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PRESS RELEASE

Major Technological Equipment Import Tax Policy Adjusted

Beijing, China –Nov 11, 2010

The Ministry of Finance (MOF), together with the Ministry of Industry and Information Technology (MIIT), the General Administration of Taxation (GAT) and the General Administration of Customs (GAC), has recently released the Notice on the Adjustment of Tax Policies on Imported Important Technological Equipment Including Large Equipment that Facilitates Environmental Protection and a Comprehensive Utilization of Resources. The Notice specifies that large equipment for environmental protection and a comprehensive utilization of resources, emergency diesel generator units, luggage automated sorting system for airports, heavy die-forging hydraulic machines and their key components and raw materials that satisfy the prescribed conditions are exempt from import tariffs and VAT with retroactive effect from 1 June 2010. Meanwhile, all the items as listed in Article 3 of the Interim Provisions on the Tax Policies on Imported Important Technological Equipment attached to the Instrument of Cai Guan Shui [2009] No.551 and the imported equipment for self-use, as well as the technology and the components and spare parts imported together with the said equipment under contracts, will be subject to the import tax from 1 January 2010.

Lehman, Lee & Xu can provide expert legal representation and counsel throughout the investment process. Beyond contract drafting, the firm can also perform due diligence on Chinese firms and projects, provide corporate and tax counsel on the structure and operation of an investment, from mere CERs purchase deal, to direct engagement in the project development with a Chinese partner, or to technologies sales/licensing and equity injections in project companies. For more information about the firm, please visit our website at www.lehmanlaw.com.