

(Translation)

**18 Measures for Supporting the Linked Development of Shenzhen and Hong Kong Venture Capital Investments in Qianhai by the Authority of Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone of Shenzhen Municipality and the Financial Services and the Treasury Bureau of the Government of the Hong Kong Special Administrative Region**

The following measures are formulated to implement in depth the *Plan for Comprehensive Deepening Reform and Opening Up of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone*, support the linked development of Shenzhen and Hong Kong venture capital (“VC”) investments, promote Shenzhen-Hong Kong cooperation on innovation and technology (“I&T”), strongly support the seven emerging industries of strategic importance (20 industry clusters) and eight future industries of Shenzhen as well as the I&T development of Hong Kong, and foster the development of an international I&T hub in the Guangdong-Hong Kong-Macao Greater Bay Area (“GBA”).

**1. Build a Qianhai Shenzhen-Hong Kong International VC Cluster**

To coordinate the high-quality industrial carriers vertically along Menghai Boulevard and horizontally along Guiwansi Road inside the Qianhai Shenzhen-Hong Kong International Financial City (Qianhai Guiwan and Qianwan district), open up 800 000 square meters of high-quality industrial space to build a Qianhai Shenzhen-Hong Kong International VC Cluster with convenient flow of cross-boundary innovation capital and outstanding leading power for I&T industry.

**2. Facilitate two-way cooperation on cross-boundary investment between Shenzhen and Hong Kong**

(1) Enhance Qianhai Qualified Foreign Limited Partnership (“QFLP”), Qualified Domestic Investment Enterprise (“QDIE”) and Whole Foreign Owned Enterprise Private Fund Management (“WFOE PFM”) pilot schemes. Support the same eligible entity to set up QFLP and QDIE, or the same entity to start QDIE and WFOE PFM businesses. Allow Hong Kong-funded QFLP fund managers to flexibly adjust the scale of offshore fund-raising of their various

QFLP funds in Qianhai and to allocate funds in Mainland investments at their discretion; allow eligible Qianhai QDIE fund managers to flexibly allocate funds in offshore investments within quota. Introduce enhancements to the entry threshold and application procedures, expand the investment scope, and complete joint consultation in ten working days upon submission of complete and qualified application materials by an institution.

(2) Support I&T development of Hong Kong. Encourage Qianhai QDIE fund managers to invest in Hong Kong I&T. For those investing in enterprises located in Hong Kong Science Park or Hong Kong Cyberport, projects which were admitted in the incubation programmes of Hong Kong Science Park or Hong Kong Cyberport, or projects funded by the Innovation and Technology Fund of the Government of the Hong Kong Special Administrative Region, a reward based on 2% of the actual amount of investment and up to RMB 500,000 per investment will be provided. Each enterprise may receive accumulated reward of up to RMB 2 million per year.

(3) Expand financing channels in Hong Kong capital markets. Support Qianhai VC institutions to expand their financing channels. A one-off reward of RMB 2 million will be provided to Qianhai VC institutions listed on Hong Kong Stock Exchange (“HKEX”). For Qianhai VC institutions and their fully-owned Hong Kong subsidiaries which act as promoters to set up Special Purpose Acquisition Companies (“SPAC”) and whose SPACs are allowed to be listed on HKEX, a one-off reward of RMB 1 million will be provided to the Qianhai VC institution. For Qianhai high-quality infrastructure projects which are listed on HKEX in the form of REITs, a one-off reward of RMB 1 million will be provided to the owner(s) of the projects.

(4) Link development with Hong Kong Limited Partnership Funds (“LPFs”). Take forward the convergence of rules and systems between Hong Kong LPFs and Qianhai QFLP Pilot Scheme. Support eligible Hong Kong LPFs to set up qualified investment entity in Qianhai to commence onshore investment. Support Qianhai VC institutions to join hands with Hong Kong LPF to open up overseas business. Explore making use of cross-boundary supervisory “sandbox” mechanism for financial innovation to promote the linked development of Shenzhen and Hong Kong private equity (“PE”) markets.

(5) Promote facilitation of two-way cross-boundary investment and financing. Allow Hong Kong VC institutions and other offshore entities to set up Free Trade (“FT”) Accounts at Qianhai. Under the principle of “Open Up

First-Tier, Regulate Second-Tier”, allow free flow of offshore capital in and out of FT Accounts. Support Qianhai I&T enterprises to make use of FT Accounts to freely select offshore or onshore exchange rates for settlement.

### **3. Support large-scale cluster development**

(6) Actively bring in large-scale funds to settle in Qianhai. Support national funds, industry funds, sovereign funds etc. to settle in Qianhai. For funds newly registered or newly relocated from outside Shenzhen Municipality with assets under management (“AUM”) of more than RMB 3 billion, a one-off reward based on 1‰ of the AUM and up to RMB 5 million will be provided to the fund managers.

(7) Attract international asset management institutions to settle in Qianhai. Support offshore reputable VC institutions, asset management institutions, Hong Kong family offices etc. to settle in Qianhai. For those approved by Mainland financial regulatory authorities to newly register in or newly relocate to Qianhai, a one-off reward based on paid-in capital and up to RMB 50 million will be provided. For eligible foreign-owned QFLP and WFOE PFM managers who newly acquire the qualifications to join the pilot schemes, a one-off reward of RMB 1 million will be provided for settling in Qianhai.

(8) Nurture VC and private securities investment institutions. For VC funds which are corporates and are newly registered or newly relocated from outside Shenzhen Municipality with paid-in capital of more than RMB 100 million, a one-off reward based on 5‰ of paid-in capital and up to RMB 2 million will be provided to the fund managers. For private securities investment fund managers which are newly registered or newly relocated from outside Shenzhen Municipality with AUM of more than RMB 200 million, a one-off reward based on 2‰ of the AUM and up to RMB 5 million will be provided for settling in Qianhai.

(9) Strengthen support for institutional cluster. For eligible large-scale funds, international asset management institutions, VC and private securities investment institutions etc. which settle in Qianhai Shenzhen-Hong Kong International Financial City industrial carriers (hereafter as “Industrial Carriers”) by purchasing or renting office space with area more than 100 square meters for self-use, a one-off subsidy of RMB 500,000 will be provided.

(10) Provide subsidies for office space. For eligible large-scale funds, international asset management institutions, VC and private securities investment institutions etc. which settle in the Industrial Carriers, a rent subsidy up to RMB 40 per square meter / month and up to RMB 5 million per year will be provided for three consecutive years.

(11) Strengthen support for management teams. For national funds, industry funds, buyout funds, international asset management institutions, VC and private securities investment institutions etc. which settle in the Industrial Carriers, a management team subsidy based on 4% of the management fee income of their funds set up in Qianhai will be provided. Each institution may receive up to RMB 3 million per year. For the aforementioned institutions, an individual housing subsidy at RMB 20,000 / year / person will be provided for every RMB 2 million of the total profit in the previous year. The subsidies received by a single institution shall not exceed 100 people and 30% of the number of staff with social security contributions.

(12) Encourage early investment in small businesses and technology. For Qianhai VC institutions which invest for two years in Shenzhen technology companies of seed-stage or start-up stage which are recognised as national high and new technology enterprises or “new, distinctive, specialised and sophisticated” enterprises at provincial or higher levels, a reward based on 1% of investment amount and up to RMB 500,000 per investment will be provided to the fund managers. The annual cumulative reward for each institution is up to RMB 2 million.

(13) Enrich exit channels for investment. Support eligible institutions to set up platforms for transferring PE and VC investment shares in Qianhai in accordance with law and rules, and explore cross-boundary transfer of PE and VC investment shares. Support Hong Kong and other onshore and offshore asset management institutions, and institutional investors such as wealth managers in banks and asset managers in insurance companies to set up secondary funds (“S funds”) in Qianhai. A one-off reward based on 1% of paid-in registered capital or actual fund raised and up to RMB 5 million will be provided to managers of these S funds for settling in Qianhai. Support S funds to participate in transfers of Qianhai PE and VC investment shares or equity of projects invested by Qianhai VC institutions. A risk allowance based on 1‰ of the transaction settlement value and up to RMB 1 million will be provided.

(14) Take forward a pilot scheme on business registration for Unit Trust Funds. Support the commencement of a pilot scheme on business registration for Unit Trust PE Funds. PE fund managers making use of Unit Trust PE funds to invest in companies will be allowed to register as shareholder or partner of the invested companies in the form of “Name of the Unit Trust PE Fund manager’s company or partnership (Remarks: ‘Product name of Unit Trust PE Fund’)”.

#### **4. Build a good ecosystem for Shenzhen-Hong Kong linked development**

(15) Encourage profit-surrendering by industry guiding funds. Enhance the incentive mechanism of Qianhai industry guiding funds. On the basis of compliance with law and rules, for Qianhai industry guiding funds investing in Shenzhen companies, the amount of capital to be invested locally shall be calculated based on certain factors and the requirements on the scale of capital contribution and ratio of local investment shall be suitably relaxed to surrender profits to social capital and management team appropriately. Support Qianhai industry guiding funds to establish mechanisms for joint due diligence and joint investment etc. with industry guiding funds of Shenzhen Municipality, Nanshan District and Bao’an District to jointly improve the efficiency of government industry guiding funds.

(16) Improve standard of integrated services. Establish a database of high-quality invested projects jointly with Nanshan District and Bao’an District. Support enhancing the role of Qianhai as a carrier for Shenzhen and Hong Kong funds. Establish a database of high-quality VC institutions. Commence deal-matching roadshows and “a package of” other services. Enhance housing support for talents and investor protection. Construct international dispute resolution mechanisms for commercial matters and diversified resolution mechanisms for cross-boundary financial disputes. Support facilitation for eligible Hong Kong professionals in accounting, taxation, law etc. to practice in Qianhai. Explore tax environment that is conducive to the linked development of Shenzhen and Hong Kong VC.

(17) Increase influence of industry associations. Support the organisation of national VC conferences in Qianhai and Qianhai Fortune Forum. A subsidy of up to RMB 1 million will be provided to the organisers of eligible events. Support national PE industry associations and Hong Kong PE industry associations to set up service counters, representative offices etc. in Qianhai. A

one-off reward of up to RMB 1 million will be provided to eligible industry associations for settling in Qianhai.

(18) Pioneer mode of industry self-discipline. Make use of the role of Shenzhen as an information and service platform of PE funds to strengthen applications of regulatory technology and build a PE fund regulatory mechanism that classifies risks by type and by level. Support Shenzhen Private Equity Funds Association to develop innovatively in Qianhai, pilot the interface of the local consultative working mechanism and the registration and filing procedures of the Asset Management Association of China. Support the establishment of Shenzhen Stock Exchange Investor Service Centre in Qianhai to build a national base for investor education.

## **5. Other matters**

The application for the rewards and subsidies of the aforementioned measures and the vetting, etc. shall be implemented in accordance with *Interim Measures for the Management of Special Funds Supporting the Development of the Financial Industry in Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone* and its application guideline. The rewards and subsidies are in Renminbi.

Support eligible Qianhai large-scale funds, international asset management institutions, VC and private securities investment institutions to apply for the benefits of the municipal support policies, which can be enjoyed together with Qianhai's policies. For those eligible for Nanshan District's or Bao'an District's support policies relevant to VC, they can also enjoy those policies together with Qianhai's unless specified otherwise.

The measures set out in this document commence operation on 2 September 2022 and are effective for three years.

### **Disclaimer:**

This document has been translated into English. If there is any inconsistency or ambiguity between the English version and the Chinese version, the Chinese version shall prevail.