



CHINA-“ONE NATION, TWO SYSTEMS”: A MANAGEMENT AND ENTREPRENEURIAL PERSPECTIVE



Adam Quinones¹ --- Richard J. Hunter, Jr.^{2†}

¹MBA Candidate, Seton Hall University, USA

²Professor of Legal Studies and International Business

ABSTRACT

This paper explores the phenomenon of the Chinese “Brain Drain” in light of the paradigm of “China: One Nation, Two Systems,” a concept which is normally associated with a traditional financial, economic, or legal analysis, as China attempts to remake its system in the context of competing economic and political ideologies. Instead, the paper focuses on the fourth factor of production—management or entrepreneurship—as the main point of analysis and commentary.

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Contribution/ Originality

This paper contributes to the existing literature by focusing on human capital as the most important factor of production in analyzing China’s economic reforms.

1. INTRODUCTION: THE CONTEXT OF THE SYSTEM OF CENTRAL PLANNING

Since the overthrow of the Nationalists by Mao Zedong in 1949, China has been driven by the authoritarian leadership of the CPC or Communist Party of China. China’s economy is officially based on socialism or socialist principles and is organized under the system of state central planning, where the government—either directly or indirectly—controls the majority of the factors of production—land, labor, capital, and management. The system of central planning is also referred to as the *command-rationing mechanism* or the CRM. The system features “a comprehensive and detailed central plan that is applied to component industries or levels of production,” with the traditional market mechanism replaced with centralized coordination and allocation functions performed by a state planning commission (Hunter and Ryan, 1998).

The CRM required the strict “hierarchical subordination of lower echelon managers to superior state and party bodies, termed the *nomenklatura* system, operated by the governing party apparatus.” (Hunter and Ryan, 1991; Hunter and Ryan, 1998). In order to maintain the system, the state apparatus centralizes organizational rights to “create, restructure, and dissolve enterprises and ancillary organizations.” Hunter and Ryan (1998). The CRM gives a monopoly to the state at the expense of independence or spontaneity in the evolution of the organization and assures that “the system” will be preserved—at all costs. Private organizations and enterprise managers are barred from

taking any decisive or meaningful independent actions—especially in creating new enterprises. The system resulted in what has been termed the “fetish of the central planner,” attributing to the state the role of the only true economic actor or subject (Balicki, 1981).

Balcerowicz (1995) who led the transformation effort in Poland as Minister of Finance and Deputy Prime Minister in the period 1989-1991 (Hunter and Ryan, 2009) identified certain generic “derivative traits” of the CRM as:

- Administrative *price fixing* by central authorities;
- The *isolation of domestic producers* from foreign markets;
- Enterprise “*soft budget constraint*” (Kornai, 1986) which requires excessive governmental intervention and creates unrealistic prices and shortages as a result of the lack of core commercial and financial institutions; and
- *Monopolization* by the state due to “extreme organizational concentration,” the centralization of organizational rights, and the lack of foreign competition.

These tendencies or traits make individual enterprises “insensitive to market forces and to any fundamental or subtle changes in consumer demand... and created a dominant self-centered motivation, significant information limitations on the part of decision makers through the absence of horizontal links (between industries)... and low motivation.” Hunter and Ryan (1998). Perhaps more importantly, the CRM instituted numerous negative internal motivational factors that operated to preserve the existing system and assured a lack of interest in reform on the part of economic actors.

An *et al.* (2001) reported: “Devastated by nearly a century of turmoil and wars, China in 1949 was a desperately poor agrarian economy with nearly 90 percent of its population living in rural areas. As the economy recovered from the destruction of war, the government swiftly adopted a Soviet-style heavy-industry-oriented development strategy in 1952.”

Despite the decidedly negative aspects of the CRM and the choice of an economic strategy that ill fit the demographics and history of the Chinese people, China’s GDP still managed to grow from \$49 billion in 1961 to over \$10 trillion in 2015 (World Bank, 2016a). Yet, as Tomlinson (1999) discussed, “China is trapped between a flashy corporate culture of fast cars and sharp suits, and a moribund political system that still demands obeisance to Marxist ideals. The 20 years since Deng routed the Maoist diehards and tilted China toward a market economy have transformed China. Between 1979 and 1997, its GDP soared from \$43.6 billion to \$904 billion. Exports grew at an annual rate of 52%. Foreign companies invested more than \$220 billion. Officially, around 200 million people escaped “absolute poverty”—meaning they now have enough to eat.” (See Appendix I for information relating to China’s Foreign Direct Investment in aggregate, by country of origin, and by sector). The key to the transformation became foreign direct investment and *not* internal political or economic reform, based on a change in China’s industrial policy to “promote innovative entrepreneurship” (Schweinberger, 2014).

1.1. China, Foreign Direct Investment, and Growth

The Ministry of Commerce reported that “Inbound FDI has played an important role in China’s economic development and export success.” World Bank (2010). A former employee of the Office of General Counsel of the U.S. Trade Representative, Kate Hadley, noted: “The People’s Republic of China’s (PRC or China) emergence over the past three decades as an active participant in international investment agreements and a recipient and source of foreign direct investment (FDI) has transformed the world economy and the legal architecture governing international investment. In 1978, when Premier Deng Xiaoping announced China’s new policy of ‘reform and opening up,’ China was not a party to any investment agreements and was neither a recipient nor a source of FDI. A decade later, China had concluded sixteen bilateral investment treaties (BITs), and today it is party to 128 BITs and sixteen other agreements affecting investment. Since 1978, China also has become one of the leading destinations for FDI.” Hadley (2013).

Based on a report issued by the World Bank in 2010, foreign direct investment accounted for over half of China's exports and imports at that time. FDI activities provided for 30% of Chinese industrial output, and generated 22% of industrial profits. Enterprises engaged in FDI activities employed 10% of labor—largely because of their high productivity (World Bank, 2010). The report continued: “Evidence on technology spillovers is more limited, but industries with higher FDI seem to have higher productivity increases than other industries, suggesting a positive effect. Importantly, foreign investment has catalyzed China’s economic reform” (World Bank, 2010).

1.2. The Current State of China’s Economy

Dr. Yeomin Yoon, Professor of Finance and International Business at Seton Hall University, has provided an apt summary of the economic picture in China: “Economic history amply demonstrates that no country maintained such high, dynamic economic growth rates as China did for the last 35 years, for which China’s policymakers should be given credit. History also shows that no country can maintain double-digit growth rates for a long time, violating the law of gravity. China’s economic growth rates will slow down but to rates much higher than the rates of others for the foreseeable future” (Yoon, 2016). In this context, experts from the World Bank noted that “the challenge for China now is to attract the right kind of FDI as it strives to rebalance its economy, improve the environment, and move up the value chain” (World Bank, 2010). (For 2016, the Chinese government is targeting the economy to grow between 6.5 to 7.0 percent. A year earlier, the economy had expanded by 6.9 percent, the weakest since 1990.) (Trading Economics (2016)).

As a result, “recent FDI strategies have taken a more selective approach in order to attract environmentally sustainable, energy efficient, and technologically advanced industries. As befits its economic global rank, China is providing a level playing field for all firms, domestic or foreign alike” (World Bank, 2010). What has accounted for China’s continued attractiveness as a destination for FDI even though the economy seemingly has sputtered?

Since the Chinese government controls the factors of production, China has enjoyed a strong competitive advantage relating to cheap labor, which has permitted the state to be “laser focused” on building a manufacturing sector based on a strong price-based competitive advantage, ironically achieved by exploiting “commoditized labor”—a concept ironically reviled as a distinct negative feature of a capitalist economy under a classical Marxist analysis (Cooney, 2007; Hamelin, 2008; Friedman, 2009). However, as the editors of an article in the Jing and Liyan (2012) noted in their publication abstract: “China faces the challenges of brain drain, an aging population, and a perception as a manufacturer of low-quality products. To overcome these challenges, China has made an intensive commitment to recruiting talent from overseas and fostering talent on its own shores. These efforts include massive investment in R&D, universities, and corporate training, as well as an all-out effort to recruit talent from overseas, both foreign researchers, and China’s own overseas citizens.” (Quoted in Jing and Liyan (2012)).

Without a functioning free market operating in a formal capitalist system, however, China has struggled in developing and retaining workers with managerial capabilities, resulting in what many call a Chinese “Brain Drain.” (E.g., Ford (2012)). One thing seems apparent: until China can produce enough skilled private sector managers and relinquishes control of state-owned enterprises, China may never truly be transformed into a fully functioning capitalist economy. This paper explores this paradox in light of the paradigm of “China: One Nation, Two Systems” (E.g., (Chao, 1987; Friedman, 2001; Tong, 2014)) which is normally associated with a traditional financial, economic, or legal analysis, as China attempts to remake its system in the context of competing economic and political forces. Instead, the paper focuses on the fourth factor of production—management or entrepreneurship—as the main point of analysis and commentary.

2. THE MANAGEMENT PERSPECTIVE

What is the root cause of this paradox? During late 1970s, and extending into the late 1990s, China sent more than 300,000 students overseas for their education. China is in fact “the world's largest source of overseas students –

14 percent of the global total, according to the Center for China & Globalization, a Beijing think tank that advises the government on talent recruitment. In the United States, 22 percent of foreign students come from China.” (Ford, 2012). However, only a third has returned home (Lu and Zhang, 2015). In 2013, 8.5 million mainly middle-class Chinese were living abroad, while only 848,000 people had moved to China, according to report by an influential Beijing-based think tank, the Center for China & Globalization (CCG) (Banu, 2014). The Communist-backed *People's Daily* last year called it "the world's worst brain drain" (He and Yao, 2013; Zweig and Wang, 2013). In 2014, the same publication reported that “a staggering 87 percent of China’s scientists and engineers are choosing to stay abroad rather than work in China” (People’s Daily, 2014).

That mass departure may represent the lack of confidence by China's “best and brightest” in the Communist Party's ability to deliver the kind of modern, open society that they desire. Many of those graduates are induced by host countries, such as the U.S. and many nations in Western Europe, to remain after graduation (Tian, 2013) driven by the attractiveness of career opportunities, children’s educational opportunities, travel, and aspects of personal freedom not enjoyed in China (E.g. Hunter and Lozada (2015)). If they should return to China, Chinese “expatriate” graduates of foreign institutions may suffer negative consequences or negative societal reactions, including reverse culture shock, poor cross-cultural readjustment, and unmet personal or professional expectations (Lu and Zhang, 2015). Zweig (2006) reported that, in addition, “a few of those who have returned have given up particularly successful careers abroad to do so.”

China has attempted to combat this phenomenon by creating a program, called the “1000 Talents Plan,” introduced in 2008 by Politburo member Li Yuanchao (Recruitment Program of Global Experts, 2008). The program is being carried out through the following six long and short term sub-projects or categories:

- The Recruitment Program for Innovative Talents (Long Term);
- The Recruitment Program for Entrepreneurs;
- The Recruitment Program for Young Professionals;
- The Innovative Talents Recruitment Program (Short Term);
- The Recruitment Program for Foreign Experts; and
- The Recruitment Program for Topnotch Talents and Teams.

The program targets people under 55 years of age who hold full professorships or the equivalent in prestigious foreign universities and R&D institutes, or those with senior titles from well-known international companies and financial institutions, who might be willing to work in China on a full-time basis. According to Jane Qui, writing in *Nature World News*, an international weekly journal on science, “It offers a relocation package of 1 million renminbi (US\$146,000) per person, with salaries and research funding left to universities and institutes to sort out” (Qui, 2009). The program has succeeded in attracting some foreign professionals and entrepreneurs on a full-time basis. However, as the Zweig and Wang (2013) reports, it has not attracted the very best of the *Chinese* scientists and academics who studied and lived overseas to return to China fulltime. One difficulty is the reality that, without political reform, limited market reform may prove inadequate to stem the outflow of young talent from leaving China for better opportunities elsewhere or to provide the proper incentives to guaranty their return to China.

One of the areas where a lack of qualified management is hindering China lies in the technology sector. As noted by Tiago (2014) the Chinese state still holds direct or indirect control over the larger share of loans and investments in the economy. Although China is no longer strictly and exclusively a centrally planned economy, the state still wields great power through the allocation of massive state resources (both financial and otherwise) and in the control of large and highly profitable state-owned enterprises (SOEs)—numbering more than 145,000—which still dominate key sectors of the economy, most especially in terms of financial assets (Xu, 2010; Fortune, 2015). (For a listing of the major State-owned Enterprises in China, see Appendix II). And there is no sign that this situation will change any time in the near future. In fact, although some “reforms” have been announced in the ownership

structure of the SOEs (Bradsher, 2012; Reuters, 2015) President Xi Jinping recently “stressed the Communist Party of China’s (CPC) unswerving leadership over state-owned enterprises” (Fortune, 2015; Honovich, 2016).

It might be argued that the internal dynamics of capitalism—where it really counts, in the large state-owned companies—is strikingly absent: the right to control the management of the most important companies still remains with the state, which may exhibit goals or objectives other than profit-making. Wang and Hong (2009) noted that “The future prospects of China’s technology management system in catching up the advanced level depends upon the continuous improvement and adjustment of these two in adapting to the continuous change of the global environment: originality/value.” According to Tian (2015) “China spent more than 1 Trillion Yuan (US\$165 billion) on research and development (R&D) across all sectors in 2013 — second only to the United States — and has the second largest output for academic publications and patents. [See figure 1 below]. The expectation is that basic research will feed into inventions and improvements for industry, and eventually boost the economy.”

However, problems have continued to arise when budding entrepreneurs, most especially in the technology sector, find themselves navigating a complicated sea of regulations issued by different government departments—in many cases trying to get one department to intervene against the other. In other words, companies may suffer potentially arbitrary political influence, which is in contradiction to the very logic of modern markets (E.g., Ding *et al.* (2015)). Unless the state cedes control to qualified private market managers, it is feared that technology in China will not be able to advance at a rate that keeps up with requirements of an ever-changing modern world (Tian, 2015).

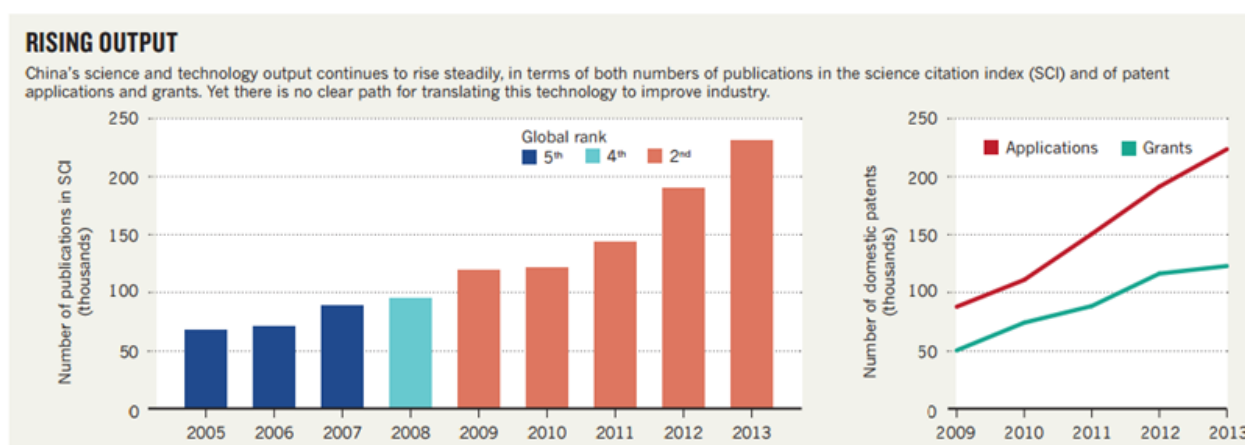


Figure-1. Publications and Patent Applications from China

Source: Tian (2015)

3. ENTREPRENEURSHIP IN THE CHINESE ECONOMY: THE ANSWER OR A RECURRING DYSFUNCTION?

A major contributing factor to the success of free markets is no doubt entrepreneurship, which is the fourth and often under-considered factor of production. At its core, entrepreneurship will allow individuals to create a business, where a new concept or idea can be brought to market generating income, creating jobs, and strengthening economic growth. On the positive side, Hirschman and Kendall, writing in the Hirschman and Kendall (2015) state that one of the most significant economic and political developments of the past two decades has been the movement (transition) of two formerly communist countries—Russia and China—toward creating capitalism primarily through encouraging individual entrepreneurship. In both cases, entrepreneurs have played critical roles in jump-starting this process, and in both countries, living standards have increased dramatically (Jiangun, 2014). Gil (2015) notes: “the significant contribution of informal financing to private entrepreneurship (and hence, to China's remarkable economic ascendancy in the last thirty-five years) reveals that there is also an important influence on financial development that lies outside of formal political and legal structures.”

Yet, these same entrepreneurs, along with government officials involved in business that have attracted Chinese entrepreneurs into their managerial ranks, often have come under intense societal scrutiny, criticism, and even

imprisonment for reportedly engaging in smuggling, market manipulation, and bribery, as well as other forms of corruption (E.g., (Foo *et al.*, 2014; Bell, 2015; Guo and Li, 2015; Blanchard, 2016; Buckley, 2016)). As Daniel (2014) has noted: “The troubling political issue for China is that the recipient of a commercial bribe paid by an MNC is often a Party member. Almost every high-level government official in China, and most high-level executives in SOEs, are also members of the Communist Party. The Party is able to control the government and the economy by placing Party members in all important government positions, and in all leading positions in SOEs.”

On the macro level, China’s score on the 2015 *Corruption Perception Index* was 37, meaning that China was ranked 83 (out of 167 countries) in terms of the perception of corruption associated with doing business—indicating that corruption remains a real issue in China (Transparency International, 2016). By way of comparison, the top ten countries exhibiting the *least* amount of corruption (Denmark, Finland, Sweden, New Zealand, Netherlands, Norway, Switzerland, Singapore, Canada, Germany, Luxembourg and the United Kingdom) earned scores of between 91 and 81 (Transparency International, 2016).

However, at the same time, there has also been significant progress—at least for some. The growth of the middle class may be seen in China’s GNI per capita, which stands at \$14,160 (PPP) (World Bank, 2016b). The rise in entrepreneurship has bolstered the standard of living in China, but has also provided a strong desire for more education, and the kind of economic independence that is only available to the few in China. It might be argued that while impediments to individual entrepreneurship will be a future hindrance, ironically a state-run entrepreneurial approach, carried out in the context of a still largely state-controlled economy, has been successful in driving the tremendous growth in China over the past few decades. This approach has led to China becoming a manufacturing superpower. However, the real question is how sustainable will this pattern be in a global environment that seems to favor a “bottom-up” approach to entrepreneurship rather than a “top-down” bureaucratic one.

4. CONCLUSION

It is certainly true that China has begun to transition from a purely ideological communist state to a mixed capitalist-socialist environment—what China’s Premier Jan Wen Jiabao once termed as “socialism with Chinese characteristics” (Stanczyk, 2008; Garnaut, 2012). The approach China has taken has led to a GDP over \$10 trillion, where China is clearly a force to be reckoned with—especially in the area of manufacturing—most noticeably driving a U.S. trade deficit of over \$367 billion in 2015, according to the U.S. Census Bureau (Census, 2016).

However, as the Chinese economy itself is increasingly threatened by competition from South Asia (Viet Nam, Bangladesh), the approach of the past three decades that achieved such a high level of economic success will need to change, as China moves into a new phase where “commoditized labor” as the most important factor of production will not be enough to sustain a modernized economy. China will need to decide whether to further accelerate the managerial aspects of capitalism or stagnate within the constraints of the discredited system of central planning. Political reforms will need to accelerate in order to create a market environment that retains and attracts managerial talent, both homegrown and via immigration. Through that talent pipeline, China can continue to grow only by removing impediments to entrepreneurship and technological research and development.

These impediments are easily documented by the 2016 “Doing Business Survey” published by the World Bank (2016c). China ranks 78 out of 190 countries on the survey that measures ten factors important in attracting investment. The most troubling results lie in starting a business (127); dealing with construction permits (177); protecting investors (123); and paying taxes (131)—reflecting the negative tentacles of an overarching bureaucracy in the business environment. On the positive side, China ranks very high in the area of enforcing contracts (5).

Coase and Wang (2013) provide an apt closing comment, providing a major flaw in the so-called “Chinese market economy.” They state: “China has developed a robust market for goods, but it still lacks a free market for ideas.”

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APPENDIX-I.

Foreign Direct Investment	2013	2014	2015
FDI Inward Flow (<i>million USD</i>)	123,911	128,500	135,610
FDI Stock (<i>million USD</i>)	956,793	1,085,293	1,220,903
Number of Greenfield Investments***	1,249	1,054	876
FDI Inwards (<i>in % of GFCF****</i>)	2.9	2.8	3.0
FDI Stock (<i>in % of GDP</i>)	10.1	10.4	11.1

Source: UNCTAD (United Nations Conference on Trade and Development) (2015)

FDI Inflows by Countries and Industry

Main Investing Countries	2015, in %
Hong Kong	73.4
Singapore	5.5
Taiwan	3.5
South Korea	3.2
Japan	2.5
USA	2.0
Germany	1.2
France	0.9

Main Invested Sectors	2015, in %

	2015, in %
Manufacturing	43.2
Real estate	20.9
Business services and renting	6.2
Wholesale and retail trade	5.7
Transport, storage, telecommunications, postal services	2.0

Source: UNCTAD (2015)

APPENDIX-II. Chinese State-Owned Enterprises

- Air China
- Air China Cargo
- Aluminum Corporation of China Limited
- Anhui Conch Cement Company
- Ansteel Group
- Angang Steel Company
- Aviation Industry Corporation of China
- Bank of Beijing
- Bank of China
- Bank of Communications
- Bank of Ningbo
- Baotou Steel
- BBMG
- Beijing Capital International Airport Company Limited
- Beijing Enterprises
- Beijing Hualian Group
- Beijing North Star
- Beijing Urban Construction Investment Development
- Beijing Yanjing Brewery
- Chang'an Automobile Group
- Changchun Film Group Corporation
- Changchun Railway Vehicles
- Changjiang Securities
- Chengzhi Co., Ltd
- Chery
- Chihong Zinc and Germanium
- China Agri-Industries Holdings
- China Aviation Supplies Import and Export Group Corporation
- China BlueChemical
- China Central Television
- China Coal Energy Company
- China Communications Construction
- China Communications Services Corporation
- China Construction Bank
- China Construction Design International
- China COSCO
- China Datang Corporation
- China Eastern Airlines
- China Energy Conservation Investment Corporation
- China Foods Limited
- China Guangfa Bank
- China Guodian Corporation
- China Huadian Corporation
- China Huaneng Group

- China International Marine Containers
- China International Water & Electric Corporation
- China Investment Corporation
- China Life Insurance Company
- China Machinery Engineering Corporation
- China Merchants Bank
- China Merchants Energy Shipping
- China Merchants Group
- China Merchants Holdings (International)
- China Merchants Property
- China Metallurgical Group Corporation
- China Minmetals
- China Mobile
- China Molybdenum
- China National Aero-Technology Import & Export Corporation
- China National Aviation Corporation
- China National Building Material Company
- China National Chemical Engineering
- China National Heavy Duty Truck Group
- China National Materials Group Corporation
- China National Offshore Oil Corporation
- China National Petroleum Corporation
- China National Refinery Corporation
- China National Salt Industry Corporation
- China Netcom
- China Nonferrous Metal Mining Group
- China Oilfield Services
- China Overseas Land and Investment Limited
- China Petrochemical Corporation
- China Poly Group Corporation
- China Power International Development
- China Power Investment Corporation
- China Precision Machinery Import-Export Corporation
- China Railway
- China Railway Construction Corporation
- China Railway Engineering Corporation
- China Railway Materials
- China Resources
- China Resources Cement
- China Resources Enterprise
- China Resources Gas
- China Resources Land
- China Resources Power
- China Resources Shenzhen International Trust
- China Resources Vanguard Shop

- China Shenhua Energy Company
- China Shipbuilding Industry Corporation
- China Shipping Container Lines
- China Shipping Development
- China Shipping Group
- China Southern Airlines
- China Southern Power Grid Company
- China State Construction Engineering
- China State Shipbuilding Corporation
- China Taiping
- China Telecom
- China Tietong
- China Tobacco
- China Travel International Investment Hong Kong
- China Unicom
- China United Coalbed Methane Corporation
- ChinaCoal
- Chongqing Iron and Steel Company
- Chunlan Group
- CITIC Group
- CITIC Limited
- CITIC Guoan
- CITIC International Financial Holdings Limited
- CITIC Resources
- CITIC Securities
- COFCO Group
- Complant
- COSCO
- COSCO (Hong Kong) Group
- COSCO International Holdings
- COSCO Pacific
- CSG Holding
- Dalian Port (PDA) Company
- Daqin Railway Company Limited
- Datang International Power Generation Company
- Datang Telecom
- Datong Coal Industry Company Limited
- Datong Coal Mining Group
- Denway Motors
- Dongfang Electric
- Dongfeng Motor
- FAW Car Company
- FAW Group
- Financial Street Holding
- Flying Pigeon

- Founder Group
- Founder Technology
- Franshion Properties
- Fushun Mining Group
- Fushun Petrochemical Company
- GAC Group
- GD Power Development Company
- Great Wall Wine
- Gree Electric
- Guangdong Investment
- Guangdong Rising Asset Management
- Guangshen Railway Company
- Guangzhou Automobile Industry Group
- Guangzhou Shipyard International
- Guangzhou Zhujiang Brewery Group
- Guosen Securities
- GZI Transport
- Haier
- Hainan Airlines
- Haitong Securities
- Harbin Aircraft Industry Group
- Harbin Power Equipment
- Hisense
- Hu Qing Yu Tang
- Hua Xia Bank
- Huadian Power International
- Huaibei Coal Mining Group
- Huainan Coal Mining Group
- Huaneng Power International
- Hunan Nonferrous Metals
- Hunan Valin Steel
- Industrial and Commercial Bank of China
- Industrial Bank
- IRICO
- Jiangsu Expressway Company
- Jiangxi Copper
- Jilin Aodong Medicine
- Jinchuan Group
- Jinjiang International
- Jizhong Energy
- Kingway Brewery
- Kunlun Energy
- Kweichow Moutai Company
- Legend Holdings
- Liaoning Chengda

- Long March Launch Vehicle Technology
- Longyuan Power
- Luoyang Glass
- Luzhou Laojiao
- Maanshan Iron and Steel Company
- Magang (Group) Holding Company
- Minerals and Metals Group
- Ming An Holdings
- Minmetals Development
- Ng Fung Hong
- Norinco
- Panzhihua Iron and Steel
- Panzhihua New Steel and Vanadium
- People's Insurance Company of China
- PetroChina
- Phoenix (bicycles)
- Poly Property
- Poly Real Estate
- Qinghai Salt Lake Potash
- Road and Bridge Construction
- SAIC Motor
- Sanyuan Group
- State Development & Investment Corporation
- Shandong Energy
- Shandong Gaosu Group
- Shandong Steel
- Shanghai Construction Group
- Shanghai Electric
- Shanghai Film Group Corporation
- Shanghai Industrial Holdings
- Shanghai International Group
- Shanghai International Port (Group)
- Shanghai Oriental Pearl (Group)
- Shanghai Petrochemical
- Shanghai Pudong Development Bank
- Shanghai Pudong International Airport
- Shanxi Coking Co.
- Shenergy Group
- Shenhua Group
- Shenzhen Development Bank
- Shenzhen Energy
- Shenzhen International Holdings
- Shenzhen Investment
- Shenzhen Overseas Chinese Town Holding Company
- Shenzhen Zhongjin Lingnan Nonfemet Company

- Shougang Concord International
- Shougang Corporation
- Sichuan Airlines
- Sichuan Lantian Helicopter Company Limited
- Sino-Ocean Land
- Sinochem Group
- Sinofert Holdings
- Sinohydro
- Sinoma
- Sinomach
- Sinopec
- Sinopharm
- Sinosteel
- Sinotrans
- Sinotrans Shipping
- Sinotruk (Hong Kong)
- State Grid Corporation of China
- State-owned Assets Supervision and Administration Commission
- SVA Group
- Tianjin Development
- Tianjin Port Development
- Tianjin Port Holdings
- Tongling Nonferrous Metals
- Tongrentang
- Tsinghua Tongfang Company
- Weichai Power
- WIETC
- Wuliangye Yibin
- XD Group
- Xi'an Aircraft Industrial Corporation
- Xi'an Aircraft International Corporation
- Xinhua Bookstore
- Xinjiang Chalkis Co.Ltd
- Xinjiang Production and Construction Corps
- Xinjiang Xinxin Mining Industry Company
- Xishan Coal and Electricity Power
- Yankuang Group
- Yanzhou Coal Mining Company
- Yili Group
- Yizheng Chemical Fibre
- Yuexiu Property
- Yunnan Baiyao
- Yunnan Copper
- Yunnan Tin
- Zhaojin Mining

- Zhejiang Expressway Company
- Zhenhua
- Zhuzhou CSR Times Electric Co., Ltd.
- Zhuzhou Electric Locomotive Co., Ltd.

Source: [Fortune \(2015\)](#)

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