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## 78 Chinese government enterprises to retreat from real estate

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China Business News reported that an order was released recently by State Assets Administration Committee of State Council, the capital supporter of government-owned enterprises, asking those that don't major in real estate to withdraw from the industry.

According to the report, this order was made under the backdrop of public concerns about the frequently winning of bids for land by government-owned enterprises recently.

According to statistics by the Committee, there are other 78 non-real estate enterprises under the government are involved in real estate business, to the exclusion of 16 specializing in this sector. The 78 should orderly retreat from the industry after they complete both their own land development and the staged project under construction.

As it is not the first time the related authority made determination to clear up the non real estate enterprises which illegitimately put foot in the sector, market players said it is early to conclude if the act will work effectively.

In fact, the real estate assets of the enterprises under government are mainly in the hand of the 16 ones, in comparison with the 78 of the number of branches involved in this industry and their earned incomes.

Preliminary statistics shows that the total assets of these 16 enterprises in real estate block was CNY 561.6 billion in 2009 constituting 85% of the total assets of this category by all government-owned enterprises. Their sales income and net profit posted CNY 189.9 billion and CNY 18.8 billion both accounting for over 85% of the total.

As for how and when those unqualified government-owned enterprises retire from the real estate industry, however, the spokesperson of the Committee Mr Du Yuanquan did not offer the workable schedule recently.

As per report, Mr Li Rongrong, Director of the Committee has given priority to the adjustment of government enterprises layout while deploying the 2010 work for them at the end of 2009.

Soon after, the Committee this March made a strict act that supervising authorities at all levels should extend strict examination on the investment in non-major business by government-owned enterprises and offered a digital bound of 20%, slating that investment in non-major business cannot exceed the 20% of the total assets of an enterprise.

(Sourced from China Business News)

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