



Explanatory Notes on Main Statistical Indicators

Total Retail Sales of Consumer Goods refers to the amount obtained by enterprises (units, self-employed individuals) through direct sales of non-production and non-business physical commodity to individuals, social institutions, and revenue from providing catering services. Individuals include rural and urban households, population from abroad, social institutions include government agencies, social organizations, military units, schools, institutions, neighbourhood (village) committees.

Total Purchases of Commodities refer to the total value of purchases of commodities by enterprises (establishments) from other establishments or individuals (including direct import from abroad) for the purpose of re-selling, either with or without further processing of the commodities purchased. The commodities include: (1) commodities purchased from agricultural and industrial producer, wholesaler, retailer, publishing house and other enterprises, institutions and individual operators of service business; (2) commodities purchased from institutions and social groups; (3) confiscated goods purchased from the customs authorities or market management agencies; (4) second-hand goods and wastes purchased from residents; The commodities exclude (1) commodities purchased by enterprises (establishments) for use in their own business operation, commodities obtained without buying or selling procedures such as materials, consumable goods of low value, office appliance, etc. (2) received goods without trading, such as goods handed over from others, borrowed goods, preserved goods for others, donated goods from others, processed and retrieved goods, etc. (3) goods of direct settlement between buyer and seller with handling fees introduced by others, (4) goods returned or refused to pay by the buyer, (5) excessive goods, (6) futures trading commodities.

Total Sales of Commodities refer to value of commodities sold by the establishments to other establishments and individuals (including goods sold for self consumption, including the value-added tax). The commodities include: (1) commodities sold to individuals and social groups for their consumption; (2) commodities sold to establishments in all industries for their production and operation, including agriculture, industry, construction, and catering services including commodities sold to wholesale and retail establishments for re-selling, with or without further processing; and (3) commodities for direct export to abroad. Excluded are (1) extended commodities without trading, such as goods handed over to other enterprises and institutions because of the change of organizations, lent goods, returned goods preserved for others, extended processing materials and samples donated to others, (2) goods sold by coupon rebates that are not included in business income, (3) goods of direct settlement between buyer and seller with handling fees introduced by others, (4) prepaid cards for goods without transfer of ownership, such as gas cards, (5) Service-oriented

economic activities such as automobile maintenance and telephone card sales, (6) goods returned after purchase, (7) damaged and spoiled goods, (8) waste and used goods of self use, (9) futures trading commodities, (10) water, electricity and gas supplied by water supply enterprises, electric power enterprises and natural gas supply enterprises.

Total Stock of Commodities For the legal entities and self-employed individuals engaged in wholesale and retail trade, it refers to total value (including VAT) of commodities possessed at the end of the reference period; and for wholesale and retail establishments, it refers to the value (including VAT) of all commodities actually in stock and owned by their legal persons at the end of reference period. The commodities in stock includes: (1) commodities located in storage, garages, counters, and shelves of operating places of wholesale and retail trades (such as sale stores, wholesale centres, procurement stations and operating offices); (2) commodities in the process of being selected, sorted, and packed; (3) commodities not arrived but recorded as purchase in the account, i.e. commodities not arrived but payment receipts for the commodities from the sellers or the banks arrived; (4) commodities deposited in other places rather than places mentioned above, for instance: commodities in the hold of purchasers temporarily due to the refusal of payment; (5) commodities entrusted to other units to sell but not sold yet; (6) commodities purchased for other units but not delivered yet. Commodities not included as stock are those not owned by the enterprises (units), commodities on commission for processing, imported commodities of agency of foreign trade enterprise but not yet delivered to ordering units and finally those put in stock on behalf of the state reserves units.

The amount of inventory goods can be calculated using the purchase price or the selling price. In order to calculate the ending stocks at purchase price, the principle of accounting on the basis of actual purchase cost should be adopted; and to calculate the ending stocks at selling price, the principle of accounting on the basis of selling price adopted. Goods purchased should be calculated when they are delivered, checked and put in storage (for the goods purchase but not delivered, they are also included in the ending stocks). For the goods in storage and without commercial acceptance, the ending stocks are calculated at the price provided by the suppliers; at the end of the year, all the imported goods in storage or sold, which are transacted at F.O.B. prices and have not been paid the premiums payable, should be calculated as ending stocks, including the goods entrusted other units to sell. When the goods entrusted other units to manufacture are delivered, the ending stocks should be reduced; when it delivered back, the ending stocks increased (including purchase price, processing cost, processing taxes, etc.).

Business Revenue refers to the total income that the hotels and catering services enterprise received from providing services or selling commodities through business activities,



including income from hotels, catering services, selling of commodities (including VAT) and other services. It excludes the income provided by the industrial units in other industries of this corporate enterprise.

Income from hotel rooms refers to the income of hotel and catering services provided by the enterprise in the hotel and catering service industry. It excludes the room income provided by the industrial units in other industries of this corporate enterprise.

Income from catering services refers to the income that the enterprise received by providing catering services, including selling of cooked or prepared foods, such as stable food, cooked dishes or cold dishes. It excludes the income provided by the industrial units in other industries of this corporate enterprise.

Volume of Transaction at Large Commodity Markets (with transaction value over 100 million yuan) refers to the commodity markets with an annual transaction at and above 100 million. The commodity market refers to the markets approved and managed by related departments, where there are fixed sites, facilities, managers and administration offices, where there are a certain number of traders to operate for three month and above or all the year, where the commodities including the articles for daily consumption and capital goods and services are traded in a centralized, independent and open way. Such market includes markets of daily goods and market of capital goods, etc.

Chain Enterprise (also called chain stores or chain corporations) refer to the core leading stores responsible for development, allocation, administration and utilization of resources (name of stores, brand of stores, operation model, service standard, management way, etc.) of chain stores. Chain stores refers to the stores engaged in providing homogeneous commodities or services, with the central leadership of head store (headquarters) and guided by common policies, conduct centralized purchase and distributed selling of commodities, in

order to gain better efficiency through standardized operation. The chain stores include regular chain stores, franchise chain stores and voluntary chain stores. In-system enterprises, such as Xinhua Bookstore, Tobacco Company, and Oil Company, should pay attention to whether they have the characteristics of chain operation. If they do not have the characteristics of chain operation, they cannot be included in the chain statistics category.

Chain stores have 3 categories:

a) Chain stores under direct management: These are formal chain stores invested or controlled by the headquarters. They operate under the direct and unified management from the headquarters. Adopting a direct management approach, the headquarters give orders and control all retail stores, which follow completely the directives from the headquarters. Large monopolized commercial companies develop and expand their business through purchasing, merging, direct investment and controlling of shares.

b) Chain stores through special permit: Through contracts, chain stores (or their owners) obtain licenses from the headquarters to use designated trade marks, names, operation know how, and to sell the commodity developed by the headquarters. Under this arrangement, each store in the chain is an independent legal entity and operates under the guidance from the headquarters.

c) Chain stores through voluntary arrangement: Under this arrangement, all stores operate together under the guidance of the headquarters, while maintaining their status of independent legal entities with full ownership of their assets. They use the same store name, sign contracts with the headquarters concerning purchase, sale, publicity, etc. and operate under the contract. They are free to engage in other activities which are not bounded in the contract. They could join or leave the chain on voluntary basis.