

LEHMAN, LEE & XU



雷曼律师事务所

## PRESS RELEASE

### OPPORTUNITIES AMID TURMOIL

**Beijing – March 6, 2009** – With the 2008 session of the National People’s Congress underway, veteran attorney John Lee from the Beijing-based law firm Lehman, Lee & Xu notes that there are opportunities as well as challenges in today’s economic environment.

“We see the Chinese government is trying every effort to deal with the economic crisis,” Lee said. “In addition to other strong and effective measures, stimulus plans for 10 major industries — automobiles, iron and steel, textiles, equipment manufacturing, shipbuilding, electronics and information technology, petrochemicals, light industry, nonferrous metals and logistics — involve the employment of more than 100 million people and are responsible for about one-third of the GDP in China. Nearly 60 percent of the listed stock companies are in these industries.”

“Foreign investors can take part in the effort either by buying stock in listed companies or by investing directly in joint ventures or wholly foreign owned enterprises in those industries”

He noted that “the operating environment of most enterprises has deteriorated, a large number of enterprises in the Pearl River and Yangtze River Deltas have closed down, and there has been a surge in the number of migrant rural workers forced to return home. There is no doubt more businesses will go bankrupt.”

“Overseas demand has dropped dramatically, orders received by Chinese enterprises have decreased visibly and the cash flows of these firms have been on the verge of breakdown. At the same time, hikes in the prices of raw materials, increase in labor costs and inventory have led to a rise in production costs.”

Yet most of the companies that have failed or will go bankrupt “are either export-oriented or in lower technology industries.”

“With the implementation of China’s adjustment and stimulus plans for 10 major industries, as well as China’s policy to expand domestic demand, new companies will be set up in those encouraged industries with more strength, as many old businesses are being closed up,” Lee said.

“As well, comparatively speaking, China is less affected by the global financial crisis. There are much fewer problems in China’s financial and economic systems,” he said. “For investors who are still ready to invest in China, there are more opportunities, although there are challenges.”

Founded in 1992, Beijing-headquartered Lehman, Lee & Xu has one of the oldest and largest intellectual property practices in China. It also serves as counsel to and advisor for wide range of multinational corporations, associations and governments. Its clients include Fortune 500 companies,

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non-governmental organizations, embassies and departments of nations, giant domestic enterprises and a scope of other businesses and individuals that mirror China's remarkable growth over the past 30 years.