

## 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 mining products and agricultural products, including (1) extraction of natural resources, such as mining, salt production, logging (but not including animal hunting and fishing); (2) processing and reprocessing of agricultural products, such as grain and oil processing, food processing, embroidery, textile manufacturing and leather making; (3) processing and reprocessing of mining products, such as iron making, steel making, chemical production, petroleum processing, machine building, timber processing; and production and supply of electric power, tap water and gas; (4) repair and refurbishment of industrial products, such as the repair of machinery equipment.

**Light Industry** refers to the industries that produce consumer goods and hand tools. It falls into two categories, based on different raw materials: (1) Light industries basing the raw materials on agriculture, which directly or indirectly use farm products as basic raw materials, mainly include the manufacture of foods and beverages, tobacco processing, textile manufacturing, tailoring, fur and leather manufacturing, paper making, printing, etc. (2) Light industries using non-agricultural products as raw materials, which means the manufactured goods are used as raw materials, mainly include the manufacture of cultural, educational articles and sports goods, chemical medicines, synthetic fiber, daily chemical products, glass products for daily use, metal products for daily use, hand tools, medical appliances and instruments, as well as stationery and office machinery.

**Heavy Industry** refers to the industries that provide material and technical foundation as key means of production for various sectors of the national economy. It falls into the following three categories according to the nature of its production and the use of its products: (1) Mining, quarrying and logging industry refers to the industry that extracts natural resources, including the extraction of petroleum, coal, metal and non-metal ores and logging. (2) Raw material industry refers to the industry that provides various sectors of the national economy with basic materials, power and fuels. It includes smelting and processing of metals, coking and coke chemistry, chemical materials, cement, artificial boards, as well as power generation, petroleum refining and coal processing. (3) Processing industry refers to the industry that reprocesses the industrial raw materials. It includes machine manufacturing, which equips various sectors of the national economy, metal structure, cement products, and chemical fertilizer and pesticide industry that provide means of production for agriculture.

According to the above principle of classification, the repair services for products of heavy industry are classified as heavy industry, while the repair services for products of light

industry are classified as light industry.

**Gross Output Value of Industry** is the total value in monetary terms for final industrial products and industrial labor service provided by industrial enterprises during the reporting period. It includes the value of all the finished industrial products (including semi-finished products), which will not be further processed in the enterprises and have been sold or have been prepared for sales upon being inspected, packed and put in storage, the revenue from processing products for others, the difference value of self-made semi-finished products and the articles in process at the end and beginning of the period. The gross industrial output value is calculated with factory method; that is, to take an industrial enterprise as a whole. It calculates the final products created by the enterprise.

**Total Assets** refer to resources formed by previous transactions or matters of an enterprise, owned or controlled by the enterprise, and expected to bring economic benefits to the enterprise. Classified by the liquidity, assets fall into current assets and non-current assets. Current assets include monetary capital, tradable financial assets, notes receivable, accounts receivable, prepayment, other receivables, and inventory, etc.; while non-current assets include long-term equity investment, fixed assets, intangible assets, and other non-current assets, etc.

**(1) Total Current Assets** Assets that meet any of the following requirements are considered current assets: ① assets expected to be cashed in, sold or consumed in a normal operating cycle, which mainly includes inventory and accounts receivable, etc.; ② assets held mainly for transaction; ③ assets expected to be cashed in within one year (including one year) from the balance sheet date; ④ cash or cash equivalents with unrestricted capacity of exchanging for other assets or paying off debts within one year from the balance sheet date, which include monetary capital, notes receivable, accounts receivable, inventory, etc.

**(2) Original Value Fixed Assets** refers to the cost of fixed assets, including the total amount of expenditure incurred to an enterprise in its acquisition, self-construction, installation, reconstruction, expansion or technological transformation of a certain fixed asset.

**Total Liabilities** refer to the present obligations formed by previous transactions or matters of an enterprise, expected to lead the flow of economic benefits out of the enterprise. By the term of payment, liabilities generally include current liabilities and non-current liabilities.

**Total Current liabilities** Liabilities that meet any of the following requirements are considered current liabilities: ① assets expected to be paid off within one normal operating cycle; ② assets held mostly for the purpose of transaction; ③ assets expected to be due and paid off within one year from the balance sheet date; ④ liabilities for which the enterprise has no

right to delay the payment to more than one year after the balance sheet date on its own. They include short-term loans, notes payable, accounts payable, wages payable, taxes and fees payable, etc.

**Total Owner's Equity** refers to the remaining equity of assets in an enterprise held by owners after deducting the liabilities. Owner's equity of a company is also called shareholders' equity, including paid-up capital, capital reserves, operating surplus reserves and non-distributed profits, etc.

**Paid-up Capital** refers to the total capital (or equity) actually contributed by investors to an enterprise, including input in various forms, such as monetary investment, physical investment and intangible assets. Categorized by investors, paid-up capital includes state capital, collective capital, legal person's capital, personal capital, capital from Hong Kong, Macao and Taiwan, and foreign capital.

**Business Income** refers to the inflow of economic benefits formed in an enterprise's production and operating activities such as sales of commodities, rendering of labor services and assignment of the right to use assets, etc.

**Business Cost** refers to the actual cost incurred by an enterprise in its production and operating activities such as sales of commodities, rendering of labor services and assignment of the right to use assets, etc.

**Tax and Surtax** refers to the consumption tax, urban maintenance and construction tax, resource tax, environmental protection tax, educational surcharge as well as the house property tax, land use tax, vehicle and vessel use tax, stamp tax and other relevant taxes and fees that are payable by an enterprise for engaging in production and operating activities in accordance with the tax law.

**Total Profits** refer to the operating results of an enterprise during certain accounting period, representing the surplus of various incomes from production and operation deducting various expenses, reflecting the total gains and losses realized by the enterprise during the reporting period.

**VAT Payable** refer to a kind of turnover tax that should be levied on an enterprise according to the provisions tax law, with the value added and the import amount of goods in its sales of goods, services, intangible assets or in its offering of processing,

repair and replacement labor services.

$$\text{VAT Payable} = \text{Output Tax} - (\text{Input Tax} - \text{Transfer-out of Input Tax}) - \text{Tax Payable Deducted by Export from Output Tax of Domestically Sold Products} - \text{Tax Concession} + \text{Export Rebate} + \text{Simple Taxation}.$$

**Average Number of Employees** refers to the average number of employees actually in the enterprise and engaged in its production and operation activities during the reporting period.

**Turnover of Current Assets** refers to the number of times for current assets turnover within a period of time. It reflects the turnover velocity of current assets. Calculation formula is listed below:

$$\text{Turnover of Current Assets (No. of times)} = \text{Business Income} / \text{Average Balance of Current Assets}$$

**Assets-liabilities Ratio** reflects how many assets—out of the total assets of the enterprise, are obtained by borrowing. It can be used to evaluate the enterprise's capability of operating by using the funds provided by creditors, and to what extent the enterprise will be able to protect the creditors' interests in the case of liquidation. The following formula is used:

$$\text{Assets-liabilities Ratio} = \text{Total Liabilities} / \text{Total Assets} \times 100\%$$

**Contribution Rate of Total Assets** indicates the profitability of all assets in an enterprise, reflecting the operating performance and management of the enterprise. It serves as a core indicator evaluating the enterprise's profitability. The following formula is used:

$$\text{Contribution Rate of Total Assets} = (\text{Total Profit} + \text{Total Tax} + \text{Total Interest Expenses}) / \text{Average Total Assets} \times 100\%$$

Specifically, the total tax is the sum of tax and surtax, and VAT payable; average total assets are represented by the arithmetic average of total assets at the beginning and the end of the period.

**High-tech Manufacturing Sector** refers to the manufacturing industry with relatively high R&D input intensity in national economic sectors, and is defined in accordance with the standards in the *High Technology Industry (Manufacturing Industry) Classification 2017* of the National Bureau of Statistics.