PRESS RELEASE

Energy-Saving Industry is Encouraged in China

Beijing, China – Oct 28, 2010

As a party to the Kyoto Protocol (2005), the People's Republic of China, has been actively promulgating "greener" policies to improve China’s environment and reduce carbon emissions. One such step towards greater energy efficiency is reflected in the Opinion on Expediting the Implementation of Energy Management Contracting to Promote the Development of Energy Saving Service Industry ("Opinion") which was issued by the General Office of the State Council of China in April 2010. “The Opinion is intended to encourage the implementation of energy-saving policies” according to Mr. Edward E. Lehman, Managing Director of Lehman, Lee & Xu.

Pursuant to the Opinion, energy service companies ("ESCos"), as defined in the Opinion, are permitted to enter into contractual energy management ("CEM") arrangements with energy-consuming enterprises to provide energy-saving estimation, financing and restructuring services. The ESCos’ return on investment and profit taking are linked to the energy-saving efficiency resulting from their services.

The Opinion sets out several policies to encourage the development of ESCos, including financial subsidies and tax-related benefits.

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