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CHINA: MOVING FROM LAGGARD TO POWER PLAYER IN NANOTECHNOLOGY

Lux Research conference call will advise clients on nanotech opportunities and threats in China

New York, NY – November 10, 2005 – Today, China lags behind Western nations in nanotechnology – the purposeful engineering of matter at scale of less than 100 nanometers to achieve size-dependent properties and functions. But trends in Chinese nanotech research have set the world's largest nation on a course to challenge dominant nanotech players like the U.S., Japan, and Germany. China's nanotech efforts will have broad-reaching implications for issues ranging including energy independence, military capabilities, and development of the domestic high-tech sector.

Consider these examples of China's nanotech growth:

- China's share of academic publications on nanoscale science and engineering topics rose from 7.5% in 1995 to 18.3% in 2004, taking the country from fifth to second in the world. Its share of these publications has consistently risen during the past five years while the shares of Germany and Japan have consistently declined.
- On an absolute basis, China's estimated government nanotechnology spending of \$250 million in 2005 lags countries like Germany and Japan. But when adjusted for purchasing-power parity – which takes account of China's far lower infrastructure and labor costs – its spending is second only to the U.S.
- China's nanotech commercialization efforts to date have been sharply bounded, confined to basic applications of nanomaterials; electronics and life sciences applications are virtually nonexistent. But within its circumscribed field, China is a world leader. Nanoparticle-enabled coatings and composite materials are being incorporated into commercial products much more rapidly in China than in Western countries or Japan.

The Lux Research team recently conducted a research trip in China, conducting on-site interviews and facilities tours at 15 nanotech start-up companies, government labs, and academic centers in Shenzhen, Shanghai, and Beijing. On Friday November 11, the team will host a conference call to share their findings with Lux Research clients and advise them on what partnership targets, investment opportunities, and competitive threats are emerging from the nation.

"China's nanotech efforts matter to our clients in multinational corporations and investment management firms," said Lux Research Vice President of Research Matthew M. Nordan. "On one hand, China presents opportunities – companies like Shanghai Kangyu Industry and Commerce have been much more successful than Western peers at getting their nanoparticles into commercial products, and fascinating academic research like the 'molecular surgery' approach by Dr. Min-qian Li is ripe for commercial licensing. On the other hand, China also presents competition. Many nanoparticle producers we spoke with have their eyes on global markets and undercut Western rivals by up to 50%."

The conference call is open to clients of Lux Research's Nanotechnology Strategies advisory service. For more information on how to become a client, contact Nick Katsoulis at +1 (212) 644-9563.

About Lux Research:

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