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China pilots VC funds for innovation, restructuring

(Xinhua)

Updated: 2009-11-27 09:47

China's central government Thursday announced it is to join local governments and private investors in a pilot program to facilitate venture capital funds for innovative and high-technology industries, and industrial restructuring.

The National Development and Reform Commission, the country's top economic planning body, and Ministry of Finance announced in a joint statement plans to create venture capital funds in accordance with the central government's call to promote development of innovative businesses with growth potential.

Under the plan, each fund would have a minimum 250 million yuan (\$37 million), but the statement gave no details on how many funds were expected to be set up.

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The statement said running of the funds would be entrusted to professional management institutions each with at least three experienced venture capital investment managers.

The management team is also required to have had experience in at least three venture capital investment undertakings.

The funds would continue as long as they had high investment returns and helped industrial upgrading, the statement said.

The central government would have a maximum 20-percent share in each fund; local governments would contribute no less

than the central government, while public investors would take at least 60 percent.

Public investment could be from institutional, corporate and foreign investors and management teams.

The government would not intervene the operation of the funds, according to the statement.