

Translation



The following regulation describes various financial and policy incentives that Qianhai District in southern China's Shenzhen City is taking to promote the growth of its AI industry. It is one example of the types of subsidies and other supportive policies that Chinese local governments take to attract and incubate AI companies, often in competition with other localities.

Title

Certain Measures of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Management Bureau to Support the High-Quality Development and High-Level Application of Artificial Intelligence

深圳市前海深港现代服务业合作区管理局关于支持人工智能高质量发展高水平应用的若干措施

Author

The Shenzhen City Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Management Bureau (Shenzhen Qianhai Management Bureau; 深圳市前海深港现代服务业合作区管理局; 深圳市前海管理局). Qianhai is a district of Shenzhen, a city in Guangdong Province in southern China.

Source

Shenzhen Qianhai Management Bureau website, January 3, 2024.

The Chinese source text is available online at:

http://qh.sz.gov.cn/gkmlpt/content/11/11083/post_11083180.html#2351

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Translator

Etcetera Language Group, Inc.

Editor

Ben Murphy, CSET Translation Manager

Certain Measures of the Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Management Bureau to Support the High-Quality Development and High-Level Application of Artificial Intelligence

To deeply implement the *Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Plan for Comprehensively Deepening Reform and Opening Up* and fulfill the requirements of the *Shenzhen Special Economic Zone Artificial Intelligence Industry Promotion Regulations* and the *Shenzhen City Action Plan for Accelerating the High-Quality Development and High-Level Application of Artificial Intelligence*

(2023-2024), this initiative aims to build an internationally competitive open and innovative ecosystem. It focuses on accelerating the aggregation of domestic and foreign innovation resources, promoting the integration of artificial intelligence (AI) technology with the modern service and advanced manufacturing industries, driving high-quality development and high-level application of AI in Qianhai, and creating a leading global AI region. The following measures are established:

I. Promote the Aggregation of the AI Industry

- (i) Construct the Qianhai Artificial Intelligence Aggregation Zone (前海人工智能集聚区). Encourage leading AI enterprises and high-growth companies, as well as leading businesses in advanced manufacturing, finance, logistics, and information services, to establish their AI business headquarters in the Qianhai AI Aggregation Zone. For AI enterprises that start operating in the Qianhai AI Aggregation Zone (including the Qianwan, Guiwan, Mawan, Baozhong, and Dachan Bay areas) after January 1, 2023, and have a paid-in registered capital of over Chinese yuan Renminbi (RMB) 20 million, a subsidy of RMB 60 per square meter per month will be provided for the office space leased within the zone, for a continuous period of 36 months, with a maximum annual subsidy of RMB 3 million per enterprise.
- (ii) Support corporate income tax benefits for AI enterprises. AI enterprises that meet the conditions for preferential corporate income tax policies in Qianhai will be taxed at a reduced rate of 15% according to national regulations. For high-end foreign talents and talents in short supply employed by qualifying AI enterprises, a subsidy will be provided for the portion of individual income tax paid in Qianhai that exceeds the amount calculated at 15% of their taxable income.
- (iii) Encourage the growth and expansion of AI enterprises. AI enterprises with a declared annual operating revenue (production scale) of over RMB 50 million will be rewarded with up to RMB 5 million, based on 0.1% of the increase in their annual operating revenue (production scale).
- (iv) Support investment and financing in the AI industry. Establish an AI industry investment fund to guide social capital¹ towards entrepreneurial

¹ Translator's note: The Chinese term 社会资本, translated literally as "social capital," refers to any source of funding outside of government budget outlays. This term encompasses investment by private individuals and private institutions. However, investment from state-funded entities such as state-owned enterprises (SOEs), including state-run banks, also falls under the umbrella of "social capital."

companies and quality projects in the AI field, and as cornerstone investors for enterprises going public. Strengthen guidance for AI enterprises to list on domestic and foreign capital markets and encourage eligible AI enterprises to raise funds through listing. Support financial institutions in the Shenzhen City Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone (Qianhai Cooperation Zone, 前海合作区) to innovate in their services, increasing credit and other financial services for high-quality AI enterprises.

II. Strengthen the Supply of Key AI Factors of Production (要素):

- (v) Improve computing power (“compute”) supply capability. Encourage technological innovation with “one cloud, multiple cores, network-strengthened computing, and computing-network fusion” (“一云多芯、以网强算、算网融合”), promote the integrated development of cloud, data, intelligence, edge, and terminal digital technologies, and achieve intelligent scheduling and efficient supply of compute resources. Advance the construction and application of the Qianhai International Data Dedicated Channel (前海国际数据专用通道) and the National (Qianhai, Shenzhen) New Internet Exchange Center (国家(深圳·前海)新型互联网交换中心) to create an open, convenient, and secure internet environment. Support enterprises in the Qianhai Cooperation Zone in building intelligent compute centers and intelligent compute scheduling platforms. Projects with a total investment of RMB 100 million or more will be supported with 5% of the actual investment amount of the previous year, with a cumulative maximum of RMB 20 million per platform.
- (vi) Promote the circulation and application of data factors of production. Actively introduce data service enterprises, accelerate the development of services such as data collection, cleaning, labeling, evaluation, and asset assessment, and encourage the establishment of AI training data resource libraries and standard test data sets for data sharing. Pilot the listing of data resources to promote the development and utilization of data resources. Support Hong Kong enterprises and scientific research institutions in setting up professional institutions in the Qianhai Cooperation Zone to provide cross-border database services. Support the establishment of data broker innovation centers and self-regulatory organizations for data brokers in the Qianhai Cooperation Zone to promote the development of data brokerage services. Reward data brokerage enterprises with annual data transaction service income of over RMB 5

million with up to RMB 200,000, based on 1% of their data transaction service income, with a maximum of 10 enterprises awarded each year.

- (vii) Strengthen the development of general purpose technologies. Support Qianhai enterprises in building general purpose technology service platforms based on leading domestically produced and independently controllable (自主可控) basic AI software foundations, providing small- and medium-sized enterprises with technical support such as algorithms, toolsets, model libraries, and adaptive authentication. Encourage the development of key general purpose technologies in fields such as AI voice recognition, image recognition, voiceprint recognition, motion capture, and natural language understanding.

III. Create AI Application Demonstrations

- (viii) Support 'Large Model + Industry' application innovation. Encourage the development and deployment of large-scale AI industry models with deep learning capabilities using large-scale data training and advanced algorithms, focusing on industry application needs in key sectors such as manufacturing, finance, logistics, and business, to form new industry application models. Provide a one-time reward of RMB 1 million to Qianhai enterprises that independently develop and publicly release AI industry large models with more than 10 market application cases.
- (ix) Support the creation of application scenario demonstration benchmarks. Support the establishment of AI demonstration application scenarios in major platform facilities such as airports, ports, exhibition centers, and in industry application areas like smart manufacturing, finance, logistics, transportation, business, culture and tourism, and healthcare. For AI application demonstration projects in the Qianhai Cooperation Zone evaluated by the Shenzhen City Qianhai Shenzhen-Hong Kong Modern Service Industry Cooperation Zone Management Bureau (Qianhai Management Bureau; 前海管理局), provide up to RMB 2 million in financial support to the project's main body, based on 10% of the actual investment amount, with a maximum of 10 projects supported each year.
- (x) Support the commercial pilot of intelligent connected vehicles. Promote the commercial pilot of intelligent connected vehicles throughout the Qianhai Cooperation Zone. Provide a one-time subsidy of RMB 200,000 per

approved operating vehicle to large-scale enterprises² in the Qianhai Cooperation Zone that have obtained approval from the relevant main oversight department (主管部门) for commercial operation of intelligent connected vehicles, with a cumulative subsidy of up to RMB 10 million per enterprise.

- (xi) Support the advancement of low-altitude intelligent transportation trials. Explore low-altitude airspace management pilots and promote the construction of low-altitude intelligent networks. Encourage enterprises to expand applications of electric vertical takeoff and landing (eVTOL) aircraft, supporting Qianhai Cooperation Zone enterprises approved by the authorities in operating commercial eVTOL routes (with at least one takeoff and landing point within the Qianhai Cooperation Zone). Provide one-time support of RMB 1 million for domestic routes and RMB 2 million for cross-border routes.

IV. Improve the AI Industrial Ecosystem

- (xii) Support the construction of technology empowerment (赋能) platforms. Support Fortune Global 500 companies and their first-level subsidiaries, or national-level innovation carriers such as the open innovation platforms for new generation artificial intelligence (新一代人工智能开放创新平台), to lead the establishment of AI innovation centers in the Qianhai Cooperation Zone. Utilize their industrial ecosystem resources to provide small and medium-sized enterprises with AI technology development, application promotion, frontier technology demonstration, and ecosystem incubation services. Provide one-time funding of up to RMB 5 million for innovation centers with software and hardware investment of over RMB 10 million, based on 10% of their software and hardware investment.
- (xiii) Support scientific research breakthroughs in key technologies. The Qianhai Management Bureau will organize AI field research initiatives in a "winner-takes-all open competition"³ manner, annually soliciting scientific questions and technical challenges in AI from society, with no more than 5 topics per year. Specific conditions will be stipulated in the challenge

² Translator's note: The term "large-scale enterprises" (规模以上企业) refers to companies that have RMB 20 million or more in annual operating income.

³ Translator's note: The idea behind "winner-takes-all open competition" (揭榜挂帅), in the context of Chinese science and technology projects, is that the government openly lists the technological breakthrough(s) it desires. Any individual or group in society, not just a select few, are then eligible to win a cash award if they succeed in making the breakthrough.

announcement. The bureau may support individual projects with up to 20% of the actual R&D investment, up to RMB 5 million per project.

- (xiv) Promote the development of industry organizations. Provide one-time support of RMB 500,000 for national-level AI industry organizations established in the Qianhai Cooperation Zone. Encourage AI industry organizations to host international AI academic forums, industry summits, trade shows, and competitions in the Qianhai Cooperation Zone, with prior agreement from the Qianhai Management Bureau. Post-event auditing will be conducted by the bureau, and support will be provided based on 20% of the actual event costs, up to a maximum of RMB 1 million.
- (xv) Establish mechanisms for inclusivity and prudential supervision (审慎监管). Enhance awareness of technological ethics among all responsible entities. Support the construction of AI safety-related testing and certification platforms, providing assessment and certification services for AI safety risks and ethical issues. Explore innovative AI "supervisory sandbox" and "non-prosecution of compliant enterprises"⁴ models to create an environment that encourages innovation and bold experimentation.
- (xvi) Optimize the industrial innovation matching environment. Improve mechanisms for talent recruitment, training, selection, evaluation, and service guarantees, aggregating high-end AI talents from home and abroad. Support renowned domestic and foreign universities in building AI science and education platforms in Qianhai, establishing a hybrid talent cultivation model featuring industry-academia-research institute (产学研) cooperation. Encourage enterprises to lead or participate in formulating international and national AI standards and strengthen AI intellectual property protection. Encourage various social organizations to provide services such as entrepreneurial incubation, financing linkage, and legal consultation, to promote the transfer and conversion of artificial intelligence R&D achievements into practical applications. Increase efforts in institutional innovation exploration, establish and improve diversified funding mechanisms, and promote the deep integration of AI innovation, production, funding, and talent chains. For major platforms and key projects that significantly promote the development of the AI industry in the

⁴ Translator's note: "Non-prosecution of compliant enterprises" (“企业合规不起诉”) is an arrangement in which a Chinese government regulator agrees not to file a criminal indictment against a company suspected of engaging in criminal activity, provided the company can demonstrate to the regulator, within a certain period of time, that it has instituted a robust compliance system ensuring that it is now in compliance with the law. It is similar to a non-prosecution agreement (NPA).

Qianhai Cooperation Zone, the Qianhai Management Bureau may provide support through cooperation agreements.

V. Supplementary Provisions

Enterprises that meet the conditions of both this measure and other similar support policies of Nanshan District, Bao'an District, and the Qianhai Cooperation Zone will not enjoy duplicated benefits. The total support funds received by a single entity in a single year under this measure shall not exceed RMB 30 million.

An "AI enterprise" for the purposes of these measures must meet the following conditions:

(i) For micro and small enterprises, the previous year's AI business income must account for more than 50% of total business income. For medium and large enterprises, the previous year's AI business income must account for 30% of total business income or be no less than RMB 20 million. Categorization of large, medium, small, and micro enterprises is executed according to the *Statistical Methods for Categorizing Large, Medium, Small, and Micro Enterprises (2017)* in the "Software and Information Technology Service Industry" and "Industry" categories.

(ii) The main business of the enterprise must be within the following or related scopes:

- 1. AI Software:** Includes computer vision software, intelligent voice processing software, natural language understanding software, biometric feature recognition software, virtual reality and augmented reality software, etc.
- 2. AI Services:** Includes machine learning services, computer vision services, intelligent voice processing services, natural language understanding services, biometric feature recognition services, AI integrated solutions, etc.
- 3. AI Products:** Includes AI chips, AI sensors, intelligent robots, smart vehicles (智能运载工具), virtual reality and augmented reality devices, smart wearable devices, etc.

The term 'Fortune Global 500' in these measures refers to the latest list published by *Fortune* magazine in the United States.

The terms 'not less than,' 'not more than,' and 'above' used in these measures include the number itself, while 'less than' and 'more than' do not include the number itself.

Organizations applying for awards and subsidies must conduct actual operations in Qianhai and must not be listed on Shenzhen's "Abnormal Business Operations List" ("企业经营异常名录"), List of Dishonest Obligor (失信被执行人名单), or List of Seriously Dishonest Entities (严重失信主体名单) by the Shenzhen main oversight department at the time of application (until the end of the public announcement period). The definition of actual operations and specific conditions will be stipulated separately in the application guidelines.

These measures will be implemented from January 15, 2024, and will be valid for three years.