# China Raises $47bn in Semiconductor Funding, Countering US Tech Restrictions



China has finalized its largest funding round to support its semiconductor industry, raising Rmb344bn ($47bn). This initiative, part of China's push for technological self-sufficiency led by President Xi Jinping, aims to counter the US's efforts to limit China's access to advanced technology. Officially named the National Integrated Circuit Industry Investment Fund Phase III, the fund has gathered contributions from the finance ministry, local governments, state-owned enterprises, and for the first time, state-owned banks.

The Big Fund's third round is the largest pool of capital targeted at developing companies and technologies to address key challenges in China's chip industry. It follows prior rounds in 2014 and 2019, which raised Rmb139bn and Rmb200bn, respectively. The latest fund will focus on Chinese manufacturers of chip factory equipment, unlike the previous rounds that concentrated on semiconductor manufacturing.

Following the announcement, shares of several Chinese semiconductor companies surged. SMIC, China's leading chipmaker, saw a 7% increase in Hong Kong, while Hua Hong and Naura also experienced significant gains.

The fundraising process, overseen by the Ministry of Industry and Information Technology (MIIT), faced initial difficulties in securing capital due to an economic downturn. Consequently, China's six largest state-owned banks, including the Industrial and Commercial Bank of China, were brought in as shareholders, contributing Rmb114bn collectively and holding a 33.1% stake in the fund.

The Big Fund's governance has seen changes, with Zhang Xin currently chairing the fund after a corruption probe led to the removal of previous leader Ding Wenwu and other executives.

With 19 shareholders, the finance ministry remains the largest contributor with Rmb60bn, while China Development Bank Capital holds the second-largest stake. The fund also includes investments from entities like China National Tobacco Corporation and China Telecom. This fund is part of China's broader strategy to become a leader in advanced technologies amid a global tech race.