

Translation



The following is a readout of a May 2025 press conference featuring several Chinese government finance officials, who discussed a recently issued policy—also translated by CSET—encouraging greater capital market funding for tech companies. The officials describe various aspects of these policy measures, all designed to overcome the reluctance of Chinese institutional and private investors to invest in promising but risky smaller tech companies.

Title

Expand Financing Support to Science and Technology Enterprises
加大对科技型企业的融资支持

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Source

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The Chinese source text is available online at:

https://paper.people.com.cn/rmrb/pc/content/202505/23/content_30074875.html

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Expand Financing Support to Science and Technology Enterprises (Authorized Release)

The *Decision* of the Third Plenum of the 20th Central Committee put forward the establishment of a science and technology (S&T) finance system adapted to S&T innovation, and the strengthening of financial support for major national S&T tasks and small and medium-sized S&T enterprises. On May 22, [2025,] the State Council Information Office held a press conference at which the heads of relevant ministries introduced details regarding S&T finance policies.

15 Policy Measures to Accelerate the Establishment of an S&T Finance System

Recently, seven ministries, including the Ministry of Science and Technology and the People's Bank of China, jointly issued *Certain Policy Measures to Accelerate the Construction of the Science and Technology Finance System and Strongly Support a High Level of Self-Reliance in Science and Technology*.¹ Vice Minister of Science and Technology Qiu Yong (邱勇) explained that the policy measures focus on seven areas, including venture capital, monetary and credit policies, the capital market, S&T insurance, and bond markets. Some 15 policy measures are proposed, covering both upgrades of existing policies and innovative new policies—

Establish a “National Venture Capital Guidance Fund” to guide venture capital to “invest early, invest in small companies, invest long-term, and invest in hard S&T.”² A series of new measures is put forward, centered around streamlining the entire venture capital life cycle of “fundraising, investment, management, and exit,” proposing to: Expand the scope of the pilot program for equity investments by financial asset investment companies³ and support bond financing by venture capital institutions, so as to broaden funding sources; encourage the development of secondary market funds to smooth exit channels for venture capital; and optimize assessment and evaluation mechanisms for state-owned venture capital to make it more patient and steadfast.

Use structural monetary policy tools fully and effectively to guide financial institutions in increasing credit support for S&T enterprises. Further optimize the structure, expand the scale, and reduce the interest rates on relending facilities for S&T innovation and technological transformation, creating dedicated financing channels for S&T enterprises, especially private (民营) small and medium-sized enterprises; and encourage commercial banks to establish specialized S&T finance institutions with distinctive features and optimize assessment mechanisms, thereby making loan financing faster and easier.

¹ Translator's note: CSET's English translation of *Certain Policy Measures to Accelerate the Construction of the Science and Technology Finance System and Strongly Support a High Level of Self-Reliance in Science and Technology* is available online at:

<https://cset.georgetown.edu/publication/china-tech-finance-measures/>.

² Translator's note: "Hard S&T" (硬科技) refers to technologies that require long-term research to come to fruition, have high technical barriers and clear applications, are at the technological cutting edge, and have a transformative effect on the economy and society. Photonic chips, AI, aerospace, biotech, and IT are all examples of hard S&T. "Hard S&T" is more or less synonymous with "key and core technologies" (关键核心技术).

³ Translator's note: In China, a financial asset investment company (AIC; 金融资产投资公司) is defined as a non-bank financial institution that conducts debt/equity swaps and supporting services for companies, just as a bank does. The main shareholder of an AIC is typically a bank.

Leverage the pivotal role of capital markets to support direct financing for S&T enterprises. Establish and improve capital market fast-tracking mechanisms for S&T enterprises, and deepen reforms of the STAR Market⁴ and ChiNext,⁵ providing more suitable and inclusive institutional support for enterprise innovation and growth. An innovative proposal is made to establish a “Science and Technology Board” in the bond market to raise long-term, low-interest, and easily accessible bond funds for S&T innovation.

Develop S&T insurance to better fulfill its role in sharing and offsetting innovation risks. Formulate guidelines to promote the high-quality development of S&T insurance, and establish a mechanism for coordinating the advancement of S&T insurance development. Establish and improve a comprehensive insurance product and service system covering the entire S&T innovation chain and life cycle. Explore establishing a national co-insurance consortium (共保体) for S&T insurance for major technological efforts, and encourage the participation of insurance capital in major national S&T tasks, so as to help S&T enterprises manage risks arising from new technologies and [business] models.

Encouraging the Creation of Insurance Against Expenses and Losses in the Conversion of S&T Achievements into Practical Applications (科技成果转化)

By the end of March [2025], the outstanding balance of loans to small and medium-sized S&T enterprises reached Chinese Yuan Renminbi (RMB) 3.3 trillion, marking a year-on-year increase of 24% and the third consecutive year of increases over 20%. The outstanding balance of loans to professional, precision, specialized, and innovative (专精特新) enterprises reached RMB 6.3 trillion, with growth far exceeding the average loan growth rate. The outstanding balance of equipment upgrading loans signed between banks and enterprises reached RMB 1.2 trillion. Guo Wuping (郭武平), spokesperson for the National Financial Regulatory Commission (NFRC) and director of its Policy Research Department, said that the NFRC is continuing to build an S&T finance system adapted to S&T innovation, allowing more financial resources to flow into the fertile expanse of S&T innovation at lower cost and faster speed, and promoting the deep integration of S&T innovation with industrial innovation.

Relevant ministries have released a package of S&T finance policies, including measures to support a high level of self-reliance (自立自强) in S&T, full-lifecycle

⁴ Translator's note: The STAR Market (科创板) is also known as the Sci-Tech Innovation Board of the Shanghai Stock Exchange. It was launched in July 2019 and markets itself as China's equivalent of the NASDAQ exchange in the United States.

⁵ Translator's note: ChiNext (深圳证券交易所创业板; 中国创业板; 创业板) is a NASDAQ-inspired subsidiary board of the Shenzhen Stock Exchange (深圳证券交易所; 深交所).

financial services, and an implementation plan for the high-quality development of S&T finance. Banks and insurance institutions have been guided to launch targeted specialized services such as “loans plus direct external investment,” intellectual property-backed financing (知识产权质押融资), and patent insurance. By the end of the first quarter, the banking industry’s outstanding loans to high-tech enterprises reached RMB 17.7 trillion, a 20% year-on-year increase. Financial institutions have been guided to optimize their S&T finance management systems, and have established 2,178 S&T-oriented branches. A number of S&T finance pilot programs are being promoted. The equity investment pilot project for financial asset investment companies has expanded to 18 provinces, with signed investment intentions exceeding RMB 380 billion; and in the pilot reform of long-term investment in insurance funding, the total scale of three batches has reached RMB 222 billion.

Guo Wuping explained that the next step will be to guide banking and insurance institutions to strengthen their S&T finance service mechanisms, product systems, and professional capabilities, in order to achieve S&T finance services with higher quality, broader coverage, and greater effectiveness. The coordination mechanism for supporting micro and small enterprise financing will be encouraged to tilt toward S&T fields and link them to support resources. Banks will be encouraged to make comprehensive use of information such as S&T enterprise innovation scores,⁶ in order to boost the first-loan approval rate (首贷率) for S&T enterprises. For working capital loans with longer recovery cycles, banks will be permitted to extend the loan terms appropriately. Insurers will be encouraged to offer insurance covering losses in the process of converting S&T achievements into practical applications, thereby providing risk protection to facilitate the transfer and conversion of S&T achievements.

Advancing Cross-Border Financing Facilitation Pilot Programs

Zhu Hexin (朱鹤新), Deputy Governor of the People’s Bank of China and Director of the State Administration of Foreign Exchange, said that efforts are focused on four areas to accelerate construction of a S&T finance system adapted to S&T innovation.

Enhancing the funding strength and service capacity of S&T-focused lending. The People’s Bank of China has increased the scale of relending facilities for S&T innovation and technological transformation from RMB 500 billion to RMB 800 billion, while

⁶ Translator's note: An "innovation score" (创新积分) is a quantitative rating of the innovativeness of a technology company, generated by the Chinese government for the purposes of identifying promising tech companies for the state to support through subsidies and other incentives. The score takes into account factors such as the amount and growth rate of a company's R&D spending, the income its high-tech products and services generate, how many graduates with advanced degrees it recently hired, and so forth.

simultaneously lowering the relending interest rate from 1.75% to 1.5%, guiding financial institutions to provide more robust and targeted loan support for enterprise R&D innovation and equipment upgrading.

Establishing a “Science and Technology Board” within the bond market. To increase the bond market’s adaptation to supporting S&T innovation, financial institutions and equity investment firms are to be supported in issuing S&T innovation bonds. The bond market “Science and Technology Board” will support flexible phased bond issuance, simplify disclosure requirements, and reduce or waive transaction fees for bond issuance. Approximately 100 institutions have already issued S&T innovation bonds totaling over RMB 250 billion. “We hope that through this type of innovation in instruments, a funding channel will be opened up for market-oriented equity investment institutions, thereby solving fundraising difficulties,” said Zhu Hexin.

Cultivating and improving the S&T finance ecosystem. Division of labor and collaboration among different types of financial institutions such as banks, insurance companies, securities firms, and equity investment institutions will be promoted, forming a differentiated and specialized development pattern. Development-oriented and policy-oriented (政策性) financial institutions will be encouraged to provide financing support for major national S&T tasks. Cross-border financial services for S&T enterprises will be strengthened, with the Qualified Foreign Limited Partnership (QFLP) and cross-border financing facilitation pilot programs being steadily advanced. The opening up (开放) and sharing of public S&T information will be expanded, and the “innovation score system” will be extended on a nationwide scale, to provide data support for S&T financial services.

Increasing the level of financial services in regions with high concentrations of S&T factors of production (要素). Optimization of regional S&T finance service systems will be promoted, focusing on 13 key areas including Beijing and Shanghai, to support the development of international and regional S&T innovation centers.

Optimization of the Domestic Listing Environment for S&T Enterprises Continues

The number of listed companies in strategic emerging industries on the Shanghai, Shenzhen, and Beijing stock exchanges is already nearing 2,700, accounting for over 40% of market capitalization. The scale and proportion of private equity and venture capital funds invested in strategic emerging industries continues to rise, with over 100,000 projects under investment and more than RMB 4 trillion in capital invested. Yan Bojin (严伯进), Chief Risk Officer and Director of the Issuance Supervision Department at the China Securities Regulatory Commission (CSRC), indicated that the

CSRC will better leverage the capital market's crucial pivotal role in supporting S&T innovation.

The environment for domestic listings of S&T enterprises will continue to be optimized. A more flexible and precise countercyclical adjustment mechanism for new share issuance will be implemented to improve the capital market's function of coordinating investment and financing. Reforms of the issuance and listing systems on the STAR Market and ChiNext will be deepened, further strengthening their inclusiveness and adaptability. High-quality red-chip S&T enterprises⁷ will be supported in returning to list shares in mainland China.

The functions of various market segments in supporting S&T enterprises will be better coordinated and utilized. The STAR Market will continue to serve as a "testing ground" and adhere to its "hard S&T" positioning; ChiNext will focus on the "Three Innovatives and Four News,"⁸ serving growth-oriented innovative and entrepreneurial enterprises; the Beijing Stock Exchange will support professional, precision, specialized, and innovative "little giant" enterprises, building the main platform serving innovation-oriented small and medium-sized enterprises. Together, they will cover the financing requirements of S&T enterprises of all kinds and at all stages of development.

Targeted support will be provided to listings by enterprises in "hard S&T" fields. High-quality S&T enterprises will be more accurately identified and screened, and a fast-tracking policy will be implemented for those that make breakthroughs in key and core technologies. Market listings by high-quality S&T enterprises that are not yet profitable will be supported more vigorously.

Efforts to support industrial consolidation among S&T enterprises will be stepped up. Listed companies will be supported in focusing on S&T innovation and industrial upgrading, guiding more resources toward new quality productive forces (新质生产力). For restructuring purposes, listed S&T-based companies will be supported in making comprehensive use of payment instruments such as shares, cash, and privately placed convertible bonds, increasing restructuring valuation flexibility for asset-light S&T enterprises.

⁷ Translator's note: A "red-chip enterprise" (红筹企业) is a PRC-owned or PRC-controlled company listed on the Hong Kong Stock Exchange.

⁸ Translator's note: The "Three Innovatives and Four News" ("三创四新") refer to qualities that companies that list on ChiNext should exhibit. The "Three Innovatives" ("三创") are being innovative (创新), creative (创造), and entrepreneurial (创业). The "Four News" are new technology, new industries, new business formats (新业态), and new modes of operation (新模式).

The expansion of long-term capital and patient capital will be fostered. Private equity funds will be supported in acquiring listed companies according to law with the aim of promoting industrial consolidation. Medium-to-long-term capital will continue to be guided into the market, the “long-term capital for long-term investment” (“长钱长投”) system will be further refined, and improvement of long-cycle performance evaluation mechanisms will be promoted. At the same time, better use will be made of the bond market's role in supporting innovation.