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FDI

Brief of the Administrative Measures for Pilot Project of RMB Settlement for Overseas Direct Investment

To facilitate the pilot project of RMB settlement for overseas direct investment, the People's Bank of China (the “**PBOC**”) promulgated the *Administrative Measures for Pilot Project of RMB Settlement for Overseas Direct Investment* on January 13, 2011 (the “**Measures**”), which enables domestic institutions within the pilot areas of RMB settlement to conduct overseas investment in RMB directly.

Clarification of Relevant Definitions

The Measures clarify that RMB overseas direct investment refers to the activities of domestic institutions, by using RMB, to acquire the ownership, rights of control, or operation management right of the operating enterprises in whole or in part by establishment, merger and acquisition, or equity participation of the overseas entities. For the purpose of the Measures, domestic institutions refer to the non-financial enterprises registered within the pilot areas of RMB settlement.

Simplification of Relevant Procedures

As provided by the Measures, a domestic institution which has been approved to engage in overseas direct investment through RMB settlement (with the approved amount of RMB to be invested by such domestic institution) may conduct overseas investment in RMB directly. Banks will provide RMB settlement services for such domestic institution after the latter completes relevant registrations with the local branches of the State Administration of Foreign Exchange (“**SAFE**”) where the domestic institution is located with the approval certificate or documents issued by the competent administrative authorities in charge of overseas direct investment.

Furthermore, pursuant to the Measures, in the event there are any RMB incomes or expenses

resulted from capital increase or decrease, equity transfers, liquidation or other activities of the overseas invested enterprises, the domestic institution may conduct the inward or outward remittance of RMB directly with the bank with the approval documents issued by the competent administrative authorities in charge of overseas direct investment.

Repatriation of RMB Profits

As provided by the Measures, after duly examination of the materials submitted by the domestic institution (including the board resolutions of the overseas invested enterprise with respect to the declaration and distribution of profits), the bank may record such overseas RMB profits directly into the account of the domestic institution, and shall report such information about the repatriation of RMB profits to the RCPMIS system.

Strengthening of Supervision

The Measures emphasize that banks shall seriously perform their obligations of anti-money laundering and counter-terrorism financing in accordance with the *Anti-Money Laundering Law of the People's Republic of China* and the relevant provisions of PBOC when providing RMB settlement services for overseas direct investment. The PBOC, the SAFE and the competent administrative authorities in charge of overseas direct investment shall establish mechanism for information sharing and supervision cooperation, enhance ex-post supervision, strengthen banks' responsibility for authenticity examination, and effectively supervise overseas direct investment activities with RMB funds.

If you have any questions regarding the foregoing, please feel free to contact us. Thank you!

Important Announcement

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