets refers to the cost of fixed assets, including the total expenditure incurred by the enterprises in the purchase, self construction, installation, reconstruction, expansion and technological transformation of a fixed asset.

Net value of fixed assets refers to the original value of fixed assets minus depreciation over the years.

Net fixed assets refers to the amount after the original price of fixed assets minus accumulated depreciation and provision for impairment of fixed assets.

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.

Revenue from Principal Business refers to the annual accumulation of corresponding item in the “profit table”of the accountant. For enterprises that do not follow the 2001 Enterprises Accounting Standards,the year-end accumulation of revenue from the sales of products is used as a substitute.

Total Profits refer to the final achievements of production and operation of the enterprises, represented by the total profits after deducting losses (loss is expressed by the negative figure). It is the sum of profits from operation, income from subsidies, investment earnings, net income from activities other than operation, and adjustment of profits and losses of previous years.

Total Liabilities refer to payable liabilities of enterprises that have to repay in terms of money, assets or labour services.

Owner’s Equities refers to the wonership of net assets of enterprises by its investors.The net assets equal the total assets minus total liabilities of the enterprise,including the actual assets invested into the enterprise by investors,accumulation of capitals and operating surplus and non-distributed profits.The enterprise’s assets is less than its liabilities if the sum of owner’s Equities is smaller than zero.

Tax and Extra Charges refer to the annual accumulation of corresponding item in the “profit table”of the accountant.For enterprises that do not follow the 2001 Enerprise Accounting Standards,the year-end accumulation of tax and extra charges from the sales of products is used as a substitute.

Value-added Tax Payable(accumulated amount incurred in the current period) refers to the value-added tax payable by the enterprises during the reporting period. When filling in this indicator, value-added tax that the enterprises should bear in the current period should be calculated on the accrual basis. There are two calculation methods, one of which can be selected. Once determined, it should not be changed in principle.

Method 1: fill in and submit according to the current accounting subjects:

Value-added tax payable (accumulated amount incurred in the current period)=output tax - (input tax -transfer out unpaid VAT) - tax payable of domestic products deducted by export - tax deduction+export rebate+simple taxation

Method 2: fill in and submit according to the current VAT and additional tax declaration form (applicable to general taxpayers):

Value-added tax payable (accumulated amount incurred in the current period)=output tax - (input tax - transfer out unpaid VAT - tax exemption, credit and refund)+tax payable calculated by the simple tax calculation method+supplementary tax payable for tax inspection calculated by the simple tax calculation method - tax payable reduction - additional deduction

Total profits and taxes refer to the sum of the profits obtained and various taxes paid by enterprises in business activities. It is calculated as follows:

Total profits and taxes = total profits + value-added tax payable + taxes and surcharges

Income tax expenses consist of two parts: current income tax and deferred income tax.Current income tax refers to the amount of income tax that should be paid to the tax department for the current transactions and events calculated and determined by the enterprise in accordance with the provisions of the tax law,that is, the income tax payable.Deferred income tax refers to the difference between the amount of deferred income tax assets and deferred income tax liabilities that should be recognized in accordance with the provisions of the income tax standards and the originally recognized amount.

Ratio of Profits, Taxes and Interests to Average Assets reflects the profit-making capability of all assets of the enterprise and is a key indicator manifesting the performance and management and evaluating the profit-making potential of the enterprise. It is calculated as follows:

Ratio of Profits, Taxes and Interests to Average Assets (%) = [(total profits + total taxes + interest payment) / average assets]×100%

In the above formula, total taxes is the sum of tax and extra charges on the sales of products and value-added tax payable; and average assets is the arithmetic mean of the sum of beginning assets and ending assets.

Ratio of Debts to Assets reflect both the operation risk and the capability of the enterprise in making use of the capital from the creditors. It is calculated as follows:

Ratio of Debts to Assets (%) = (total debts / total assets)×100%

Both assets and debts are figures at the end of the reference period.

Turnover of Working Capita refers to the number of times of turnover of working capital in a given period of time, which reflects the speed of the turnover of working capital of industrial enterprises, and is calculated as follows:

Turnover of Working Capital=(sales revenue of products) / (average balance of total working capital)

In the above formula, average balance of total working capital refers to the arithmetic mean of the sum of working capital at the beginning and at the end of the reference period.

Ratio of Profits to Total Industrial Costs refers to the ratio of profits realized in a given period to the total costs in the same period, which reflects the economic efficiency of input cost and is calculated as follows:

Ratio of Profits to Total Industrial Cost (%)=(total profits/ total costs)×100%

Total Costs in the above formula is the sum of cost of products sold, marketing cost, management cost and financial cost.

Ratio of sales reflects the extent to which industrial products are produced and sold.

It is calculated as follows:

Ratio of sales（%）=（Industrial sales output value/gross industrial output value）×100%