

Explanatory Notes on Main Statistical Indicators

Industrial Legal Entities above Designated Size

refer to industrial legal entities as legal person with annual business revenue of over 20 million yuan. Legal entities adopt statistical relevant entities dividing standards.

Large, Medium, Small, Mini-sized Enterprises

Industrial enterprises are classified into large, medium, small, mini-sized enterprises according to employment personnel and business revenue in accordance with the regulation of Classification of Large, Medium, Small, Mini-sized Enterprises on Statistics in 2017. The standard of classification as following:

Indicator	Unit	Large-sized	Medium-sized	Small-sized	Mini-sized
Employment Personnel(X)	person	$X \geq 1\ 000$	$300 \leq X < 1\ 000$	$20 \leq X < 300$	$X < 20$
Business Revenue(Y)	10 000 yuan	$Y \geq 40\ 000$	$2\ 000 \leq Y < 40\ 000$	$300 \leq Y < 2\ 000$	$Y < 300$

Industrial Strategic Emerging Industry

refers to industry based on major technological breakthroughs and development needs, promoting long-term development of the economy and society. The industry has the characteristics of intensive knowledge and technology, less consumption of material resources, great potential of growth, good overall efficiency. The industry include new generation of information technology industry, high-end equipment manufacturing industry, new material industry, biotechnology industry, new energy powered automobile industry, new energy industry, energy conservation industry, digital creative industry and relevant services. Because relevant services excluding industry, industrial strategic emerging industry includes the first eight fields.

Hightech Industry (Manufacturing)

refers to the manufacturing with relatively high R&D input strength (the proportion of R&D expenses to the revenue from principal business) in the national economic industry. According to The Classification of Hightech Industry (Manufacturing) (2017), specific include: manufacture of medicines, manufacture of aviation, spacecraft and equipment, manufacture of electronic and communication equipment, manufacture of computer and office equipment, manufacture of medical instrument and equipment and measuring instrument, and manufacture of information chemicals.

Equipment Manufacturing

refers to the 8 major categories in the manufacturing sector, specific include: manufacture of metal products, manufacture of

general purpose machinery, manufacture of special purpose machinery, manufacture of motorcar, manufacture of electrical machinery and equipment, manufacture of railway, watercraft, aerospace and other transport equipment, manufacture of computers, communication and other electronic equipment, and manufacture of measuring instruments.

Manufacture of Consumption Goods

refers to the 13 major categories in the manufacturing sector, specific include: processing of food from agricultural products, manufacture of food, manufacture of alcohol, beverages and refined tea, manufacture of tobacco, manufacture of textile, manufacture of textile wearing and apparel, manufacture of leather, fur, feather and related products, footwear, manufacture of furniture, manufacture of paper and paper products, printing, reproduction of recording media, manufacture of articles for culture, education and industrial arts, sport activity, amusement manufacturing, manufacture of medicines, manufacture of chemical fibers.

Total Assets

refer to all resources formed by transaction or other activities, which are owned or controlled by enterprises and expected to bring economic benefits to the enterprises. Classified by the degree of liquidity (the time of assets to be liquidated or consumed), total assets include working capitals and immovable assets. Working capitals can be classified into monetary assets, trading financial assets, notes receivable, accounts receivable, advanced payments, other prepaid money and inventories. Immovable assets can be divided into long-term equity investment, fixed assets, intangible assets and other immovable assets.

Current Assets

the assets should be classified into current assets if meeting one of the following conditions: (1) expected to be liquidated, sold or consumed in one normal operating cycle, mainly including inventory, account receivable, etc.; (2) owned for transaction purpose; (3) expected to be liquidated in one year (including one year) since balance sheet date; (4) cash or cash equivalent without limited ability of exchanging other assets or paying debts in one year from balance sheet date, including monetary funds, note receivable, accounts receivable, inventory and other items.

Total Liabilities

refer to payable liabilities of enterprises that accumulated from previous trades or transactions with expectation of economic profits leaking out, include bank loans, borrowings,

accounts payable, employee wages payable, employee welfare fees payable, taxes payable and debts for which the enterprise is responsible. In terms of payment, it can be divided into current liabilities and non-current liabilities.

The enterprises which implement "Enterprise Accounting Standards" or "Small Enterprise Accounting Standards", *Total Liabilities = Total current liabilities + Total non-current liabilities*; The Liabilities of the enterprises which implement other enterprise accounting system include current liabilities and long-term liabilities.

Business Revenue

refers to total revenues recognized by selling goods, rendering labor services, alienating right to use assets, and other business of enterprises.

Business Cost

refers to total costs recognized by selling goods, rendering labor services, alienating right to use assets, and other business of enterprises.

Business Tax and Surcharges

refer to the tax and charges by enterprises in accordance with the tax law for the production and operation activities, including consumption tax, city maintenance and construction tax, resources tax, environmental protection tax, the additional cost of education, property tax, urban land use tax, vehicle and vessel use tax, stamp tax and etc.

Total Profits

refer to the business results of enterprises in certain accounting period, that is the profits gained from the revenues after deducting the costs, which means the final achievements in the reference period. Total profits equals to business profit add non-business revenue and minus non-business expenditures.

Total Pre-tax Profits

refers to the sum of the total profits, business tax and surcharges, and the value added tax payable of industrial enterprises.

Value-added Tax Payable

refers to a kind of turnover tax with added value and import value of goods in selling of goods, services, intangible assets, real estate, or providing processing, repairing, and replacement services as the tax basis according to tax law. The value-added tax that the enterprise should bear in the current period should be calculated according to the accrual basis. There are two calculation methods, which cannot be changed in principle after selecting one:

(1) *Value-added Tax Payable (The Accumulated Amount for the Period) = Tax on Sales - (Tax on Purchase - Transferred Tax on Purchase) - Exports Deduct Tax Payable on Domestic Sales - Tax Relief + The Export Tax*

Rebate + Simple Tax Calculation

(2) Completing the calculation according to the main table of the <VAT payment return (general taxpayer application)> at the current period and the 'Table of tax credits' in the fourth schedule of each period:

Value-added Tax Payable (The Accumulated Amount for the Period) = Tax on Sales - (Tax on Purchase - Transferred Tax on Purchase - Refundable Tax for Tax Exemption, Offset and Refund of Goods) + Tax Payable under a Simplified Method + Overdue Tax Payable after Tax Inspection under a Simplified Method - Tax Reduction Amount of Tax Payable - Weighted Deduction

Tax on Purchase refers to the value-added tax payable by enterprises that purchase goods or receiving taxable services during the reference period and this part of the tax is allowed to be deducted from the tax on sales.

Tax on Sales refers to the value-added tax chargeable by enterprises that sell goods or provide taxable services during the reference period.

Accounts Receivable

refer to obligatory right of enterprises formed from selling of goods, providing services and other business activities. Including payment for goods to customers, value-added tax, freight and miscellaneous expenses advanced for customers and etc.

Annual Average Employees

refer to the average number of persons engaged in the enterprise production and operation activities in this period, which are actually owned by the enterprise.

Proportion of Products Sold

reflects the actual sale of industrial products, analyzing the production-selling and supply-demand relations. It is calculated as:

$$\text{Proportion of Products Sold (\%)} = \frac{\text{Value of Industrial Sales}}{\text{Gross Industrial Output Value (Current Prices)}} \times 100\%$$

Ratio of Total Assets to Industrial Output Value

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:

$$\text{Ratio of Total Assets to Industrial Output Value (\%)} = \frac{\text{Total Pre-tax Profits} + \text{Total Taxes} + (\text{Interest Expenses} - \text{Interest Income})}{\text{Total Assets}} \times 100\%$$

In the above formula, total taxes is the sum of business tax and surcharges and value-added tax payable.

Ratio of Liabilities to Assets

reflects both the operation risk and the capability of the enterprise in making use of the capital from the creditors. It is calculated as follows:

$$\text{Ratio of Liabilities to Assets (\%)} = \frac{\text{Total Liabilities}}{\text{Total Assets}} \times 100\%$$

Turnover of Current Assets

refers to the number of times of turnover of current assets in a given period of time, which reflects the speed of the turnover of current assets of industrial enterprises, and is calculated as follows:

$$\frac{\text{Turnover of Current Assets}}{\text{Business Revenue}} = \frac{\text{Average Balance of Total Current Assets}}{\text{Business Revenue}}$$

In the above formula, average balance of total current assets refers to the arithmetic mean of the sum of circulating funds at the beginning and at the end of the reference period.

Ratio of Profits to Business Revenue

is the main index to evaluate the operating efficiency and reflects the profitability of the enterprise business. It is calculated as follows:

$$\frac{\text{Ratio of Profits to Business Revenue (\%)}}{\text{Business Revenue}} = \frac{\text{Total Profits}}{\text{Business Revenue}} \times 100\%$$

Ratio of Profits to Costs

reflects economic benefits of production costs and expenses by the enterprise, also reflects economic benefits from reducing costs and is calculated as follows:

$$\text{Ratio of Profits to Costs (\%)} = \frac{\text{Total Profits}}{\text{Total Costs}} \times 100\%$$

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