

LEHMAN, LEE & XU



雷曼律师事务所

PRESS RELEASE

Tumult Against China-Based Synutra—alarm for U.S. Companies owning stakes in Chinese food manufactures

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In recent weeks, the Chinese baby-formula manufacturer, Synutra International (“Synutra”), has come under fire due to the allegations that some of its milk-powder products may cause premature sexual development in baby girls.

It all starts from a report stating that 3 baby girls in Wuhan, Hubei province who all drink Synutra milk-powder products showed signs of premature sexual development and, in particular, develop breasts. Then the rumor starts to run about that the Synutra milk-powder products contains a unusually high level of hormones, which is the reason for the premature sexual development in the baby girls.

Synutra responded to the allegations against it in a press release very soon, asserting the claims to be highly irresponsible and without scientific evidence. The Ministry of health also announced its investigation results clarify that the hormones level in the milk-powder products is within reasonable standard.

Yet all the claims and announcement of the authorities could not totally put the startled parents at ease. Scandals of China’s milk product market in recent years have made Chinese parents become very suspicious. And the Synutra has suffered great loss in recent weeks as a result.

Although the allegations of tainted milk powder may not spread any more, the cloud hanging over the Chinese milk product market may not clear away in a certain period. And the U.S.-based food manufacturers and those companies that have a stake in Chinese food manufacturers, distributors, and retailers may be greatly influenced as well.

“It may be wise for such companies to focus on quality control issues and take some proactive measures.” suggested Edward E, Lehman, Managing Director of Lehman, Lee & Xu.

According to a recent report of the Wall Street Journal, Yashili, a Chinese infant-formula maker owned in part by the Carlyle Group, hired six food-industry experts (including former director of the FDA’s Center for Food Safety and Applied Nutrition, Robert Brackett) to shore up consumer confidence in its products before its initial public offering.

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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10-2 Liangmaqiao Diplomatic Compound, No. 22 Dongfang East Road, Chaoyang District

Beijing 100600 China

Tel: (86)(10)-8532 1919 Fax: (86)(10)-8532 1999

Email: mail@lehmanlaw.com

www.lehmanlaw.com