

PREFACE

The year of 2003 is the fifth operational year of the Innovation Fund for Technology-Based SMEs (hereinafter Innofund). Under the steering of the Ministry of Science & Technology and the Ministry of Finance, with the joint efforts from the departments concerned and the Innofund Administration Center, Innofund went on smoothly in the year of 2003 with the annual plan fully accomplished.

In the year of 2003, Innofund continued to follow the principles of "market-oriented, supporting innovation and encouraging entrepreneurship" and highlighted the Innofund's policy-guided function of "offering warm in snowy weather" by providing focused support to technology-based start-ups, especially those that are tenanted in technology business incubators. In the mean time, Innofund gave priorities to R&D projects with high degree of innovation, intensive technology content, strong competitiveness and good market potential, aiming to cultivate new and high-tech industry clusters with independent intellectual properties. Preferential supports were continuously given to projects from "Mianyang S&T City" and other western regions as well as projects in software technology and enterprises founded by returned overseas scholars.

As it was all over the country, the outbreak of "SARS" epidemic in 2003 also made great impact on the work of Innofund. Meanwhile, the movements in the economic, social, and technological environment also required some corresponding adjustments. Facing all these new challenges, the annual work plan of 2003 was still accomplished successfully with the help from various sides.

For the past five years since its establishment, Innofund has made conspicuous achievements in supporting the innovation activities of technology-based SMEs

and encouraging entrepreneurship. In addition, the operational mechanism and the administration mode of Innofund have been continuously improved and perfected with the public image and prestige of the fund being enhanced unceasingly. In the future, with the continuation of the standardized management of the Innofund projects, more efforts will be made to extend the service scope and reinforce the work on creating a pleasant exterior environment for the development of technology-based SMEs. The policy guiding function of Innofund will be brought into full play to make more contributions to the implementation of the national strategy of "prospering the nation with science & education" and the promotion of high-tech industrialization as well as the acceleration of the economic growth.

Department of Development Planning
Ministry of Science & Technology

Department of Enterprises
Ministry of Finance

BUDGET AND FUNDING OVERVIEW

The year of 2003 is the fifth operational year of Innofund. With the guidance and support from the Ministry of Science & Technology and the Ministry of Finance, the Administration Center of Innovation Fund for Technology-Based SMEs (hereinafter the Innofund Administration Center) fulfilled the annual tasks properly following the principles of "innovation, factualism, and efficiency".

1. Budget Execution

The central fiscal budget appropriated for Innofund was 500 million RMB Yuan in 2003.

Within the year, the Innofund Administration Center received a total of 4,249 project applications. With 1,472 applications carried forward from the previous year of 2002, altogether 5,721 applications were reviewed throughout the year.

Via evaluation by the expert team or evaluation agencies, 1,197 projects were selected and jointly approved by the Ministry of Science & Technology and the Ministry of Finance as the 2003 Innofund Projects with a total funding of 663.82 million RMB Yuan, among which 490.65 million RMB Yuan has been allocated through the arrangement of the annual budget.

2. Funding Priorities

In the year of 2003, Innofund continued to follow the principles of "market-oriented, supporting innovation and encouraging entrepreneurship" and highlighted the Innofund's policy-guided function of "offering warm in snowy weather" by providing

focused support to technology-based start-ups, especially those that are tenanted in technology business incubators. In the mean time, Innofund gave priorities to R&D projects with high degree of innovation, intensive technology content, strong competitiveness and good market potential, aiming to cultivate new and high-tech industry clusters with independent intellectual properties. Preferential supports were continuously given to projects from "Mianyang S&T City" and other western regions as well as projects in software technology and enterprises founded by returned overseas scholars.

Project Applications & Approvals by Regions (Unit: Million RMB)

Regions	Number of Applications	Total Funding Required	Projects Approved	Innofund Awarded
Beijing City	548	515.27	180	105.75
Tianjin City	81	61.96	20	8.10
Hebei Province	50	46.41	4	2.25
Shanxi Province	36	36.08	6	3.85
Inner Mongolia Autonomous Region	45	43.36	11	6.10
Liaoning Province	173	149.49	49	26.60
Of which: Dalian City	21	19.81	17	10.10
Jilin Province	102	86.15	30	14.65
Heilongjiang Province	100	83.20	24	10.67
Shanghai City	377	303.11	116	64.95
Jiangsu Province	363	323.45	96	55.75
Zhejiang Province	323	293.21	85	52.35
Of which: Ningbo City	19	16.50	9	5.65
Anhui Province	48	46.12	15	9.65
Fujian province	83	60.07	27	11.60
Of which: Xiamen City	27	15.00	15	5.25
Jiangxi Province	38	35.17	22	13.25
Shandong Province	246	229.35	60	34.40
Of which: Tsingdao City	34	34.60	12	7.05
Henan province	54	51.65	7	3.85
Hubei Province	237	225.32	45	27.15
Hunan Province	94	81.25	25	11.50
Guangdong Province	331	327.03	71	43.95
Of which: Shenzheng City	138	138.03	36	22.00
Guangxi Zhuang Autonomous Region	37	33.78	9	5.55
Hainan Province	7	7.30	2	1.35
Sichuan Province	371	321.82	118	59.80
Chongqing City	134	118.30	30	14.70
Guizhou Province	21	22.10	11	7.05
Yunnan Province	34	18.83	17	6.50
Xizang Autonomous Region	5	4.65	4	2.30
Shanxi Province	214	165.19	75	39.40
Gansu Province	38	34.31	15	8.05
Tsinghai Province	11	8.70	4	2.25
Ninxia Hui Autonomous Region	16	15.67	7	4.10
Xinjiang Uyghur Autonomous Region	32	27.32	12	6.40
Total	4249	3775.61	1197	663.82

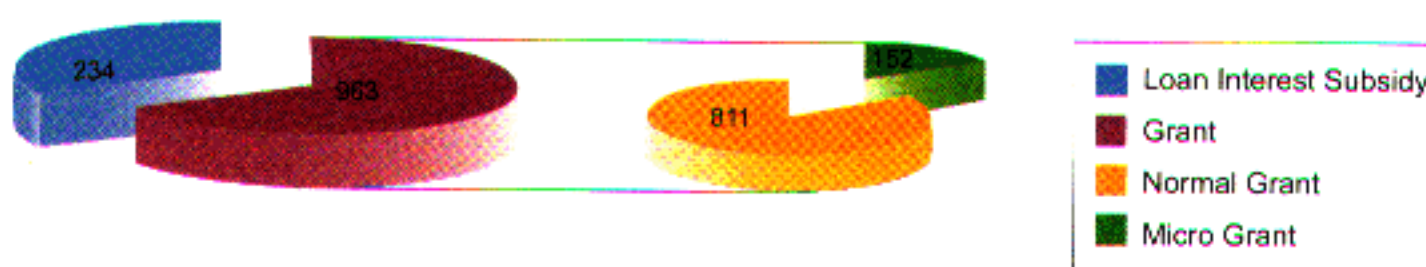
Projects Funding Obtained by Regions (Unit: Million RMB)

Regions	Projects Awarded with Grants	Innofund Awarded	Projects Awarded with Loan Interest Subsidy	Innofund Awarded
Beijing City	169	98.30	11	7.45
Tianjin City	20	8.10	0	0
Hebei Province	4	2.25	0	0
Shanxi Province	4	2.30	2	1.55
Inner Mongolia Autonomous Region	10	5.55	1	0.55
Liaoning Province	46	24.80	3	1.80
Of which: Dalian City	15	9.00	2	1.10
Jilin Province	25	11.40	5	3.25
Heilongjiang Province	20	7.97	4	2.70
Shanghai City	92	50.35	24	14.60
Jiangsu Province	50	27.25	46	28.50
Zhejiang Province	39	21.85	46	30.50
Of which: Ningbo City	5	3.15	4	2.50
Anhui Province	13	8.15	2	1.50
Fujian province	20	7.80	7	3.80
Of which: Xiamen City	12	3.55	3	1.70
Jiangxi Province	16	9.55	6	3.70
Shandong Province	49	27.35	11	7.05
Of which: Tsingdao City	11	6.35	1	0.70
Henan province	5	3.05	2	0.80
Hubei Province	32	18.75	13	8.40
Hunan Province	21	8.90	4	2.60
Guangdong Province	50	30.80	21	13.15
Of which: Shenzheng City	27	16.80	9	5.20
Guangxi Zhuang Autonomous Region	8	4.70	1	0.85
Hainan Province	2	1.35	0	0
Sichuan Province	107	53.30	11	6.50
Chongqing City	25	12.10	5	2.60
Guizhou Province	10	6.35	1	0.70
Yunnan Province	15	5.55	2	0.95
Xizang Autonomous Region	4	2.30	0	0
Shanxi Province	73	38.05	2	1.35
Gansu Province	14	7.55	1	0.50
Tsinghai Province	4	2.25	0	0
Ninxia Hui Autonomous Region	7	4.10	0	0
Xinjiang Uyghur Autonomous Region	9	4.70	3	1.70
Total	963	516.77	234	147.05

3. Overview on Approved Projects

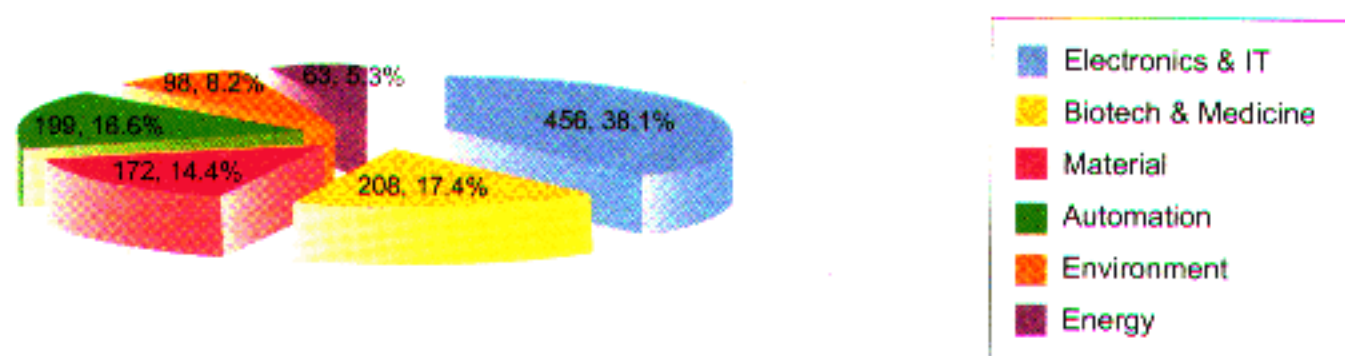
Among the total approved 1,197 projects of the year, 963 obtained grants with a sum of 516.77 million RMB, accounting for 77.8% of the total allocated funding. The portfolio of the approved projects by forms of funding is illustrated in Figure-1.

Figure-1 2003' Innofund Projects (By Funding Forms)



The key technology fields supported by Innofund in 2003 continued to be Electronics and Information Technology, Biotechnology and Medicine, Advanced Materials, Automation Technology, Environmental Resources as well as New Energy and Energy Saving. Projects in Electronics and Information Technology still ranked first, accounting for 39% of all the projects approved. The distribution of the approved projects by technology field is illustrated in Figure-2.

Figure-2 2003' Innofund Projects (By Technology Field)



The major policy and economic target to be realized through the implementation of the 1,197 approved projects is as follows.

To encourage the development of software industry, 227 software projects were awarded, accounting for 19.0% of the total approved projects (19.6% in the year of 2002).

To provide support for the implementation of the Western Development Strategy, 313 projects submitted from the western regions were awarded, accounting for 26.1% of the total approved projects (24.6% in the year of 2002).

To carry out the strategy of "bringing in talents", Innofund supported 137 projects from enterprises established by returned overseas scholars, accounting for 11.4% of the total approved projects (9.2% in the year of 2002).

To bring into full play the advantages of the high-tech industry development zones (science and technology industrial parks) in industrial clustering, 537 projects from the zones were awarded, accounting for 44.9% of the total approved projects (41.2% in the year of 2002).

To reinforce the support for the start-up enterprises, 152 Small Grant projects were awarded, accounting for 12.7% of the total approved projects.

To give emphasis to the independent intellectual properties possessed by the project undertakers, all the projects approved hold a total of 913 various patents, among which 327 are patents for invention.

Upon the accomplishment, the 1,197 approved projects will realize a total estimated accumulative sales income of 26.9 billion RMB with a total net profit of 4.7 billion and a tax contribution of 3.3 billion. In the mean time, 40,000 new jobs will have been created.

Chief Administration Work

1. Improving Fund Management

The Guide for Innofund Project (2003') gives more prominence to the key projects to be supported while clearly lists some projects/products that will not be funded by the fund.

The enrichment of a balanced evaluation expert team has been continued throughout the year. Efforts have been made for the establishment of the selecting, employing, training, and reviewing mechanism of the expert team and delegated evaluation agencies. Currently, there are more than 1,360 experts within the expert database (160 were added within the year of 2003). For the project assessment this year, 2,200 expert person-times have been employed and 20 evaluation agencies have been delegated to conduct partial evaluation work.

The project acceptance evaluation system has been improved with amended and more specified criteria and standardized internal appraisal and acceptance procedure. By the end of 2003, the accepted Innofund projects added up to 1,447 with an acceptance rate of 81%.

2. Reinforcing Promotions and Communications

In 2003, Innofund Administration Center strengthened the promotional activities of the fund. Ten editions of Innofund Newsletters were issued and more than one hundred articles were released throughout the year. Over sixty Innofund related reports were published by Xinhua News Agency, Science & Technology Daily, Economic Daily, China Financial & Economic News and other media. As an example, a front

page article titled "Spending Taxpayers' Money is not an Easy Job" published on China Financial & Economic News presented an overview on the overall implementation of Innofund and brought about desirable effects.

3. Extending Services

To further improve the fund-raising environment for technology-based SMEs and explore to establish a butt joint platform for Innofund projects with venture capitals and financial institutions, the Innofund Administration Center organized the first Innofund Projects Recommendation Conference, during which 135 Innofund projects were presented to the venture capital investment companies, financial institutions and news media with their financing demand and achieved expected results.

To promote the integration of technology and finance, the center kept active communications with commercial banks to make a better understanding of their business loan requirements and delivering procedures. In the mean time, the center was actively involved in the overall cooperation scheme between the Ministry of Science and Technology and the State Development Bank by making the joint support for technology-based SMEs as a major content of this cooperation.

In addition, Innofund Administration Center was also entrusted to organize the competition of "Sino-British Award for Technology-based Start-ups" co-sponsored by the Ministry of Science & Technology" of China and the Ministry of Trade & Industry of UK. The award is equally financed by the two sides with a total award of 100,000 pounds for two winners from technology-based SMEs in China. The campaign was successfully implemented with strong response aroused and highly appraised by both sides from China and UK.

Micro-Grant

To strengthen the support for technology-based start-ups, Innofund launched a pilot mechanism of "Micro Grant" in 2003. This funding is delivered to the tenant start-up enterprises in selected support agencies including national high-tech innovation centers, national overseas students parks, national university science parks and technology business incubators.

In consideration of the nature of technology-based start-ups, the principles of "keeping to the criteria, relying on local governments and simplifying the application procedure" were respected in the approval and afterwards management of the "Micro Grant" projects. More work was conducted by dint of the support agencies to take their advantages in delivering handy management on the awarded projects. The Innofund funding was a one-off payment instead of two payments as in the normal cases while the support agencies are required to organize more complementary funding.

Recommended by the local Innofund supervision organizations (usually the science and technology departments of the provincial or municipal governments) where the candidate support agencies are located and short-listed by Torch High Technology Industry Development Center (Torch Center), 16 agencies were finalized as the 2003 Innofund "Micro Grant" Support Agencies by a joint evaluation committee composed of representatives from Torch Center and Innofund Administration Center, including:

1. Changchun S&T Innovation Service Center
2. The Innovation Service Center of Xi'an Hi-Tech Industry Development Zone
3. The Technology Innovation Service Center of Chengdu Hi-Tech Industry

Development Zone

4. Shanghai Science and Technology Innovation Center
5. Harbin Hi-Tech Innovation Center
6. The S&T Innovation Service Center of Shenyang Hi-Tech Industry Development Zone
7. Beijing (Haidian) Overseas Scholar Innovation Park
8. The International Business Incubator of Tianjin Hi-tech Industry Development Zone
9. Suzhou Hi-Tech Innovation Service Center
10. Jinan Hi-Tech Innovation Service Center
11. Xiamen Hi-tech Innovation Center
12. Changsha Software Park
13. The Innovation Service Center of Chongqing Hi-Tech Industry Development Zone
14. State University Science Park at Zhejiang University
15. The Innovation Service Center of Mianyang Hi-Tech Industry Development Zone
16. Kunming Hi-Tech Innovation Service Center

The "Micro Grant" funding is a beneficial experiment made by the Innofund Administration Center with the backing from the Ministry of Science and Technology and the Ministry of Finance. This funding mechanism fully manifests the "providing timely help" function of Innofund and is warmly welcomed by the technology-based small firms. It has also mobilized the enthusiasm of the local governments for providing support to the start-up enterprises. In 2003, 265 projects were applied via the 16 support agencies for "Micro Grant" funding and 152 projects were awarded with a total amount of 37.57 million RMB. The average funding for each project was 247,000 RMB.

Overall Performance

According to statistics summarized from 2,018 Innofund projects surveyed in 2003, the overall implementation of the projects is proceeding rather well in that both the technological innovation has been facilitated and the economic as well as social benefits have been reaped by the project undertakers.

1. Status of Project Undertakers

Gross Income

Based on the 2,018 projects surveyed, the average total income of the project undertakers in 2003 was 39.35 million RMB with an average per capita of 280,000 RMB. For the 504 "loan interest subsidy" project undertakers, the average gross income of the year was 89 million RMB while that for the 1,514 "grant" project undertakers was 23 million RMB.

Tax Contribution

The average tax contribution per capita of the 2,018 project undertakers was 230,000 RMB.

Net Profits

The average net profit per capita was 24,800 RMB.

Total Assets

At the end of 2003, the average total assets of 2,018 project undertakers were 58.22 million RMB.

Total Liabilities and Owners Equity

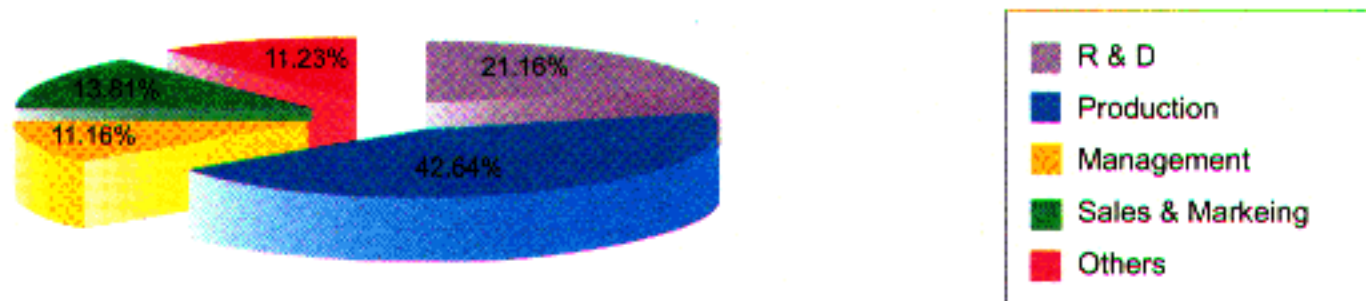
The average total liabilities of 2,018 project undertakers were 27.98 million RMB and thus the average asset/liability ratio was 48.06%. The average shareholder's equity at the end of the year was 30.24 million RMB among which 26.40 million RMB was the paid-in capital and 3.84 million RMB was the earnings retained.

Staff

On average, the 2,018 project undertakers employed 140 people at the end of 2003. For all the 283,632 people employed by these undertakers at that time, 49.46% of them held a college degree or higher, among whom 3,035 possessed a doctoral or postdoctoral degree, accounting for 1.07% of the total employees.

The employee distribution by working posts is illustrated in figure-3.

Figure-3 Employee Distribution (By Working Posts)



Annual R&D Expenditures

The total R&D expenditures in 2003 of the 2,018 project undertakers was 5.93 billion RMB, accounting for 7.47% of the total annual incomes of 79.40 billion RMB.

Projects in R&D

Within the 2,018 project undertakers, there were 8,168 projects under research and development in the year of 2003 and each project undertaker averagely was conducting 4.05 R&D projects. Based on the statistics collected on 4,173 R&D projects reported by the project undertakers, 77% projects held proprietary technologies.

Characteristics of Project Undertakers

Most of the 2,018 Innofund project undertakers surveyed in 2003 are featured with multiple concurring characteristics:

- * 70.52% enterprises are high-tech enterprise entitled by the local governments;
- * 6.19% enterprises were founded by universities and colleges;
- * 6.54% enterprises are spin-offs from research institutions;
- * 9.27% enterprises were established by returned overseas scholars;
- * 3.37% enterprises were transformed from research institutions;
- * 39.15% enterprises are located in state high-tech industry development zones;
- * 10.51% enterprises are tenants in state hi-tech innovation service centers;

2. Project Implementation

According to the statistics from the 2,018 projects investigated, 1,358 projects

(67.29%) have fulfilled the milestone objectives on schedule and 151 projects (7.49%) ahead of schedule. In other words, 74.78% projects have accomplished the prescribed milestone objectives. There were 493 projects (24.43%) protracted and 13 projects (0.64%) idle. Altogether 3 projects (0.15%) were cancelled during the year.

Fulfillment of Project Milestone Objectives

Fiscal Year		Projects under Supervision	On Schedule	Ahead of Schedule	Delayed	Idle	Cancelled
1999	Amount	201	82	0	114	5	0
	Percentage		40.80%	0.00%	56.71%	2.49%	0.00%
2000	Amount	207	81	3	118	4	1
	Percentage		39.13%	1.45%	57.01%	1.93%	0.48%
2001	Amount	577	365	42	165	3	2
	Percentage		63.25%	7.28%	28.60%	0.52%	0.35%
2002	Amount	727	564	85	77	1	0
	Percentage		77.58%	11.69%	10.59%	0.14%	0.00%
2003	Amount	306	266	21	19	0	0
	Percentage		86.93%	6.86%	6.21%	0.00%	0.00%
Total	Amount	2018	1358	151	493	13	3
	Percentage		67.29%	7.49%	24.43%	0.64%	0.15%

Project Progress by Technology Field

Sectors	Projects under Supervision	Implemented as scheduled		Delayed (Idle or Cancelled)	
		Amount	Percentage	Amount	Percentage
Electronics and Information	666	505	75.83%	161	24.17%
Biotechnology and Medicine	392	249	63.52%	143	36.48%
Advanced Materials	305	241	79.01%	64	20.99%
Automation Technologies	402	317	78.85%	85	21.15%
Environmental Resources	144	109	75.69%	35	24.31%
New Energy and Energy Saving	100	82	82%	18	18%
Other high-tech	9	6	66.66%	3	33.34%
Total	2018	1509	74.78%	509	25.22%

Major Influences for Progress Delay

Influences Selected	Unreasonable Objectives	Lack of Equipment & Materials	Collaboration Relationship	Capital Shortage	Market Changes	Brain Drain	Improper Orientation	Irresistible Factors	Others
Frequencies	233	54	101	111	228	49	3	230	285
Percentage	18.01%	4.17%	7.81%	8.58%	17.62%	3.79%	0.23%	17.77%	22.02%

Sources of Project Capital in 2003 (Unit: Billion RMB)

Investment in Projects Awarded in Different Years		Innofund	Local Government Funding	Financial Loans	Self Financing	Other Complementary Funding	Total
1999	Amount	0.012	0.014	0.059	0.383	0.050	0.518
	Percentage	2.40%	2.64%	11.45%	73.87%	9.64%	100%
2000	Amount	0.009	0.014	0.106	0.293	0.032	0.454
	Percentage	1.95%	3.09%	23.45%	64.46%	7.06%	100%
2001	Amount	0.101	0.059	0.364	0.975	0.090	1.59
	Percentage	6.38%	3.69%	22.91%	61.36%	5.66%	100%
2002	Amount	0.276	0.154	0.855	1.557	0.120	2.961
	Percentage	9.32%	5.19%	28.86%	52.58%	4.05%	100%
2003	Amount	0.090	0.034	0.589	0.842	0.048	1.603
	Percentage	5.61%	2.10%	36.75%	52.54%	3.01%	100%
Total	Amount	0.489	0.274	1.973	4.050	0.340	7.126
	Percentage	6.87%	3.84%	27.69%	56.84%	4.77%	100%

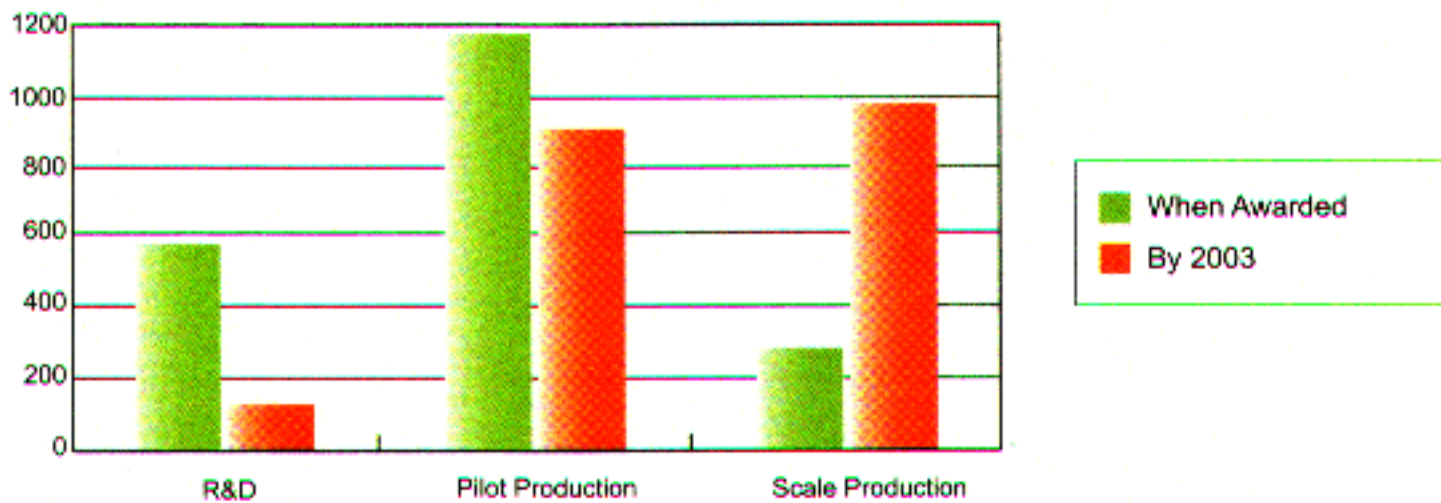
Project Capital Expenses (Unit: Billion RMB)

Year		Product Development & Pilot Production	Equipment & Devices thereinto	Purchase of Production Facilities	Infrastructure	Working Capital	Sales Expenses	Others	Total
1999	Amount	0.108	0.024	0.089	0.092	0.332	0.137	0.045	0.803
	Percentage	13.40%	2.96%	11.11%	11.50%	41.29%	17.08%	5.62%	100%
2000	Amount	0.105	0.024	0.70	0.039	0.214	0.076	0.033	0.536
	Percentage	19.53%	4.41%	12.98%	7.29%	39.89%	14.23%	6.08%	100%
2001	Amount	0.38	0.111	0.231	0.171	0.613	0.264	0.171	1.83
	Percentage	20.77%	6.08%	12.63%	9.33%	33.50%	14%	9.33%	100%
2002	Amount	0.731	0.258	0.768	0.337	0.864	0.257	0.138	3.096
	Percentage	23.61%	8.33%	24.81%	10.89%	27.92%	8.31%	4.47%	100%
2003	Amount	0.321	0.103	0.329	0.144	0.473	0.097	0.084	1.448
	Percentage	22.16%	7.10%	22.74%	9.92%	32.65%	7%	5.82%	100%
Total	Amount	1.644	0.519	1.487	0.783	2.495	0.832	0.471	7.713
	Percentage	21.32%	6.73%	19.28%	10.15%	32.35%	10.79%	6.11%	100%

Commercialization Results

Among the 2,018 projects investigated, 573 projects were in the phase of R&D when awarded, 1,169 in pilot production and 276 in scale production. By the end of 2003, 438 projects had moved into the phase of pilot production and 693 from pilot production into scale production. When awarded as the Innofund Projects, there were only 665 products that had been put into market, accounting for 32.95% of the total products being developed. By the end of 2003, 1,527 projects had their products in the market, accounting for 75.67% of the total. The overall improvement in project stage is shown in Figure-4.

Figure-4 Innofund Project Improvement (Project Stage)



Authorized Patents

Among the 2,018 projects surveyed, 846 projects had been authorized with 2,269 patents by the end of 2003, including 879 invention patents.

Examples of Enterprises Supported by Innofund

Beijing Zhong Chuang Telecom Test Co., Ltd. (ZCTT)

Beijing Zhong Chuang Telecom Test Co. Ltd. (ZCTT) was established in December 1995 and was transformed into a joint-stock company in August 2000. It is a specialized in developing, manufacturing, sales and services of products for the testing, maintenance, and web management of telecommunication networks.

The project of "Portable 2.5G SDH Integrated Tester" from ZCTT was awarded with a grant funding of 600,000 RMB from Innofund in June 2000. The project passed the check and acceptance by Innofund smoothly in September 2001. With the support from Innofund, ZCTT experienced a rapid development. The contributions from Innofund supplemented the working capital for product development and the economic benefits brought in by the product sales in turn reinforced the company's strength. The awarded funding from Innofund was granted as a good recognition of the company's R&D ability and business competence and in the mean time enhanced the image of the company's products.

After "Portable 2.5G SDH Integrated Tester" was accepted, ZCTT submitted another application of "GPRS Network Signaling protocol analyzer", and was awarded with a loan interest subsidy of 750,000 RMB from Innofund, which has further promoted the prospering of the company. As a leading company in the industry, ZCTT went public in the A share Stock Market in July 2003 with the approval of China Securities Regulatory Commission.

Beijing TRS Information Technology Limited.

TRS is specialized in developing content management software products with proprietary core technologies and IPRs. TRS products have already been adopted by over 1200 major customers, including central government agencies (the State Council Office, the Ministry of Foreign Affairs and the Ministry of Central Liaison, etc.), large-scale media groups (Xinhua News Agency, People's Daily, CCTV etc.) and large-scale enterprises (Baoshan Iron & Steel Company, China National Cereals, Oils & Foodstuffs Corp., China National Petroleum Corporation and China Minmetals Corporation, etc.). Currently, all the information centers at provincial or municipal levels have adopted TRS. More than 90% of the ministry departments and 50% of large-scale press groups have adopted TRS. In addition, eight out of the top ten news websites sponsored by the State Council Information Office, including Xinhua Net, People's Daily Online etc., have adopted TRS products.

TRS is one of the few software companies with core technologies in China and currently employs 200 people. TRS possessed leading technologies in information retrieval and text mining. TRS has developed the Content Management Platform for Non-structural Data and a series of industrial application software including Media Assets Management, Resource Construction and Data Exchange Platform For E-government, Digital Library, Enterprise Knowledge Management and Competitive Intelligence and Competitive Analysis System.

So far, TRS has been awarded with Innofund funding for two innovative projects. The implementation of Innofund projects has played an important role in the growth of TRS in that the funding has not only supplemented the capital needed for the development of the core technologies and products but has also given impetus to the industrial application of their products and thus promoted the marketing and sales as a result.

Beijing Wayout Information Technology Co., Ltd.

Established in 1994, Beijing Wayout Information Technology Co., Ltd. is a high-tech enterprise specialized in application software development, system integration and high-end consulting service of telecommunication industry. The company has experienced a high growth with the support from Innofund with a registration capital of 30 million RMB increased from 700,000 when it was founded. The core network software such as CDMA related products and value-added service systems have been widely applied in numerous domestic telecommunication networks.

In 1999, Wayout's "Customer Call Center System" was awarded with grant funding from Innofund. Through the implementation of the project, a qualified and efficient team composed of R&D, engineering construction, after-sales service and operational management personnel has been formed. In the mean time, the application of the Wayout call centers has greatly enhanced the service level of the telecommunication operators.

In 2002, Wayout's "CDMA System" was awarded with loan interest subsidy funding from Innofund. The government support via Innofund has greatly accelerated the speed of the product development and also laid a foundation for the commercialization of the R&D results. The guiding function of Innofund has been fully manifested in the case of Wayout in that the company's credit and image has been greatly enhanced. As a result, the company has successfully obtained a contract of 100 million RMB in the CDMA station construction project of China Unicom.

From 2001 to 2003, the company realized an annual profit growth of 300% consecutively. The total employees have increased to 228 people from only 76 when the first application for Innofund funding was submitted in 1999. During this period, the company has undertaken dozens of large-scale network construction projects of

China Telecom, China Unicom, CNC, China Mobile and related operators. Fifteen branches have been set up and six proprietary intellectual properties have been authorized by the National Copyright Bureau.

Shenzhen DAS Intellitech Limited Company

The "Intelligent Grain Suffocating Control System" developed by Shenzhen DAS Intellitech Limited Company is mainly used in foodstuff storage warehouses, including central grain reserve warehouses, national grain reserve warehouses, local grain warehouses, grain transit depots and reserve warehouses of food processing enterprises. The project was implemented well and passed the acceptance check by Innofund Administration Center in May 2003.

Although the project had already applied for patent protection before approved as an Innofund project, the scale production was not realized and market promotion was not conducted to a large extent. The funding from Innofund ensured the smooth development and production of the product and the company has reaped both economic and social benefits. The annual manufacturing capacity of 160 units has been realized with a sales income of 47.19 million RMB and a profit before tax of 10.15 million RMB. Up to now, the system has been applied in 540 demonstration projects in the country and has been highly recognized by the State Grain Bureau and China Grain Reserve Corporation. The company has become a well-known total solution supplier of intelligent control systems and has been entitled as "The R&D Center for Automatic Engineering Technology" of Shenzhen city.

Shenzhen Leid Science & Technology Ind. (Group) Co., Ltd

Established in May 1995, Shenzhen Leid Science & Technology Industrial Co., Ltd. is a joint-stock high-tech enterprise with private investors as the principal

shareholders. In 2000, the project of "DLC Coating Self-cleaning Car Glass" was awarded with Innofund funding which helped to realize the technological innovation and equipment upgrading of the company. In 2003, Leid's membrane coating technology was successfully used in the astronaut's helmet veil for the manned space flight of the Shenzhou-V spaceship. The company has thus made great contributions to the cause of space flight of the country. Leid has become the only high-tech enterprise in the world that is capable of producing diamond membrane materials under normal temperature. The diamond membrane materials newly invented by the company have obtained altogether 12 patents on the related equipments, manufacturing technique and products. The materials have been widely used in electronics, telecommunications, machinery, military industry, space industry, chemical engineering, medical equipment, etc. and has reaped great economic and social benefits.

Shenzhen SiBiono GeneTech Co., Ltd.

Shenzhen SiBiono GeneTech Co., Ltd. is the first professional company in China specialized in gene therapy and was founded in 1998 by a few of returned overseas scholars from the United States. The company submitted the application of "Recomposed Adenovirus-p53 Anticancer Injecta" to Innofund and was awarded with a grant funding of 1 million RMB. The support from Innofund not only encouraged the R&D personnel greatly, but also attracted a complementary funding of 2.4 million RMB from the municipal government of Shenzhen city, which addressed the problem of capital shortage for research and development.

In 2003, the Recomposed Adenovirus-p53 Anticancer Injecta became the first gene therapy medicine approved by the State Food and Drug Administration (SFDA) to enter into clinical tests. SiBiono has established a complete set of quality-control assays and production processes for rAd-p53 product following international

regulations and standards. Currently, this medicine not only measures up the SFDA standard, but also the American FDA standard. The establishment of large-scale manufacturing techniques of recomposed adenovirus has realized a frog leap from the lab to industry and has provided a safe and effective gene therapy product that will lead a rapid growth of the gene therapy industry.

Shanghai Leader Catalyst Co., Ltd.

Shanghai Leader Catalyst Co., Ltd. was jointly funded and established by the Research Developing Corporation of China Petro-chemical Corporation (SINOPEC), Shanghai Research Institute of Chemical Industry and Maoming Petro-chemical Corporation.

The company managed to obtain a total amount of 17 million RMB bank loans for the awarded project after it had signed a contract of Loan Interest Subsidy with Innofund Administration Center. The capital raised with this funding has played an important role in the industrialization and further development of the company's catalyst technology. In the same year of 2001 when the project was launched, the company realized a sales profit and dividends were distributed to the shareholders. In January 2002, the company's product of SCG-1 catalyst was successfully tried out in polyethylene production equipment of major chemical enterprise in Indonesia and Malaysia, which was the first time when a Chinese made homemade polyethylene catalyst went into the world market!

In January 2004, the Slurry Polymerization Polyethylene Catalyst was successfully tried out in the production equipment of Nanjing Yangzi Petrol-Chemical Corporation Ltd.! This means that the company is able to compete with the foreign companies in the latest catalyst technology.

After three years development, the gaseous phase polyethylene catalyst produced by Shanghai Leader Catalyst Co., Ltd have become a dominant product in the domestic market and is attracting more and more attention in the international market. The realization of a domestic production of polyethylene catalysts has forced the multinational companies to reduce their product price and improve their services in China. The Leader's product has brought about good economic and social benefits in that the petrol-chemical companies in China have been released from the control of the foreign suppliers and a large amount of foreign exchanges has been saved for the country.

Shanghai Guoqiang Bioengineering Equipment Co., Ltd.

Shanghai Guoqiang Bioengineering Equipment Co., Ltd was established in July 1999 with a registration capital of 3.25 million RMB. Backed up by the Excellence Center of Biochemical Technology in East-China Polytechnic University, the company is specialized in the production of bioreactors for fermentation process optimization and scale-up.

In June 2001, the project of "Bioreactor for Fermentation Process Optimization and Scale-up" from Guoqiang was awarded with a grant funding of 550,000 RMB from Innofund, which infused the company with new energy for development. During the implementation process of the awarded project, the company made continuous improvement of the original product on the one hand and paid much attention to the development of new products on the other hand. In the mean time, the company reinforced the overall management by making efforts to improve the infrastructure construction, market development, production as well as quality control system. products manufacturing^oquality system identification etc. By October 2003 when Innofund accepted the project, the company's total had reached up to 11.25 million RMB with an annual sales income of 1.83 million RMB and had also obtained the

ISO 9001 Certificate.

With the development of biotechnology, the application prospect of bioreactor will become even broader. Guoqiang will make itself ready to welcome a new surge of the bioreactor market by reinforcing the market promotion and the technological innovation.

Xi'an Haitian Antenna Technologies Co., Ltd

Xi'an Haitian Antenna Technologies Co., Ltd is a high-tech shareholding company specializing in the R&D, design, manufacturing, sales, engineering construction and services of communication antenna and mobile communication equipments. The company was established in October 1999 with a registration capital of 1 million RMB.

In 2000, the company's "Base Station Antenna Adapted in Mobile Communications Systems" was awarded with a loan interest subsidy of 1 million RMB by Innofund. The funding from Innofund provided timely help for the implementation of the project, which then successfully passed the sampling inspection of the State Quality Monitoring & Checking Center for Communication Guided Navigation Equipment. The company's two R&D results with independent property rights (WLL/PHS Antenna and GSM&CDMA Base Station Antenna Adapted in Mobile Communications Systems) also passed in succession the appraisal by relative state authorities. At the same time, the company passed ISO9001 Quality System Authentication. All this has laid a solid foundation for promoting the brand name of Haitian Antenna in the field of mobile communications. The government's support of interest subsidy via Innofund effectively alleviated the capital pressure for the industrialization of the project, which brought Haitian into another leaping stage.

In the year of 2001, the company seized a share of eight percent in the domestic market of GSM Base Station Antenna, which had been almost completely monopolized by the European and American companies. In 2002, the figure moved up to fifteen percent. The company has experienced a rapid growth in the first three years since its establishment and has developed into an industrial leader that has aroused a lot of attention in the circle. During the implementation period of the Innofund awarded project, the company's annual sales income and net profit increased from 26.4 million and 10.50 million RMB in 2000 to 164.52 million and 36.39 million RMB in 2002 respectively.

The funding from Innofund has led the company into the road of rapid growth. As a result, the company was successfully listed in the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited on November 5th, 2003 with a total raised capital of 110 million Hongkong Dollars.

Xi'an Cenozoic Technology Co., Ltd.

Xi'an Cenozoic Technology Co., Ltd. is a high-tech shareholding company which is specialized in the development and sales of petroleum software products, the development of petroleum information technology as well as the related automatic engineering, etc.

In 2001, Cenozoic's software of "Geodep Geography Information Graphic System" was awarded with a grant funding of 800,000 RMB from Innofund. The project, which smoothly passed the checking and acceptance by Innofund in 2002, laid a solid foundation for further development of the company by bringing in considerable economic benefits. In 2003, another major product of the company "Geodep V2.0 Geography Information Graphic System" obtained an in time funding of 500,000 RMB from Innofund again. At present, the development blueprint of "Geodep

"V2.0 Geography Information Graphic System" is being formed and it is estimated that mass production will be realized in the year of 2005.

The twice funding from Innofund has provided substantial support for the development of a series of high-end petroleum technology software with independent property rights and the company has thus stood out rapidly as a leader of the industry. Many software technologies developed by the company have been widely applied in the petroleum industry. Furthermore, quite a few of these technologies have been adopted as the standard of petroleum industry. Such software as "Well Detecting Data Processing System" and "Oil Well Field Comprehensive Data Platform" have found wide application and recognition in more than 20 oil fields of the three major petroleum giants (SINOPEC, PETRO China, and China Sea PETRO).

The infusion of Innofund to the company helped to solve the bottleneck problem of capital shortage for further development in that the funding has not only make it possible to realize the commercialization of the high-tech products, but also has brought essential improvement in various aspects of the company. Nowadays there are 68 employees in the company, among which nearly 20 employees possess a master or PhD degree. By the end of 2003, the company held a total asset of 50.42 million RMB and a sales income of 42.84 million RMB with a net profit of 28.54 million RMB. The tax contributed in the same year added up to 5.88 million RMB. On June 9th, Xi'an Cenozoic Technology Co., Ltd. was successfully listed in the main board of Singapore Stock Exchange, which symbolizes that Cenozoic has entered into a new phase of development.