

LEHMAN, LEE & XU

雷曼律师事务所



PRESS RELEASE

“LEHMAN BROTHERS AND AIG PROMPTS NEW OPPORTUNITIES FOR CHINESE INVESTORS”

Beijing, China – 26 September, 2008 –

Asian markets were left in the wake of Lehman Brothers and AIG’s Wall Street collapse. As share prices destabilized, investor expectations were unpredictable. The troubled times on Wall Street ushers in an era of uncertainty for Asian markets.

“This could not come at a less opportune time” comments Edward Lehman of Lehman, Lee, and Xu. “The market was just experiencing a recovery.” Lehman, Lee, and Xu, one of the top Chinese law firms based in Beijing, has its own investment division and is licensed by the China Securities Regulatory Commission to assist with the filing of securities. Lehman has no relation to Lehman Brothers.

Before the U.S. financial crisis, emerging markets were optimistic in the wake of lower oil prices, reduced inflation, and decreasing food prices. With Fannie Mac and Freddie Mae as the first to go, and Lehman Brothers going bankrupt with the AIG bailout to follow, the market has reversed its upward trend.

“Most Asian investors were overwhelming in shock and awe” notes Mr. Lehman. “Everyone thought the U.S. economy had already absorbed the impact of sub-prime mortgages.” The effects on Asian markets have been severe. Banking stocks have plummeted, credit has all but disappeared with the lack of confidence in borrowers, and investor confidence in the U.S. financial system has sent ripples throughout global markets.

With the AIG bailout, Asian household investors are at a loss. AIG operates throughout Southeast Asia with a strong presence in China, Japan, Korea, and India. As the potential for AIG’s liquidation becomes more probable, policy cancellations have been increasing in Singapore, Hong Kong, and

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Thailand. “The AIG bailout is significant for China” comments Mr. Lehman. As AIG was the first foreign insurance provider to China, it has a 9.9% stake in the People’s Insurance Company of China, affecting prospective long-term savings insured by households.

With the U.S. government refusing to support Lehman Brothers, it is clear that all defaulters will not be saved. “We must look past the market failures towards a future of opportunities for China” emphasized Mr. Lehman. Chinese wealth funds are able to buy large financial operations at rock bottom prices, as this has been happening since the subprime crisis. There are even rumors of a Chinese state-owned investment firm in talks with Morgan Stanley. Chinese ownership of U.S. financial assets is expected to spread subsequent to the collapse, providing Chinese investors with an opportunity to get ahead in an otherwise failing market.

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