

Tip Sheet: Identifying Chinese State Ownership

Summary

China's government owns major companies in critical industries with national security implications. State ownership in China's major industries was an important factor considered in lists [released by the U.S. Department of Defense](#) identifying Chinese military affiliated companies.

Luckily, public records and China's corporate reporting requirements can be used to identify state-owned enterprises quickly and accurately.

This tip sheet provides readers with a basic guide to understanding China's state-owned enterprises (SOEs) and how to recognize them using public records and other open sources.

State-owned enterprises permeate every level of China's economy

- **China's largest SOEs dominate major industries with national security implications.** These include weapons production, electronics, aerospace, industrial chemicals, and others.
- **SOE's exist at every level of China's government.** Outside from national enterprises managed by the central government, China's provinces, cities, towns, and counties own and manage their own enterprises.
- **These enterprises make up a substantial proportion of China's economy.** According to government reporting, in 2019 [SOEs nationwide](#) brought in a cumulative \$13.6 trillion (89.2 trillion RMB).

Fortunately, public records can help

Key information about any registered corporations in China can be accessed by the public through the [National Enterprise Credit Information Publicity System \(NECIPS\)](#). NECIPS records include information about shareholders, company address, and business purpose - which articulates industries or products the company is engaged in.

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Chinese state-owned enterprises are subject to corporate reporting requirements, including registration accessible via NECIPS.

Using only NECIPS and other publicly available government sources, it is possible to identify state ownership, direct or indirect, of Chinese entities.

Government offices manage SOEs via State-Owned Assets Supervision and Administration Commissions (SASAC)

- **These commissions exist at all levels of China’s government.** They are responsible for acting as an SOE shareholder for the purposes of corporate governance, and for reporting SOE activity to the government office they are attached to.
- **SOEs legally codify state control via shareholder relationships.** When registering with NECIPS, an SOE will list usually a specific SASAC as their shareholder.
- **Chinese state owners exist at all levels of government.** China’s largest and most powerful SOE are predominantly owned by the SASAC of the State Council (China’s highest level of government). Every province of China has their own SASAC which manage SOEs owned by the provincial governments. Records retrieved from NECIPS name over 20,000 SASACs associated with city, town, and county government offices as well.

Spotting a state-owned enterprise:

State ownership is represented via listed shareholders. It may be necessary to identify multiple layers of ownership until all shareholders are natural persons and/or State entities. This can be supplemented via direct research into government websites.

- **Company shareholder(s) include the term “state owned” (国有).** Entities owned by China’s central government will list the State-owned Assets Supervision and Administration Commission of the State Council (国务院国有资产监督管理委员会) as their primary or sole shareholder. Variations of the term SASAC exist at the city and town level, but all contain the term “state owned” (国有).

You can track shareholder relationships by examining public profiles in NECIPS records. These records are available through the official NECIPS website, or through third party navigators such as Qixin or Qichacha.

- **SASACs refer to their respective government offices within their name as listed in shareholder records.** For example, the Shanghai State-owned Assets Supervision And

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Administration Commission manages SOEs on behalf of the city of Shanghai. The State-owned Assets Supervision and Administration Commission of Hainan, manages SOEs on behalf of Hainan Province.

- **A minority of SOEs list shareholders that do not include the term “state owned”.** These exceptions include those owned directly by China’s central ministries. In these cases, the ministry (or respective government office) is listed directly as a company shareholder.
- **These relationships are additionally reported by SASACs directly to the public.** Most city and province SASACs as well as the SASAC associated with the State Council, maintain lists of subsidiaries on their respective websites. For an example, see Figure 1 below.



Figure 1: Names of enterprises managed by the Hangzhou State-owned Assets Supervision and Administration Commission published on the Commission’s website.