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**Document of Guangzhou Haizhu District Bureau of  
Science&Technology, Industry, Commerce, and Information Technology**

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Notice of Guangzhou Haizhu District Bureau of  
Science&Technology, Industry, Commerce and  
Information Technology on Printing and  
Distributing the Administrative Measures for  
State-owned Equity Support of Digital  
Economy Talent Startups in Haizhu District,  
Guangzhou (Trial)

To all units concerned,

In order to further promote the development of key industries, give full play to the power of district state-owned enterprises, help digital economic talents start businesses, and expedite high-quality

economic growth in Haizhu District, with the consent of the district government, the Administrative Measures for State-owned Equity Support of Digital Economic Talents Startups in Haizhu District, Guangzhou (Trial) is hereby printed and distributed to you for implementation.

Guangzhou Haizhu District Bureau of  
Science&Technology,Industry, Commerce  
and Information Technology

May 26<sup>th</sup>, 2023

# Administrative Measures for State-owned Equity Support of Digital Economy Talent Startups in Haizhu District, Guangzhou (Trial)

## Chapter I General Provisions

Article 1 According to the Guidelines of the General Affairs Office of Guangzhou Municipal People's Government on Further Promoting the Integration and Development of Technology Finance and Industry in the New Era (SFBG [2021] No. 12), these administrative measures are formulated to promote the development of key industries, give full play to the power of district state-owned enterprises, help digital economy talents start businesses, and expedite high-quality economic growth in Haizhu District.

Article 2 These administrative measures apply to enterprises that are registered, taxed, and incorporated into the statistical declaration in accordance with the law, have sound financial systems, operate in good faith according to the law, have independent legal personality, and implement independent accounting, as well as talents who work in and have signed labor contracts with the such enterprises.

Article 3 The object of the equity investment support should be categorized within the digital economy industry, have good

financial conditions, and have no significant illegal or irregular behavior.

Article 4 The District Bureau of Science&Technology, Industry, Commerce, and Information Technology is responsible for organizing the application of enterprises and determining the list of eligible enterprises. District state-owned enterprises shall further screen and consult with enterprises eligible for the support, organize due diligence among other things, determine the list of supported enterprises and equity investment targets, and exercise the rights and obligations of investors.

Article 5 According to the requirements of legal provisions, company natures, and internal control systems, district state-owned enterprises can make policy-based equity investments in projects with self-raised or self-owned funds through collective discussions and decisions of their party committees, shareholders' meetings or conferences, board of directors, or enterprise leaders; and foundations or self-owned funds can be used for market-oriented equity investments in the project.

## Chapter II Application and Selection

Article 6 Enterprises eligible for application must meet the following requirements simultaneously:

1. If the main founder of the enterprise is a foreign person, this person must obtain a legal work permit and residence permit in China; residents of Taiwan must hold a Mainland Travel Permit for Taiwan Residents; and residents of Hong Kong and Macao must hold a Mainland Travel Permit for Hong Kong and Macau Residents.

( A main founder of an enterprise refers to a person who serves as a senior management member in the enterprise, and hold more than 30% of the actual equity shares of the enterprise if the valuation of the enterprise is less than 300 million yuan; more than 20% of the actual equity shares if the valuation is more than 300 million yuan; or more than 15% of the actual equity shares if the valuation is 500 million yuan or above. )

2. The enterprise should operate faithfully and lawfully, without illegal acts or bad records, and have an office space or a R&D and production site in Haizhu District and more than 5 full-time employees.

3. For the past three years (based on the actual time of receipt of funds), the enterprise has been invested by private equity investment institutions or venture capital institutions ranked among the top 50 by authorities such as Zero2IPO, China Venture, and Chinese Venture, with a pre-money valuation of no less than 100 million yuan.

4. The enterprise applying for the support of these administrative measures need to sign a business commitment letter with the investing district state-owned enterprise.

Article 7 Guangzhou Haizhu District Bureau of Science&Technology, Industry, Commerce and Information Technology is responsible for the organization and implementation of the application, and the main procedures include:

1. Application. The applicant enterprise shall submit the application materials in accordance with the requirements of the application guidelines.

2. Review. The application materials shall be reviewed.

3. Publicity. The list of eligible candidate enterprises will be determined and made public for 7 days.

4. Approval. The list of eligible candidate enterprises shall be approved if there is no objection.

Article 8 District state-owned enterprises are responsible for making equity investments in eligible enterprises, and the main procedures include:

1. Announcement. After the above-mentioned list of selected enterprises is printed and distributed, a review of the enterprises that the investment intends for will be announced.

2. Review. A substantive review for the application materials,

due diligence on the enterprises that the investment intends for, and investment negotiations will be conducted.

3. Determination. The proposed investment amount and enterprise list will be determined.

4. Investment. An investment agreement with the applicant unit and liable shareholders shall be signed, and the applicant unit shall finish the company's registration of changes before the agreed deadline.

### Chapter III Investment and Withdrawal

#### Article 9 Investment criteria:

If the enterprise has been invested for the past three years (based on the actual time of receipt of funds) by private equity investment institutions or venture capital institutions ranked among the top 20 by authorities such as Zero2IPO, China Venture, and Chinese Venture, with a pre-money valuation of no less than 300 million yuan, a maximum of 10 million yuan will be given for policy-based equity investments by district state-owned enterprises. If district state-owned enterprises conduct market-oriented investments at the same time, policy-based equity investments and market-oriented equity investments should be kept in a ratio of 1:1 in principle, and the total amount of such investments should not be

higher than that provided by the above-mentioned private equity investment institutions or venture capital institutions as declared during the process of application (based on the actual received amount).

If the enterprise has been invested for the past three years (based on the actual time of receipt of funds) by private equity investment institutions or venture capital institutions ranked among the top 50 by authorities such as Zero2IPO, China Venture, and Chinese Venture, with a pre-money valuation of no less than 100 million yuan, a maximum of 1 million yuan will be given for policy-based equity investments by district state-owned enterprises. If district state-owned enterprises conduct market-oriented investments at the same time, policy-based equity investments and market-oriented equity investments should be kept in a ratio of 1:1 in principle, and the total amount of such investment should not be higher than that provided by the above-mentioned private equity investment institutions or venture capital institutions as declared during the process of application (based on the actual received amount).

Article 10 Both policy based equity investments and market-oriented equity investments from district state-owned enterprises are provided in the form of equity, and in principle, the

total proportion of such kinds of investments shall not exceed 20% of all shares of each invested enterprise, and district state-owned enterprises shall not be major shareholders or actual controllers. Meanwhile, district state-owned enterprises shall bear limited liability based on the amount of investments.

Article 11 Withdrawal:

1. The market-oriented equity investment funds from district state-owned enterprises shall be executed in accordance with the requirements of management regulations concerning foundations or self-owned funds, and district state-owned enterprises shall make independent decisions on withdrawal.

2. The policy-based equity investments from district state-owned enterprises shall be withdrawn within 3 years through enterprise mergers and acquisitions, equity repurchase, transfer by agreement, or IPO and the transfer price shall refer to the market price. The invested enterprise and liable shareholders shall cooperate with the investing district state-owned enterprises to accomplish the withdrawal work.

Article 12 When district state-owned enterprises make policy-based equity investments, they may arrange in the investment agreement that if the invested enterprise meets one of the following conditions, district state-owned enterprises have the right to request

withdrawal of the policy-based equity investment funds, and the invested enterprise and liable shareholders should cooperate on the withdrawal. The withdrawal price shall not be less than the sum of the principal and interest calculated from the first day of investment to the actual withdrawal date based on the investment funds and according to the one-year LPR published by the National Interbank Funding Center for the month of the first day of investment:

1. Equity investment funds have been transferred to the account of the invested enterprise for more than 6 months, but the invested enterprise has not conducted any substantive business.

2. The invested enterprise or liable shareholders seriously violates the provisions of the project's equity investment agreement.

3. The invested enterprise has been ordered to suspend business for more than a month, or its business license is revoked.

4. The invested enterprise violates terms in the business commitment letter signed with district state-owned enterprises.

Article 13 When the policy-based equity investments from district state-owned enterprises generate a premium income in the normal withdrawal from the invested enterprise, district state-owned enterprises can reward the invested enterprise and its entrepreneurial talent team each with no more than 50% of the after-tax withdrawal premium income. The reward of the after-tax withdrawal premium

income shall be collectively discussed and decided by district state-owned enterprises. If the amount of the reward of the after-tax exit premium income is more than 10 million yuan, it must be submitted to the district's state-owned assets supervision and administration authorities for approval in accordance with the district's state-owned assets supervision and administration mechanism.

If the entrepreneurial talent team includes members from Haizhu District's top, expert, or emerging digital economy talents, the reward proportion for the entrepreneurial talent team of the invested enterprise can be appropriately increased within the total amount of the after-tax withdrawal premium income.

#### Chapter IV Supplementary Provisions

Article 14 In the Administrative Measures, "more than" or "no less than" does not include the number itself, while "less than" includes the number itself.

Article 15 The Administrative Measures will be implemented from May 30<sup>th</sup>, 2023, and valid for 3 years.

Discloser Method: active disclosure

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