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PRESS RELEASE

Abuse of Dominant Market Position prohibited in China

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The State Administration of Industry and Commerce (“SAIC”) issued the draft Provisions on Prohibition of Abuse of Dominant Market Position (the “Draft Provisions”) on May 25, 2010. The Draft Provisions, together with the draft Anti-Price Monopoly Provisions issued by the National Development and Reform Commission in August 2009 (the “NDRC Draft Provisions”), when issued in final form, will constitute a complete set of implementing rules for Chapter III of the Antimonopoly Law (“AML”).

The AML prohibits the following acts conducted by an operator with dominant position: (i) selling or purchasing products at unfair prices; (ii) selling products below cost without justifiable reasons; (iii) refusal to trade without justifiable reasons; (iv) restricting others to exclusively trade with it or other operators designated by it without justifiable reasons; (v) tying products or imposing other unreasonable conditions without justifiable reasons; and (iv) applying different treatments in price or other conditions without justifiable reasons. While the NDRC Draft Provisions focus on regulating those acts in connection with pricing under (i), (ii) and (vi), the Draft Provisions focus on acts of abuse by means of (iii)

- (v) and using different treatments unrelated to pricing under (vi). These provisions set forth useful protocols for an operator that may be recognized as having a dominant position.

Unlike the business concentration, the prohibition on abuse of dominant position under the AML has not been put into effect. Therefore, the Draft Provisions and the NDRC Draft Provisions should be promulgated and implemented as soon as possible.

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency with offices in Beijing, Shanghai, Shenzhen, Hong Kong, Macau, and Mongolia. The firm has been recognized as one of the top trademark firms in China by several intellectual property magazines and is managed by Mr. Edward Lehman, a leading expert on corporate law with 20 years of practice experience in Mainland China.

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