



Archway at renowned Tsinghua University



Night street scene



Aerial view of hi-tech industry park

# Haidian home to innovation, birthplace of legends

By TING TING

As the biggest generator of GDP in Beijing, Haidian district has grown from initiatives begun more than two decades ago, transforming the western area of the capital into the country's technology hub.

Today, Zhongguancun Science Park — China's Silicon Valley — continues to attract new companies and talent with many incentives.

Renowned as an incubator for innovation in technology, business and financing, Haidian district is the engine driving the knowledge-based economy in Beijing.

President Hu Jintao announced in 2006 that a range of measures would be taken to turn China into an "innovation-oriented" country by 2020. Haidian, home to one-third of the country's hi-tech companies, is the centerpiece of this plan.

It began as Zhongguancun Electronics Street in the 1980s, then soared high after it became China's first State-level hi-tech industry development zone in 1988.

In June 1999, the State Council, or the Chinese cabinet, approved a strategy to further accelerate the development of Zhongguancun Science Park.

As one of the seven parks in the renowned complex that covers a combined 100 sq km, Haidian Science Park is home to more than 15,000 hi-tech firms (from 500 at its inception). The workforce at the park has grown from fewer than 10,000 employees to nearly 400,000.

In 2005, high and new-tech enterprises in the district generated 248.5 billion yuan of revenue, making it first out of all 54 State hi-tech development zones in the nation.

In addition to its focus on information industry — IT accounts for 70 percent of all business in Haidian — it is also developing a multi-dimensional industrial structure that includes new materials, clean energy, environmental science, financial services, optomechanics — the fusion of optical and mechatronic engineering — biotechnology and pharmaceuticals.

Other emerging technologies under development at the park include digital AVS, next-generation Internet and 3G telecommunications.

The district is also encouraging venture investment and financial services, with an emphasis on the introduction of information, settlements and bankcard services for venture investment and large-scale financial institutions.

Top talent is indispensable to a world-class science park, and

Zhongguancun boasts the biggest concentration of high-caliber talent and research in China.

The district is home to more than 80 institutions of higher learning, including the world-renowned Peking and Tsinghua Universities, as well as 200 research institutions including the Chinese Academy of Sciences.

There are tens of thousands of undergraduates and postgraduates from nearby universities, and more than 7,000 overseas Chinese have returned to start businesses.

About 40 percent of Haidian's 3 million residents have university educations. In Zhongguancun Science Park, this percentage reaches 80 percent, according to data from the Investment Promotion Bureau of Haidian District.

Haidian is also hailed as the "green lungs" of urban Beijing. More than 46.3 percent of the district is covered by greenery, and it is home to many tourist attractions including the Summer Palace and the Fragrant Hills.

## Policy support

To nurture the growth of the nation's first State-level hi-tech zone, Zhongguancun Science Park was offered a range of services and served as a testing site for liberal government policies.

Tax incentives for companies headquartered in the park proved highly attractive. The income tax is 15 percent for foreign-funded hi-tech enterprises, and reduced to 10 percent if exports surpass 40



Representatives from the Haidian Science Park and the International Association of Science Parks sign an agreement on strategic cooperation.

percent of output.

Hi-tech enterprises are exempt from paying tax for the first three years and pay only 50 percent of the tax rate the following three years.

There are also policies to reduce business tax, value-added tax, custom duty and individual income tax.

Benefits from the local government are added to reasonable rent, travel perks, high wages and easier startup conditions. International schools are available for the children of foreign professionals.

The district government also offers incentives including an innovation development fund, supporting policies for the financial industry and rewards to the enterprises that have made outstanding

financial contributions.

It provides a "one-stop" service for investment opportunities and offers consultation on the investment environment, partners, locations and co-operations. The district also hosts investment and trade fairs.

To improve efficiency, district authorities have integrated e-governance into its administration,

enabling businesses and individuals to handle a range of activities and documents online.

Also, "a specific fund for the renovation of Zhongguancun's infrastructure and application of technology has been set aside to run alongside existing preferential policies", said Liu Xiaomin, the park's director of international cooperation.

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## Crystal clear on plans for industry leadership

By YANG QINGHUA

Founded in 1995, Crystal Digital Technology Co Ltd, a world-leader in integrated digital visualization services, is now looking to introduce its 3D visualization technology expertise into the creative services sector.

Already well-established in the design and engineering fields, Crystal has gradually expanded its product and service offering in a bid to build its client base in the cultural, educational, publicity and exhibition, urban information-based construction and on-line markets.

As well as its move into new domestic markets, the company is also expanding its international and regional presence. Since adopting this policy in 2002, Digital has now established offices in Singapore, London, Tokyo, Hong Kong special administrative region and several other major international hubs.

Crystal settled on the Zhongguancun Haidian Science Park (HSP) a few years after the establishment as the ideal platform for its national and international ambitions. It has not been disappointed in its choice. Today the company still enjoys considerable rapport with the science park's management and is quick to acknowledge the benefits that their support and efficiency has brought to the development of its business.

Paying tribute to the park's management, Lu Zhenggang, president of Crystal, said: "Their support has contributed hugely to Crystal's current success. Today Crystal employs more than 2,500 highly creative staff members across 10 industry-leading offices at home and abroad."

As one of the country's foremost



Lu Zhenggang

creative businesses and with ready access to the resources of the HSP, the company has enjoyed continuous success. Among the highlights of the last 14 years it lists its appointment as the official graphics design company for the 2008 Olympics.

Never one to rest on its past successes, it is already gearing up for its role as the designated multimedia design service provider for the World Expo 2010 in Shanghai. It is also particularly delighted to be the official digital imaging services supplier for the 2012 Olympic Games in London.

Back in 2006, Crystal was credited as the Beijing Olympics graphic design work following its successful completion of digital images for the opening and closing ceremonies of the event. In the same year the company won its bid to work on the 2010 World Expo.

In March of this year, Crystal officially signed a contract with the London Organizing Committee of 2012 Olympic Games, and formally became the official digital sponsors and suppliers for the event.

As with the Beijing Olympics, the company's primary responsibility for the 2012 Games is the provision of digital images for the opening and closing ceremonies of the event. It will also be working on publicity and educational material geared towards the teenage sector, as well as being tasked with working on digital display material for the venues and surrounding infrastructure.

The London win has been a cause of particular satisfaction for the company, given the UK capital's reputation for creativity and innovation. It sees the appointment as a ringing endorsement of its mission to introduce Chinese creativity to the global market.

Again, Lu was swift to acknowledge the support the company has received from the HSP and the local government in building its international profile: "The backing of the local government has been indispensable for our development."

"We owe a great debt to the Haidian district committee, especially with regards to its help with environmentally-friendly development, the protection of intellectual property rights, the provision of human resources and the implementation of an IT-friendly infrastructure."

Turning his attention to the current world economic crisis, Lu said: "The financial crisis has undeniably had an impact on our business, especially on our international client base. Nevertheless, the increasing uptake of digital visualization technology has allowed us to continue to expand our business."

"Digital visualization technology used to be a cutting-edge discipline, one that required significant investment and was only applicable in certain specialist fields. Nowadays the technology is widely applicable across a variety of commercial platforms, including real estate promotions, movie special effects and animation. It is now incumbent upon us to commercialize the use of our high-end technology."

"Our 3D technology, for instance, could help businesses express concepts that are otherwise difficult to communicate. They can be used to render business displays and communications in a more efficient, economic, and timely manner. As for government agencies, 3D technology can make a major contribution to urban planning, information management, and dissemination of urban branded publicity."

Looking to the future, Lu concludes: "We have a very clear blueprint as to how we'd like to see our business develop. By using the Olympics, the expo and other high profile events as a platform for our capabilities, we hope to be the world leader in the digital imaging industry in the future."



The building of Digital China in Zhongguancun Haidian Science Park

## Digital China calls for central government funds for IT SMEs

By Yi Nuo

Hong Kong-listed Digital China, part of the Zhongguancun Haidian Science Park (HSP) since 1995, is looking to boost its own capacity for innovation in a bid to increase its competitiveness within the IT industry and ensure it emerges unscathed from the current global fiscal crisis. It is also calling on the central government to support SMEs in the IT sector.

Guo Wei, the company's CEO, said a series of increased efficiency measures, such as offering comprehensive and integrated IT services to businesses, have helped the company maintain positive growth despite the current economic situation.

He said: "These efficiency measures have improved our capability to deal with possible risks in the IT market."

The company has maintained annual sales growth of 22.3 percent since it was launched 14 years ago. As one of the largest provider of integrated IT services, Digital China has established cooperative ties with more than 100 international leading IT producers.

Commenting on these external links, Guo said: "Partnering with the world's leading IT manufacturers enables us to provide small and medium-sized enterprises with high-value products and solutions."

"After our successful move into integrated IT services, we will continue to attach the utmost importance to innovation in order to improve our



Guo Wei

technological competitiveness within the international IT market."

The company, which was listed on the Hong Kong Stock Exchange in 2001, was also designated as one of the top 20 most influential brands in the HSP in 2008.

Since its entry into the high-end IT market, the company has relentlessly pursued its dual policy of innovations and customer service for over a decade. Guo said the company had also taken full advantages of preferential policies offered by the central government in a bid to boost its business growth.

He said: "For example, the recent move toward encouraging the provision of domestic appliances in rural areas has been of great benefit to us."

Guo also attributed the company's rapid growth to the HSP's authority's supportive policies throughout their

tenure. As a result of these policies, the park, with a large number of innovative enterprises, universities and research institutes in its immediate environs, has developed the country's largest regional system for encouraging innovation. Guo expressed his thanks, in part, to the HSP's hard work leading Chinese IT brands, including Lenovo and Baidu, which had originated in the park.

He said: "The park's sound IT development environment has helped us achieve our rapid growth in recent years."

Guo also called for increased financial support from central government for small and medium-sized IT companies in the HSP, in order to help them upgrade their business platforms.

Arguing his point, he said: "Many IT companies in the park have found it hard to raise funds, especially in the current grim economic climate. Increased financial support from the government will help with much-needed upgrades for all of the industries in the park."

Digital China now offers a broad range of IT products, including PCs, servers, storage products, peripherals, network products, mobile office supplies, wireless access devices and software.

In order to cater for the needs of SMEs as well as the consumer market, the company is also committed to providing tailored "fulfillment services" and highly efficient logistics services to this sector.



A grand graphic design of the Water Cube, made by Crystal Digital Technology Co Ltd