

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; water and gas production and electricity generation and supply; (4) repairing of industrial products such as the repairing of machinery and means of transport (including cars).

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; (2) They 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.

State-holding Enterprises refer to state owned enterprises plus state holding enterprises. State owned enterprises (originally known as state run enterprises with ownership by the whole society) are non corporate economic entities registered in accordance with the Regulation of the People's Republic of China on the Management of Registration of Legal Enterprises, where all assets are owned by the state. Included in this category are state owned enterprises, state funded corporations and state owned joint operation enterprises. Joint state private industries and private industries, which existed before 1957, were transformed into state run industries since 1957, and into state owned industries after 1992. Statistics on those enterprises are included in the state owned industries instead of grouping them separately. State holding enterprises is a sub classification of enterprises with mixed ownership, referring to enterprises where the percentage of state assets (or shares by the state) is larger than any other single share holder of the same enterprise. This sub classification illustrates the control of the state over a particular industry.

Enterprises covered in the industrial statistics in the Yearbook include following categories by their registration:

State-owned Enterprises refer to non-corporation economic units where the entire assets are owned by the state and which have registered in accordance with the Regulation of the People's Republic of China on the Management of Registration of Corporate Enterprises. Excluded from this category are sole state funded corporations in the limited liability corporations.

Collective-owned Enterprises refer to economic entities registered in accordance with the Regulation of the People's Republic of China on the Management of Registration of Legal Enterprises, where assets are owned by collectively. Collective

enterprises constitute an integral part of the socialist economy with public ownership. They include urban and rural enterprises invested by collectives, and some enterprises registered in industrial and commercial administration agency as collective units where funds are pulled together by individuals who voluntarily give up their right of ownership.

Share-holding Cooperative Enterprises refer to economic units set up on cooperative basis, with funding partly from members of the enterprise and partly from outside investment, where the operation and management is decided by the members who also participate in the production, and the distribution of income is based both on work (labour input) and on shares (capital input).

Joint Operation Enterprises refer to economic units that are established by joint investment by two or more corporate enterprises or institutions of the same or different types of ownership on voluntary, equal and mutual beneficial basis.

Limited Liability Corporations 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 capitals from 2 to 49 investors, each investor bears limited liability to the corporation depending on his/her holding of shares, and the corporation bears liability to its debt to the maximum of its total assets.

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 Corporate Enterprises, with total registered capitals divided into equal shares and 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 economic units invested or controlled (by holding the majority of the shares) by natural persons who hire labours for profit making activities. Included in this category are private limited liability corporations, private share holding corporations Ltd., private partnership enterprises and private sole investment enterprises registered in accordance with the Corporation Law, Partnership Enterprise Law and Tentative Regulation on Private Enterprises.

Enterprises with Funds from Hong Kong, Macao and Taiwan refers to all industrial enterprises registered as the joint venture, cooperative, sole (exclusive) investment industrial enterprises and limited liability corporations with funds from Hong Kong, Macao and Taiwan.

Foreign Funded Enterprises refers to all industrial enterprises registered as the joint venture, cooperative, sole (exclusive) investment industrial enterprises and limited liability corporations with foreign funds.

Enterprises with Hong Kong, Macao, Taiwan and foreign fund refer to all the enterprises with funds from Hong Kong Macao and Taiwan and foreign funded enterprises.

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 clerical 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 into heavy industry while these engaged in repairing products of light industry are classified into light industry.

Value-added of Industry refers to the final results of industrial production of industrial enterprises in money terms during the reference period.

Industrial value added can be calculated by two approaches: the production approach, i.e. gross industrial output value minus intermediate input plus value added tax, and the income approach, i.e. income for various factors used in the course of production, including depreciation of fixed assets, remuneration of labourers, net of production tax, and operating surplus. Value added of industry in the Yearbook is calculated by production approach as following:

Value added of industry = gross industrial output - industrial intermediate input + value added tax

(1) Gross industrial output: refers to the total achievements of industrial production during a given period. Gross industrial output includes value of finished products, income from external processing, and value of change in semi finished products at the end and at the beginning of the reference period. Since 1995, it was substituted by the gross industrial output

value by new method.

(2) Industrial intermediate input: refers to purchased goods and paid services consumed during the industrial production of enterprises. Fees paid for services include fees paid for the services provided by material production sectors (industry, agriculture, wholesale and retail trade, construction, transport, post and telecommunications) and by non material production sectors (insurance, banking, culture, education, scientific research, health and medical care, public administration, etc.). The determination of industrial intermediate input follows the principle that the goods and services must be purchased from outside and included in the gross industrial output, and that the goods and services are inputted into production and consumed (include low value consumables) during the reference period..

Total Assets refer to all economic resources, in monetary terms, that is owned or controlled by enterprises, including properties, creditors equity 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.

Total 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) be owned for trading purpose mainly; (3) expected to be cashed in 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 being 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 have to repay in terms of money, assets or labour services. In terms of payment, it can be divided into liquid liabilities and long term liabilities. Data on this item is obtained from the ending figures on total liabilities from the Assets and Liability Table from the enterprises.

Business Revenue refers to the total revenue recognized by an enterprise in its principal business and other business operations. Business revenue includes "revenue from principal Business" and "revenue from other business". It comes from this year's cumulative report of "business revenue" items from the "income statement".

Business Cost refers to the total cost incurred by an enterprise in its principal business and other business operations. 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 this year's cumulative report of "operating cost" items from the "income statement".

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.

Average Annual Number of Employed Persons

Employed persons refer to all those who are employed in enterprises and receive remunerations therefrom, including currently working employees, retirees who are re-employed, teachers of local run schools, as well as foreigners, staff from Hong Kong, Macao and Taiwan, part time employees and persons with second job who are employed by the enterprise, and employees of other units temporarily working in the enterprises, but excluding former employees who left the enterprise with their employment records still kept by the enterprises.

Average number of employed persons refers to the number of employees everyday during the reference period, calculated with the following formula:

$$\begin{aligned} \text{Monthly average number} &= \frac{\text{sum of actual employees everyday in reference month}}{\text{number of calendar dates in reference month}} \\ \text{Quarterly average number} &= \frac{\text{sum of monthly average number in reference quarter}}{3} \\ \text{Annual average number} &= \frac{\text{sum of monthly average number in reference year}}{12} \end{aligned}$$

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:

$$\text{Ratio of Debts to Assets (\%)} = \frac{\text{total debts}}{\text{total assets}} \times 100\%$$

Both assets and debts are figures 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:

$$\text{Ratio of Profits to Total Industrial Cost (\%)} = \frac{\text{total profits}}{\text{total costs}} \times 100\%$$

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

Ratio of Turnover of Working Capitals 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:

$$\text{Ratio of Turnover of Working Capital} = \frac{\text{sales revenue of products}}{\text{average balance of total working capital}}$$

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.