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The role of the State as a shareholder in major Chinese companies

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Abstract: The Chinese Company Law was significantly revised in 2005. One of the major changes was to grant shareholders increased rights of action against directors, supervisors and “controlling shareholders.” For many major Chinese companies, the State itself is still the controlling shareholder despite recent changes which make most of their shares notionally tradable. Through the State-owned Assets Supervision and Administration Commission of the State Council, the State acts as both investor and regulator, in potential conflict with the securities regulator (the China Securities Regulatory Commission), the other shareholders and creditors and the interests of the company as a commercial entity. The paper will examine the role of SASAC and its implications for the activities and governance of major Chinese companies.