Technology Business Incubator in China:

---A policy tool to promote innovation and entrepreneurship

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1. Overview of TBIs in China
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   Current Situation
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1. Overview of TBIs in China

Orientation

With the objective of promoting the transfer of technology achievements, cultivating the technology enterprises and entrepreneurs, the TBIs will provide the managed space, mentoring and all round services for technology startups.

Establishment

The first TBI in China was given into birth in Wuhan in Jun. 1987.
1. Overview of TBIs in China

Current Situation:

The statistics for 548 incubators by 2006:

- Incubation area: 20.08 M m²
- Tenant enterprises: 41,434
- Employees: 792,590
- Graduated companies: 19,896
  - 500+ over 100M RMB sales income
  - 50+ listed companies
1. Overview of TBIs in China

Development Trend

- Encourage the entrepreneurship, bring out the unprecedented tide of technology innovation
- By the end of “Eleventh Five Year”,
  1000+ TBIs
  50000+ tenant enterprises
  100 M employees
  25 M m² incubation space
  3 Billion incubation fund
  800+/year brilliant graduated companies
  The comparatively perfect technology incubation system
- Become the new beginning, hot spot, brilliant spot for the implementation of Indigenous Innovation and the development of local economy
Launched “Torch Program” in 1988, while TBIs became a major part of national technology innovation system.

The 1st National Incubation Conference in 1990 specified the feature, objective, task and function.

《Principle opinions on China High and New Technology Innovation Centers》 in 1994 provide the concrete guiding policies through Administration Regulation.
2. Legislation and Policy

- In 1996, "Provisional regulation on certifying national level high and new technology innovation center" specified the criteria and application procedure for national procedure.
- 2000-2006
  - "Approval and management regulation on technology business incubator"
  - "Supporting policies in carrying out "Program outline for national medium and long term scientific and technical development (2006-2020)"
  - "Outline of “The Eleventh Five-Year” development plan for China Technology Business Incubator"
2. Legislation and Policy

Property Rights incentive

◆ 《Regulation concerning Investment with High/new Technology Achievements in Exchange for Shares》 in 1997 stipulated “High and New Technology Achievements could be used as over 20% and less than 35% of total shares of the company”. In 1998 and 1999, it made further clearly specification.

- Promote the transfer of high and new technology achievements
- Motivate the establishment of Modern Standard Management Structure of Tech-Entrepreneur's Legal Body and its development
- Bring out a great batch of technology SMEs
Government Financing Support

(1) Provide government inducting fund (incubation fund) to support the rapid growth of TBIs

- 1987-1994 The numbers of TBIs increase from 2 to 73 with 33M RMB from Central Government with over 1 billion local fund
- 1995-1999 The incubation fund continuously increased both from central and local government.
- 2000-2006 MOST directly invest 84.7 M RMB and attract over 4 billion local investment for the construction of TBIs
Government Financing Support

(2) Establish the innovation fund for technology based firms in 1999

* Loan Interest Subsidy
* Appropriation
* Equity Investment

(3) Support to build the fundamental facilities of TBIs and public service platform, to cultivate a favorable social environment

Among 20.08 M m2 incubation space in China, most are invested by central and local government.
2. Legislation and Policy

Investment and Financing

- **Credit Guarantee System**
  - 《Conducive opinion concerning establishing the pilot credit guarantee system》
  - 《Guiding opinions concerning strengthen and improve the financing services for SMEs》
  - 《Several opinions on encouraging and promoting the SMEs》

- **Innovation Investment**
  - 《Provisional Regulation on the management of innovation investment guiding fund for technology SMEs》in 2007
2. Legislation and Policy

Preferential Tax Policy

• 1988-
  As a major part of National Torch Program

• 1994-
  《Circular on how to enjoy the tax preferential policies for hi-tech enterprises》
  《Circular on the relevant finance and tax issues for promoting technology improvement of the enterprises》

• 2007
  《Circular on the concerned tax policy issues for technology business incubators》
  -- The certified incubator could enjoy the exemption of housing property tax and tenure tax, sales tax and income tax from 2008 to 2010
3. Experiences and Characteristics

(1) **Much attention and great support from Central government, pour strong drive into incubation industry**
(2) Incubator has become an important carrier to Build an innovation-oriented country.

(3) Incubator has become the cradle to cultivate technology enterprises and entrepreneurs.
Welcome to China
Welcome to Chinese Technology Business Incubators

Thank You

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