

LEHMAN, LEE & XU

雷曼律师事务所



PRESS RELEASE

CHINA'S NEW RULES FOR FOREIGN INVESTMENT

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The State Council of China released concerning new rules on overseas investment last Tuesday. According to the “several opinions of the State Council on further utilizing foreign capital” (“Opinions”), business conditions for foreign investment will be further improved and foreign investment utilizing structures will be optimized.

According to the “Opinions”, foreign investment in high-tech industries, service sectors, energy-saving and environmental protection are still welcome, but polluting and energy-gorging or projects in industries running at overcapacity are not wanted. Foreign-funded enterprises are also encouraged to increase their investment in China's central and western regions, particularly in environment friendly and labor-intensive companies. “This shows that the structure of foreign investment will be further adjusted,” said Edward E. Lehman, Managing Director of Lehman, Lee & Xu.

According to the “Opinions”, China will continue to support Chinese A-share listed companies in further introducing strategic investors from home and abroad, and standardize foreign companies' investment in domestic securities and corporate merger and acquisition moves. A national security examination mechanism will be built as soon as possible for foreign-funded companies' merger and acquisition operation, and qualified foreign-funded companies are allowed to go public, issue corporate bonds or medium-term bills in China. “Foreign-funded enterprises will have more opportunities and enjoy the same treatment as their Chinese counterparts”, commented John Lee, Senior Lawyer of Lehman, Lee & Xu.

“In addition, importing items for scientific and technological development by qualified foreign-funded R&D centers will be exempt from tariffs, importing value added tax and goods and service tax by the end of 2010.” said Scott Garner, Director of Lehman, Lee & Xu Shanghai Office. “This is another indication that high-tech foreign enterprises are fully encouraged in China.” Mr. Garner commented.

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

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