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PRESS RELEASE

CHINA PRIVATE EQUITY'S STATUS

Beijing, China – December 16, 2008 – China has put in place an extraordinary blueprint for private equity growth in the region, and accordingly, Lehman Lee & Xu, the top 3 law firm in China, would like to provide our professional legal services to benefit this dynamic sector of the economy.

Private equity in China continues to boom while the sub-prime mortgage crises continues to affect the USA. China received \$12.8 billion in private equity investment in 2007. In 2005, investors allocated only \$5 billion to the country. Capital under management hit \$20.5 billion last year, an increase of 40% over 2006, according to Beijing based research firm Zero2IPO.

Although China continues its gradual acceptance of new financial initiatives, private equity remains dominated by conventional deals that are relatively small by global standards.

Daisy Xu, attorney at Lehman Lee & Xu reckon that the main barrier to growth is the lack of companies you can buy a controlling stake in. Most private companies are founded by entrepreneurs who have majority control and don't want to sell. Otherwise, state-owned enterprises (SOEs), owned by the Chinese government, are generally not interested in giving foreigners equity.

So far, taxation and regulation reform have led the way for China's financial growth, and more changes for China's private equity sector are in the works, making China a crucial area for American private equity investors. Recently a member of the China Market Research Group conducted interviews with managers at several dozen leading private equity firms in the U.S. and China to ask whether China is likely to remain a hot market for private equity or if the credit squeeze will hit the region too. Findings showed continuing optimism for investment in China. The vast majority of respondents felt that U.S. private equity investing will remain flat or drop in 2008 while China will post 30%-plus annual growth for the next three years.

However, China private equity deals continue to lack transparency, primarily due to Chinese officials' lack of expertise and experience in making M&A rules. As a result, while private equity and venture capital firms have raised hundreds of millions of dollars to invest in China, they have often been thwarted by red tape, and full buyouts are rare. Moreover, the complex bureaucracy within China

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continues to create barriers to foreign investment.

How does one select appropriate investment phases, deduce the status of weakened investments in advance, select appropriate industries and geographical regions for investment? As policy changes and adjustments happen frequently, you need a specialist to give you timely and accurate assistance.

Lehman, Lee & Xu is one of the oldest law firms in China, being one of the first to be granted a license by the Chinese government to practice law. With more than 20 years of experience in assisting foreign companies establish a presence in China, we not only have the third largest Corporate/Commercial practice in China, but also the most comprehensive private equities services in the country. We would like offer our assistance to flourish the private equity's realm.