

China Direct Foreign Investment Continues to Soar, Along with Chinese Venture Capital and Private Equity

Direct foreign investment in China surged during Q2, resulting in a total of over \$51 billion invested during the first half of 2010, a 20% increase over 2009, a reflection of the PRC's highly attractive investment climate in the face of a global economic slowdown. Beijing recently has taken steps to provide further incentives to encourage foreign capital investment in high tech, alternative energy, and health care, particularly in China's central and western regions. This surge was the highest quarterly increase since Q4 2007. The Chinese government approved over 12,400 foreign funded enterprises in the first half of 2010 and has vastly simplified foreign investments under \$300 million.

Domestic Chinese venture capital funds have raised \$5.8 billion since January, 2010, to invest in mainland projects, while Chinese private equity funds have netted \$19 billion for mainland investments.

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