

extending the duration signed by representatives authorized by the parties with the examination and approval authority six months before the date of expiration of the duration. The examination and approval authority shall give an official written reply to the applicant within one month beginning from the day it receives the application.

Upon approval of the extension of the duration, the joint venture concerned shall go through registration formalities for the alteration in accordance with the Procedures of the People's Republic of China for the Registration and Administration of Chinese-Foreign Joint Ventures.

#### Article 102

A joint venture may be dissolved in the following situations:

- (1) Termination of duration;
- (2) Inability to continue operations due to heavy losses;
- (3) Inability to continue operations due to the failure of one of the contracting parties to fulfil the obligations prescribed by the agreement, contract and articles of association;
- (4) Inability to continue operations due to heavy losses caused by force majeure such as natural calamities and wars, etc.;
- (5) Inability to obtain the desired objectives of the operation and at the same time to see a future for development;
- (6) Occurrence of other reasons for dissolution prescribed by the contract and articles of association.

In cases described in (2), (3), (4), (5) and (6) of this article, the board of directors shall make an application for dissolution to the examination and approval authority.

In the situation described in (3) of this article, the party failed to fulfill the obligations prescribed by the agreement, contract and articles of association shall be liable to the losses thus caused.

#### Article 103

Upon announcement of the dissolution of a joint venture, its board of directors shall work out procedures and principles for the liquidation and nominate candidates for the liquidation committee. It shall report to the department in charge of the joint venture for examination, verification and supervision of the liquidation.

#### Article 104

Members of a liquidation committee are usually selected among directors of a joint venture. In case

the directors cannot serve or are unsuitable to be members of the liquidation committee, the joint venture may invite accountants and lawyers registered in China to do the job. When the examination and approval authority deems necessary, it may send personnel to supervise the process.

The liquidation expenses and remuneration to members of the liquidation committee shall be paid in priority from the existing assets of the joint venture.

#### Article 105

The tasks of the liquidation committee are: to conduct thorough check of the property of the joint venture concerned, its creditors' rights and liabilities; to work out the statement of assets and liabilities and list of property; to put forward a basis on which property is to be evaluated and calculated; and to formulate a liquidation plan. All these shall be carried out upon approval of the board of directors.

During the process of liquidation, the liquidation committee shall represent the joint venture concerned to sue and be sued.

#### Article 106

Joint venture shall be liable to its debts with all of its assets. The remaining property after the clearance of debts shall be distributed among parties to the joint venture according to the proportion of each party's investment unless otherwise provided by agreement, contract and articles of association of the joint venture.

At the time when a joint venture is being dissolved the value added to its net assets or remaining property that exceeds the registered capital is regarded as profit on which income taxes shall be levied according to law. The foreign participant shall pay income taxes according to law for the portion of the net assets or remaining property that exceeds his investment when he remits it abroad.

#### Article 107

On completion of the liquidation of a dissolved joint venture, the liquidation committee shall submit a liquidation report approved by a meeting of the board of directors to the original examination and approval authority, go through formalities for nullifying its registration and hand in its business license to the original registration authority.

#### Article 108

After dissolution of a joint venture, its account books and documents shall be left in the care of the Chinese participant.