

between the parties to the joint venture;

(14) The language used for the contract and the conditions for putting the contract into force.

The annex to the contract of a joint venture shall be equally authentic with the contract itself.

Article 15

The formation of a joint venture contract, its validity, interpretation, execution and the settlement of disputes under it shall be governed by the Chinese law.

Article 16

Articles of association shall include the following main items:

- (1) The name of the joint venture and its legal address;
- (2) The purpose, business scope and duration of the joint venture;
- (3) The names, countries of registration and legal addresses of parties to the joint venture, and the names, professions and nationalities of the legal representatives thereof;
- (4) The total amount of investment, registered capital of the joint venture, each party's investment proportion, stipulations concerning the assignment of investment, the ratio of profit distribution and losses to be borne by parties to the joint venture;
- (5) The composition of the board of directors, its responsibilities, powers and rules of procedure, the term of office of the directors, and the responsibilities of its chairman and vice-chairman;
- (6) The setting up of management organizations, rules for handling routine affairs, the responsibilities of the general manager, deputy general manager and other high-ranking management personnel, and the method of their appointment and dismissal;
- (7) Principles governing finance, accounting and auditing;
- (8) Dissolution and liquidation;
- (9) Procedures for amendment of the articles of association.

Article 17

The agreement, contract and articles of association shall come into force after being approved by the examination and approval authority. The same applies in the event of amendments.

Article 18

The examination and approval authority and the registration and administration office are responsible for supervising and inspecting the execution of the joint venture contracts and articles of association.

Chapter III Form of Organization and Registered Capital

Article 19

A joint venture is a limited liability company.

Each party to the joint venture is liable to the joint venture within the limits of the capital subscribed by it.

Article 20

The total amount of investment (including loans) of a joint venture refers to the sum of capital construction funds and the circulating funds needed for the joint venture's production scale as stipulated in the contract and the articles of association of the joint venture.

Article 21

The registered capital shall generally be presented in total amount of investment registered at the registration and administration office for the establishment of the joint venture. It should be the total amount of investment subscribed by parties to the joint venture.

The registered capital shall generally be presented in Renminbi, or may be in a foreign currency agreed upon by the parties to the joint venture.

Article 22

A joint venture shall not reduce its registered capital during the term of the joint venture.

Article 23

If one party to the joint venture intends to assign all or part of his investment subscribed to a third party, consent shall be obtained from the other party to the joint venture, and approval from the examination and approval authority is required.

When one party assigns all or part of his investment to a third party, the other party has pre-emptive right.

When one party assigns his investment subscribed to a third party, the conditions given shall not be more favourable than those given to the other party to the joint venture.

No assignment shall be made effective should there be any violation of the above stipulations.

Article 24

Any increase, assignment or other disposal of the registered capital of a joint venture shall be approved by a meeting of the board of directors and submitted to the original examination and approval authority.