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PRESS RELEASE

China revises foreign exchange rules (Xinhua)

China has recently issued revised regulations on the management of foreign exchange that provide heavy penalties for improper currency transfer and conversion, among other moves. The revised regulations took effect immediately. They are intended as a response to the swift growth in the country's foreign reserves, which have soared to $1.8 trillion, and rising cross-border flows.

Unauthorized inward or outward transfers of foreign exchange will face penalties of up to 30 percent of the capital, under the regulations.

The revised regulations state that relevant government departments should simplify the administrative examination and approval procedure on foreign direct investment exchange management.

For more information see http://chinadaily.cn/bizchina/2008-08/07/content_6913287.htm

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

Joey Zhu, attorney from Lehman Lee & Xu's Shanghai office is of the view that 'as the umbrella law on foreign exchange, the revised Regulations reflect the current trend of China's monetary policies. However, since they provide only for general rules and principles relating to foreign exchange, more detailed rules on relevant issues shall be awaited following such revision, even though some have already been promulgated, in order for the Regulations to be implemented smoothly. Foreign investors intending to make investment in China shall keep close eyes on foreign exchange related policies and regulation in order to avoid any regulatory risks.'

Lehman, Lee & Xu is a prominent Chinese corporate law firm and trademark and patent agency. 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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