

for approval. Registration procedures for changes shall be dealt with at the original registration and administration office.

#### Chapter IV. Ways of Contributing Investment

##### Article 25

Each participant to a joint venture may contribute cash or buildings, premises, equipment or other materials, industrial property, know-how, right to the use of a site as investment, the value of which shall be ascertained. If the investment is in the form of buildings, premises, equipment or other materials, industrial property or know-how, the prices shall be ascertained through consultation by the parties to the joint venture on the basis of fairness and reasonableness, or evaluated by the third party agreed upon by parties to the joint venture.

##### Article 26

The foreign currency contributed by the foreign participant shall be converted into Renminbi according to the exchange rate announced by the State General Administration of Foreign Exchange Control of the People's Republic of China thereafter referred to as the State General Administration of Foreign Exchange Control on the day of its submission or be cross exchanged into a predetermined foreign currency.

Should the cash Renminbi contributed by the Chinese participant be converted into foreign currency, it shall be converted according to the exchange rate announced by the State Administration of Foreign Exchange Control on the day of the submission of the funds.

##### Article 27

The machinery equipment and other materials contributed as investment by the foreign participant shall meet the following conditions:

- (1) They are indispensable to the production of the joint venture;
- (2) China is unable to manufacture them, or manufactures them only at too high a price, or their technical performance and time of availability cannot meet the demand;
- (3) The price fixed shall not be higher than the current international market price for similar equipment or materials.

##### Article 28

The industrial property or know-how contributed by the foreign participant as investment shall meet one of the following conditions:

- (1) Capable of manufacturing new products urgently

- needed in China or products suitable for export;
- (2) Capable of improving markedly the performance quality of existing products and raising productivity;
- (3) Capable of notable savings in raw materials, fuel or power.

##### Article 29

Foreign participants who contribute industrial property or know-how as investment shall present relevant documentation on the industrial property or know-how, including photocopies of the patent certificates or trademark registration certificates, statements of validity, their technical characteristics, practical value, the basis for calculating the price and the price agreement signed with the Chinese participants. All these shall serve as an annex to the contract.

##### Article 30

The machinery, equipment or other materials, industrial property or know-how contributed by foreign participants as investment shall be examined and approved by the department in charge of Chinese participant and then submitted to the examination and approval authority for approval.

##### Article 31

The parties to the joint venture shall pay in full the investment subscribed according to the time limit stipulated in the contract. Delay in payment or partial delay in payment will be subject to a payment of interest on arrears or a compensation for the loss as defined in the contract.

##### Article 32

After the investment is paid by the parties to the joint venture, a Chinese registered accountant shall verify it and provide a certificate of verification, in accordance with which the joint venture shall issue an investment certificate, which includes the following items: name of the joint venture; date, month and year of the establishment of the joint venture; names of the participants and the investment contributed; date, month and year of the contribution of the investment; and date, month and year of issuance of the investment certificate.

#### Chapter V Board of Directors and Management Office

##### Article 33

The highest authority of the joint venture shall be its board of directors. It shall decide all major issues concerning the joint venture.

##### Article 34

The board of directors shall consist of no less than three members. The distribution of the number of