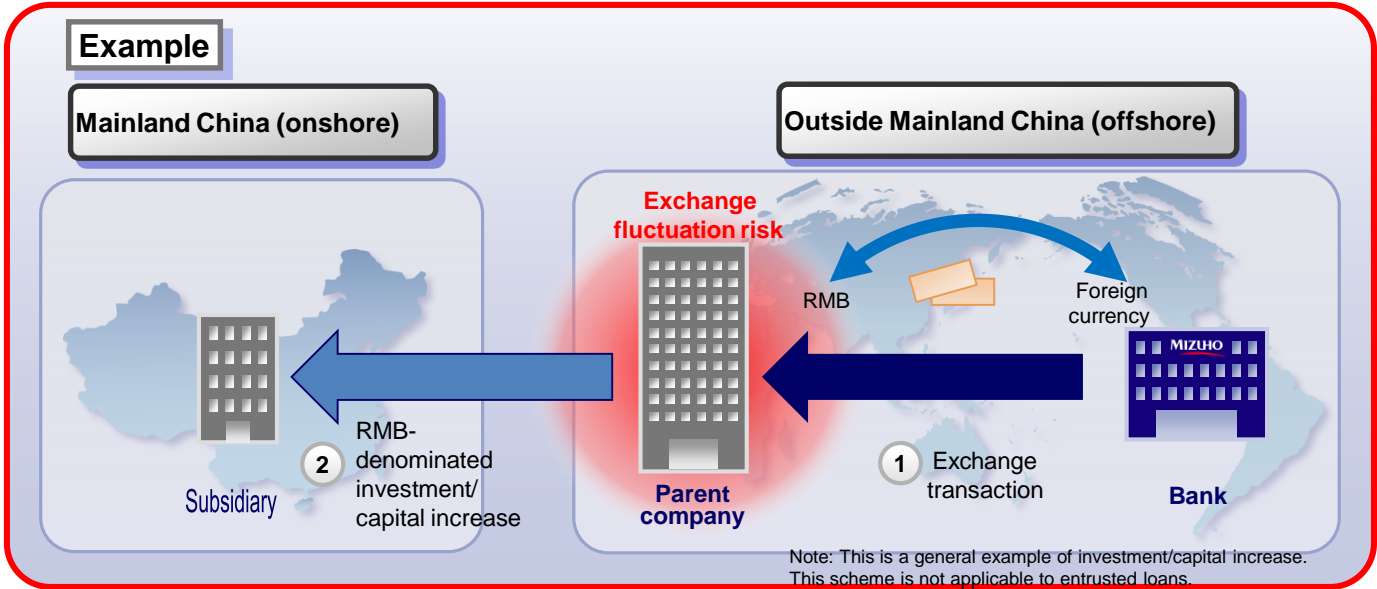


RMB-denominated Investment & Capital Increases

It is possible to carry out RMB-denominated investment & capital increases in Mainland China using offshore RMB*.

* RMB circulating outside Mainland China (mainly in Hong Kong)



Characteristics

- There is no need to do a conversion into RMB in Mainland China.
- The party investing or increasing capital can control exchange fluctuation risk.
- The overseas subsidiary faces exchange fluctuation risk when investing or increasing capital in foreign currency.

Points to consider

The party investing or increasing capital faces RMB procurement risk. Procedures such as obtaining the prior permission of the Commerce Department of the People's Bank of China (PBOC) are required before investing or increasing capital.

Comparison

Category	RMB-denominated investment/capital increases	Foreign currency-denominated investment/capital increases
Exchange fluctuation risk	No	Yes
Remote account ^{*1}	Possible	Possible
Use for entrusted loans ^{*2}	Impossible, in principal (between associates possible)	Possible

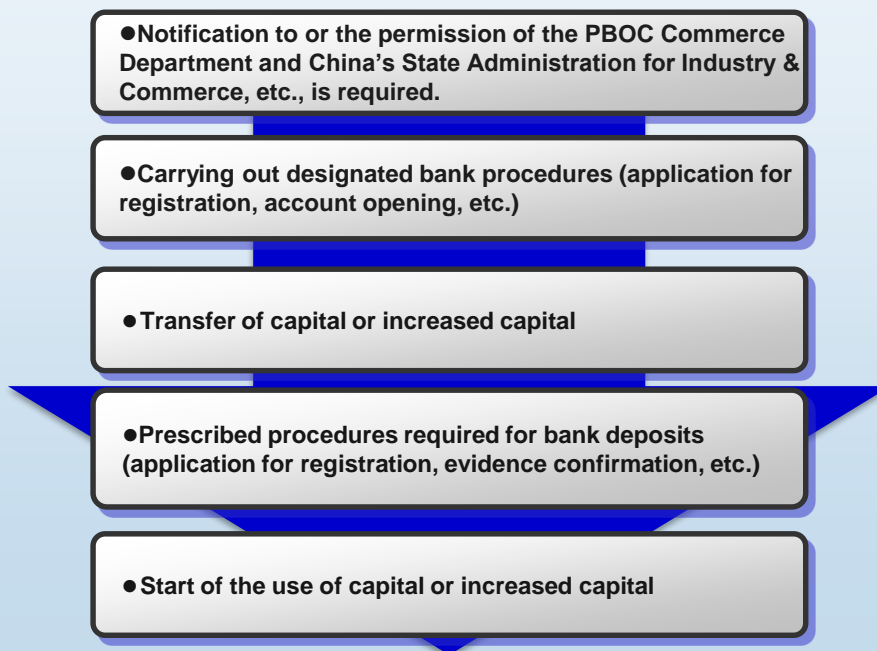
^{*1} Remote account: An account that was opened at a location other than where a company is registered (specifically, an account that was opened at a location other than in a Chinese administrative district)

^{*2} Entrusted loans: A model of lending between a lender and a borrower with a bank as an intermediary; an entrusted loan between group companies requires the parties involved to execute certain documents, including an agreement.

Procedures

The procedures for RMB-denominated investment are outlined below.

* The procedural flow and the time required might differ according to the circumstances of local authorities.



The regulations in the onshore RMB market might be changed as needed. For the latest information, please contact the Mizuho branch in charge of your account.

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