

Annex

Interim Measures for the Administration of the National Science and Technology Achievement Transformation Guidance Fund

Chapter I General Provisions

Article 1 To implement the Law of the People's Republic of China on the Promotion of the Transformation of Scientific and Technological Achievements, accelerate the implementation of the innovation-driven development strategy, expedite the transformation and application of scientific and technological achievements, and guide social forces and local governments to increase investment in the transformation of scientific and technological achievements, the central government has established the National Science and Technology Achievement Transformation Guidance Fund (hereinafter referred to as the Transformation Fund). These Measures are formulated to regulate the management of the Transformation Fund.

Article 2 The Fund shall primarily support the transformation and utilisation of scientific and technological achievements generated through the use of public funds, including new technologies, new products, new processes, new materials, new equipment and their systems developed under central government science and technology programmes, local science and technology programmes, and other initiatives undertaken by public institutions.

Article 3 The sources of funding for the Conversion Fund shall be central government appropriations and social donations.

Article 4 The Conversion Fund shall support the transformation of scientific and technological achievements by establishing venture capital sub-funds (hereinafter referred to as Sub-funds).

Article 5 The Conversion Fund shall adhere to the principles of guidance, indirect support, non-profit operation, and market orientation.

Article 6 The Conversion Fund shall maintain a performance-oriented approach, implement comprehensive budget performance management

requirements, and enhance the efficiency of fund utilisation.

Chapter II Sub-Funds

Article 7 The Conversion Fund shall jointly establish sub-funds with qualified investment institutions to provide equity investment for enterprises converting scientific and technological achievements. Sub-funds shall prioritise support for science and technology-based small and medium-sized enterprises in the seed, start-up, and growth stages that convert and apply scientific and technological achievements.

Article 8: Local government investment funds are encouraged to establish sub-funds in collaboration with the Transformation Fund. Qualified innovation and entrepreneurship platforms are encouraged to participate in establishing sub-funds, strengthening investment and incubation synergies to promote the transformation of scientific and technological achievements.

Article 9: The Transformation Fund shall not

serve as the largest shareholder or contributor to sub-funds, with its contribution ratio ranging from 10% to 30% of the sub-fund's total capital. The remaining funds shall be raised by the sub-fund management institution in accordance with the law.

Article 10: Sub-funds shall invest no less than three times the Conversion Fund's contribution amount, and no less than 50% of the sub-fund's total capital, into enterprises that have generated scientific and technological achievements through the conversion and utilisation of fiscal funds. Other investment directions shall align with the high-tech fields prioritised for national support.

Article 11: Sub-funds shall not engage in investments such as loans, equities (except for investments in listed enterprises), futures, real estate, securities investment funds, corporate bonds, or financial derivatives, nor in any other activities prohibited by national laws and regulations for private funds. Funds shall not be used for sponsorship, donations, or similar expenditures. Uninvested capital shall be deposited in banks or invested in government bonds and local government bonds.

Article 12: The sub-fund shall generally have a term not exceeding eight years. During its term, other investors shall be encouraged to purchase the sub-fund's shares or equity interests held by the Conversion Fund. Upon expiry of the term, the Conversion Fund shall liquidate and exit on equal terms with other investors. Proceeds from the Conversion Fund's transfer of sub-fund shares or equity interests, as well as proceeds from liquidation exits, shall be remitted to the central treasury in accordance with relevant Ministry of Finance regulations.

Article 13: Sub-funds shall open custodial accounts with banks possessing custodial qualifications and meeting custodial requirements. Funds generated during the term from equity transfers, dividends, liquidation, etc., shall be deposited into the sub-fund's custodial account and shall not be subject to circular investment.

Article 14: The Sub-Fund shall appoint a professional investment management enterprise as its management institution.

Article 15 Upon termination of the sub-fund's term, where the annual average return meets specified

requirements, the sub-fund management institution may draw a certain proportion of performance fees. Each contributor to the sub-fund shall receive investment returns in proportion to their contribution or as stipulated in relevant agreements, and may allocate a portion of such returns as remuneration to the sub-fund management institution.

Article 16: The sub-fund shall stipulate the relevant matters prescribed in these Measures within its partnership agreement or articles of association.

Article 17 Where other investors acquire shares or equity interests in the sub-fund held by the conversion fund during the sub-fund's term, the conversion fund may grant appropriate concessions to such investors in accordance with the principle of shared benefits and shared risks.

Chapter III: Organisational Management and Supervision

Article 18 The Ministry of Finance and the Ministry of Science and Technology shall be responsible for the top-level design and strategic

planning of the Conversion Fund, formulate its management systems, and oversee its operational management, performance evaluation, and supervision. The Ministry of Finance shall perform the duties of the Conversion Fund's investor. The Ministry of Science and Technology shall approve the establishment of sub-funds and manage major changes to sub-funds in accordance with regulations.

Article 19 The Ministry of Science and Technology and the Ministry of Finance shall jointly entrust qualified institutions (hereinafter referred to as the Trustee Management Institutions) with the responsibility for the daily management of the Conversion Fund.

Article 20 The Trustee Management Institution shall establish a professional workforce, internal organisational structure, management systems, and risk control mechanisms commensurate with the management and operational requirements of the Conversion Fund.

Article 21 The Trustee shall appoint representatives to the sub-funds to exercise shareholder responsibilities, participate in major

decision-making, and supervise investments and operations, without involvement in day-to-day management. Such representatives shall not hold concurrent positions within the sub-funds or their management bodies, nor receive any form of remuneration — including allowances, subsidies, or bonuses—from the sub-funds.

Article 22: The Ministry of Science and Technology and the Ministry of Finance shall establish a Transformation Fund Council. Its membership shall comprise experts from fields including science and technology, finance, law, banking, and investment, providing advisory services to the Transformation Fund.

The Council shall review sub-fund establishment proposals through its working meetings and convene regular annual plenary sessions to provide guidance and recommendations for the Fund's development. Council members shall perform their duties in accordance with regulations and be subject to oversight by the Ministry of Science and Technology and the Ministry of Finance.

Article 23: Council members other than those from the Ministry of Science and Technology and the

Ministry of Finance shall serve a term of three years, with no more than two consecutive terms permitted. Upon the expiry of each council term, at least one-third of the council members other than those from the Ministry of Science and Technology and the Ministry of Finance shall be replaced.

Article 24 The Council shall appoint a Chairperson responsible for convening Council working meetings. Attendance at Council working meetings shall require the presence of no fewer than half of all Council members, with at least one member from each field participating.

When reviewing the establishment of sub-funds at Council working meetings, decisions shall be made by roll-call vote, with the Council forming its review opinion. Approval shall be granted when the number of affirmative votes reaches two-thirds or more of the members present.

Article 25 The Ministry of Science and Technology shall establish a national information-sharing platform for the transformation of scientific and technological achievements. This platform shall primarily showcase scientific and technological

achievements generated using public funds, providing information support for their transformation. Abstract information on scientific and technological achievements within the platform shall be made publicly available, except where it involves national security, significant public interests, or commercial secrets.

Article 26: A comprehensive performance management mechanism shall be established for the Conversion Fund. The Ministry of Science and Technology shall be responsible for scientifically setting performance objectives and indicators, and conducting performance monitoring. At the end of each year, the entrusted management institution shall conduct a self-assessment of the Fund's performance. The self-assessment results, upon approval by the Ministry of Science and Technology, shall be submitted to the Ministry of Finance. The Ministry of Finance shall organise key performance evaluations as required. The Ministry of Science and Technology and the Ministry of Finance shall strengthen organisational guidance and ensure the effective application of performance evaluation outcomes.

Article 27 Management fees for the Conversion Fund shall be determined by reference to market conditions for government investment funds of comparable scale, taking into account performance evaluation outcomes and practical operational requirements. The specific rates for management fees and their usage and management shall be separately stipulated by the Ministry of Science and Technology and the Ministry of Finance.

Article 28 Where personnel from the Ministry of Finance, the Ministry of Science and Technology, or the entrusted management institution engage in illegal or disciplinary violations such as abuse of power, dereliction of duty, or malpractice during the management of the Conversion Fund, they shall be ordered to rectify the situation in accordance with the law. Responsible leaders and directly responsible personnel shall be subject to disciplinary action in accordance with the law. Where criminal offences are suspected, the matter shall be transferred to the relevant authorities for handling in accordance with the law.

Article 29 Entities providing information

during the implementation of the Conversion Fund shall ensure the authenticity of such information and shall bear responsibility for any consequences arising from false information.

Article 30 A public disclosure system shall be established for the conversion fund.

Chapter IV Supplementary Provisions

Article 31 The Ministry of Science and Technology and the Ministry of Finance shall formulate detailed implementation rules for the conversion fund in accordance with these Measures.

Article 32 Local authorities may establish science and technology achievement transformation guidance funds by reference to these Measures.

Article 33 These Measures shall be interpreted by the Ministry of Finance and the Ministry of Science and Technology.

Article 34 These Measures shall come into force on 1 January 2022. The Interim Measures for the Administration of the National Science and Technology Achievement Transformation Guidance Fund (Cai Jiao

[2011] No. 289) shall be repealed simultaneously.