

# Guide to China SOE

v1.0

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## Section 1

# Guide to China SOE

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## 1. Introduction

- 1.1 This document sets out the ownership type classification definition of Chinese state-owned enterprises (the “China SOEs” or “SOEs”) vs. privately held companies (the “China Non-SOEs” or “Non-SOEs”).
- 1.2 The SOE classification can be applied in construction of certain relevant FTSE Russell indices.

## 2. Classification definitions

- 2.1 To be assessed as an SOE, a company must satisfy at least one of the following criteria:
  - The actual controller of the company (if available) is a Chinese state entity; or
  - In the case when the actual controller is not reported, the company is controlled by Chinese state entities through strategic holding, which total more than 30% in aggregate.
- 2.2 An existing SOE that meets one or more of the following criteria will cease to be classified as an SOE:
  - The actual controller of the company (if available) is not a Chinese state entity; or
  - In the case when the actual controller is not reported, the aggregate holding of Chinese state entities through strategic holding has fallen below 25%.
- 2.3 Securities that do not satisfy the SOE criteria will be classified as Non-SOEs.
- 2.4 A Chinese state entity will include the State-Owned Assets Supervision and Administration Commission (SASAC), Central Huijin, Ministry of Finance, other Ministries, local government, and local SASAC.

## 3. Periodic reviews

- 3.1 Assessment of the SOE classification is conducted for all equity securities classified under the China and Hong Kong markets according to the FTSE Equity Country Classification.
- 3.2 The SOE classification will be reviewed by FTSE Russell annually in September.

## Further information

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For further information please visit [www.lseg.com/en/ftse-russell/](http://www.lseg.com/en/ftse-russell/) or e-mail [info@ftserussell.com](mailto:info@ftserussell.com)

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