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Quick Take: China Has Seven of World's Most Innovative Firms: Forbes

Seven Chinese companies have made it onto the Forbes list of the world's 100 most innovative companies, led by social media giant **Tencent Holdings Ltd.**, at 25th, and travel services site **Ctrip.com International Ltd.** at 28th.

While the U.S. topped the chart with 51 companies, both China and Japan came in second, with seven each, according to the 2018 ranking released on Tuesday.

The number of Chinese companies on the list has shrunk by a large degree from 2017, when there were 22, led by gene technology developer Da An Gene Co. Ltd., at 10th, and animation producer Alpha Group (listed as Guangdong Alpha Animation & Culture), at 19th.

Five other Chinese firms on this year's list are metal producer China Molybdenum Co. Ltd., search engine giant Baidu Inc., pharmaceutical firm Jiangsu Hengrui Medicine Co. Ltd., video surveillance equipment manufacturer Hangzhou Hikvision Digital Technology Co. Ltd. and China Shipbuilding Industry Corp.

American companies took eight of the top 10. The top five are cloud computing firm ServiceNow Inc., management software developer Workday Inc., customer relations management firm Salesforce.com Inc., electric-car maker Tesla Inc. and e-commerce giant Amazon.com Inc.

Seizing the No. 8 spot is Hindustan Unilever Ltd., an Indian consumer goods affiliate of Unilever, the British-Dutch giant. South Korean internet portal Naver ranks No. 9.

The ranking shows the "investors' confidence in the companies' creativity and inventiveness," said Fred Allen, Forbes senior editor.

The list is compiled by Forbes' partner organization Innovator's DNA. The result is based on the so-called "innovation premium," which is the difference between a company's market capitalization and the net present value of cash flows from existing businesses.

The list compiler doesn't track industries that have no measurable investment in research and development, such as banks and other financial services. And it doesn't include energy and mining firms either, as their market values are tied more to commodity prices than to innovation.

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