

JOHNSON ELECTRIC HOLDINGS LIMITED
(德昌電機控股有限公司*)
(Incorporated in Bermuda with limited liability)

(Stock Code: 179)

The Johnson Electric Holdings Limited
Company Act, 1988

(Note: This document is written in English only and there is no official Chinese translation. Therefore, the Chinese translation is solely for reference purposes. In case of any inconsistency, the English version shall prevail.)

**For identification purpose only*

(COPY)
BERMUDA
1988 : No. 62

THE JOHNSON ELECTRIC HOLDINGS LIMITED
COMPANY ACT, 1988

[22nd December, 1988]

WHEREAS a petition has been presented to the Legislature by Johnson Electric Holdings Limited, a company incorporated pursuant to the Companies Act 1981 on the 27th October, 1988 requesting the enactment of certain provisions in relation to the Company and exemption for the Company from, and variation in relation to the Company of, certain requirements of the Companies Act, 1981 as the same may from time to time be amended or re-enacted, as herein appears:

AND WHEREAS it is deemed expedient to pass an Act to give effect to the prayer of the petition:

Be it enacted by The Queen's Most Excellent Majesty, by and with the advice and consent of the Senate and the House of Assembly of Bermuda, and by the authority of the same, as follows:

1. This Act may be cited as the Johnson Electric Holdings Limited Company Act, 1988. Short title.

2. In this Act, unless the context otherwise requires – Interpretation.
“appointed stock exchange” shall have the meaning ascribed thereto in subsection (1) of Section 25 of the Companies Act:

"bye-laws" means the bye-laws for the time being of the Company;

"the Company" means Johnson Electric Holdings Limited or every wholly-owned subsidiary of the Company incorporated pursuant to the Companies Act as an exempted company of which notice has been given pursuant to Section 6 of this Act;

"the Companies Act" means the Companies Act 1981 as may from time to time be amended;

"holding company" means Johnson Electric Holdings Limited unless the context otherwise requires when it shall mean a company incorporated pursuant to the Companies Act as an exempted company and which controls a subsidiary within the meaning of this Act;

"Minister" means the Minister of Finance or such other Minister as may be appointed to administer the Companies Act;

"register" and "Registrar" shall have the meanings ascribed to those terms in Section 2(1) of the Companies Act 1981;

"subsidiary" shall mean, unless otherwise expressly provided or the context otherwise requires, every wholly-owned subsidiary of the holding company, whether directly or indirectly wholly-owned, incorporated pursuant to the Companies Act as an exempted company and, for the purpose of this definition "wholly-owned" shall mean either legal or beneficial ownership of all the issued share capital of the subsidiary the shares of which carry the right to attend and vote at any general meeting of the subsidiary.

Miscellaneous provisions varying or exempting from provisions of general law.

3. Notwithstanding anything contained in the Companies Act or rule of law to the contrary:

(a) the Company may in accordance with any scheme for the time being in force and approved by the members in general meeting provide money or other financial assistance direct or indirect for the purpose of or in connection with the purchase of, or subscription for, fully or partly paid shares in the Company or any holding

company of the Company, being a purchase or subscription by a trustee of or for shares to be held by or for the benefit of employees of the Company, any of its subsidiaries, any holding company of the Company or any subsidiary of any such holding company, including any director holding a salaried employment or office with or in any such company and so that the residual beneficiary of any such trust may be or include a charitable object;

- (b) proviso (c) to subsection (1) of Section 39, and subsection (2) of Section 39 of the Companies Act, shall apply to the Company as if each referred to fully or partly paid shares in the Company or its holding company and as if the persons mentioned therein included directors and *bona fide* employees of the Company, any of its subsidiaries, any holding company of the Company or any subsidiary of any such holding company and the provisions of Section 96 of the Companies Act shall be read and construed accordingly;
- (c) in addition to its common seal for use in Bermuda, the Company may adopt one or more common seals for use in any territory outside Bermuda;
- (d) the bye-laws of the Company may provide that a member may designate a person who is not a member of the Company his proxy to represent such member and vote on his behalf at any general meeting of the Company or meeting of the holders of any class of shares in the capital of the Company;
- (e) the directors of the Company shall not be required to be elected at each annual general meeting, but shall (save for any executive chairman and any managing director) be subject to retirement by rotation in such manner and at such frequency as the bye-laws of the Company may provide;

- (f) it shall not be necessary for a director or an alternate director to be a member of the Company;
- (g) (i) no alternate director of the Company shall by virtue of that position be a director for the purposes of the Companies Act, but shall nevertheless be subject to the provisions of the Companies Act in so far as they relate to the duties and obligations of directors (other than the obligation to hold any qualifying share in the capital of the Company) when performing the functions of a director and, subject to the bye-laws of the Company, shall have the rights and powers given to alternate directors by Section 91(2)(b) of the Companies Act;
- (ii) the election or appointment of an alternate director of the Company shall not be required to be effected or authorised by the Company in general meeting, but shall be effected in such manner as the bye-laws of the Company may provide;
- (iii) an alternate director of the Company shall have such rights and powers, and be entitled to attend and vote at meetings of the directors, as the bye-laws of the Company may provide;
- (h) the Company may, but shall not be required to have, a president or any vice president, but shall have a chairman and such other officers who shall be appointed in such manner, and hold office for such period, as the bye-laws of the Company may provide.

Exemption
from Section
130 of the
Companies Act
and the
appointment
of a Resident
Representative.

4. (1) The Company shall not be required to comply with the provisions of Section 130 of the Companies Act; provided that the following conditions are and remain satisfied:

- (a) the Company shall have obtained a listing or quotation, as the case may be, on an appointed stock exchange or shall take steps and have obtained the same within six months of the date of enactment hereof, or within such longer period as the Minister shall, in his discretion, permit, and shall remain so listed or quoted and for the purposes of this subsection, the Company shall be deemed to have remained so listed or quoted notwithstanding that its

shares are suspended from trading by the appointed stock exchange;

(b) the Company shall appoint and maintain a Resident Representative, who shall be a person ordinarily resident in Bermuda; and:

(i) the Company shall, within twenty-one days of the enactment hereof or of any change in the identity of the Resident Representative, give notice in writing to the Registrar of the name and address of its Resident Representative;

(ii) without a reason acceptable to the Minister:

(a) the Company shall not terminate the appointment of its Resident Representative (unless at the same time appointing another); and

(b) the Resident Representative shall not cease to act as such,

unless it or he shall give not less than thirty days' notice in writing to the Minister of the intention to do so;

(iii) the Resident Representative shall maintain at his office in Bermuda originals or copies of:

— minutes of all proceedings of general meetings of the Company;

— all financial statements required to be prepared by the Company under the Companies Act together with the auditors' report thereon;

— all records of account required by Section 83 of the Companies Act to be kept in Bermuda;

— all such documents as may be required in order to provide evidence of the continued listing or quotation of shares of the Company on an appointed stock exchange;

- (iv) it shall be the duty of the Resident Representative to:
 - (a) make all necessary filings with or applications for approval to the Minister or the Registrar required by this Act or the Companies Act to be made within the time periods therein prescribed;
 - (b) act as agent for the service of process in Bermuda to receive for the Company and on its behalf service of process in any legal action or proceeding against the Company; and
 - (c) within thirty days of reaching the view that there is a likelihood of the Company becoming insolvent or its coming to his knowledge, or his having reason to believe that an event to which this subsection applies has occurred, to make a report to the Minister setting out all the particulars of the case that are available to him;
- (v) as respects the Resident Representative, subsection (b)(iv)(c) applies to the following events, that is to say:
 - (a) failure by the Company to comply substantially with any condition or limitation imposed upon the Company in its Memorandum of Association or by any undertaking given by the Company to the Minister;
 - (b) involvement of the Company in any criminal proceeding whether in Bermuda or abroad;

- (c) the Company ceasing to carry on business from within Bermuda;
- (d) suspension of dealings in the shares of the Company on the appointed stock exchange for a consecutive period of more than thirty days or the termination of the Company's listing or quotation on the appointed stock exchange;
- (vi) the Company shall during the month of January each year send to the Registrar a declaration in writing signed by its Resident Representative setting out a list of its directors, the address of its principal place of business outside Bermuda and attesting to the Company's continued listing on an appointed stock exchange;
- (vii) the Company shall file with the Registrar a copy of the Company's audited financial statements together with the auditors report thereon for the previous financial year of the Company not less than seven days before the date of the Company's annual general meeting nor more than six months after the end of that financial year;
- (c) upon the failure by the Company to comply with the provisions of subsection (a), the Minister shall have the right to suspend the exemption accorded to the Company by this Act from the requirement to comply with Section 130 of the Companies Act and the Company shall within seven days of ceasing to be so exempted comply with the said requirement until such time as the exemption is reinstated by the Minister;
- (d) wilful failure by the Resident Representative to comply with the provisions of subsections (b)(ii)(b), (b)(iii) and (b)(iv) shall be an offence and shall render him liable on conviction to a fine not exceeding BD\$5,000.00;

- (e) for the avoidance of doubt, all filings or written notices required by this Act to be given to the Minister shall be delivered to the Registrar and service of such filings or written notices upon the Registrar shall be deemed to satisfy any such requirement.

(2) A wholly-owned subsidiary of Johnson Electric Holdings Limited, which otherwise conforms to the definition of the Company, shall be entitled to the exemption from the provisions of Section 130 of the Companies Act, provided that Johnson Electric Holdings Limited shall have met and shall continue to meet the condition set out in subsection (1)(a) of this Section in respect of itself and notwithstanding that the said wholly-owned subsidiary has not and cannot meet the said condition.

Relocation
Provisions.

5. (1) The Company shall in addition to the powers conferred upon it by The Companies Act and those contained in its memorandum of association have power subject to the consent of the Minister to be continued in a foreign country or jurisdiction as if it had been incorporated under the laws of that other country or jurisdiction and to be discontinued under The Companies Act. The consent of the Minister shall be in the form set out in the First Schedule hereto.

(2) An application for consent under subsection (1) shall be in such form and supported by such documents as the Minister may determine which shall include inter alia:-

- (a) a certified copy of a resolution passed in general meeting duly called for the purpose by at least 75% of the votes cast authorising the continuance of the Company in a named foreign country or jurisdiction; Notwithstanding the provisions of the Bye-Laws of the Company, the quorum necessary for such general meeting shall be two persons at least holding or representing by proxy more than 50% of the issued shares of the Company;
- (b) a statutory declaration signed by all the directors of the Company that the Company is solvent and can meet all of its liabilities and obligations and that the continuance would not adversely affect the interests or rights of creditors and shareholders; and

- (c) a copy of notice published in an appointed newspaper and in a national newspaper in each jurisdiction with which the Company carries on a substantial part of its trade or business activities to the effect that the Company intends to continue in the named foreign country or jurisdiction;
 - (d) an irrevocable Deed Poll executed by the Company and its directors pursuant to which:-
 - (i) the Company and each of its directors may be served legal process in Bermuda in any proceeding arising out of actions or omissions occurring prior to the discontinuance, an appointment of a person in Bermuda as agent of the Company for such service of process for a period of not less than three years from the date of discontinuance and a signed acceptance of such appointment; or
 - (ii) the Company and each of its directors may be served with legal process at a specified address in the United Kingdom, the United States of America, Hong Kong or any other country acceptable to the Minister and whereby the Company and such directors submit to the non-exclusive jurisdiction of the courts of that country.
- (3) (a) Subject to obtaining the consent of the Minister, the Company shall file with the Registrar of Companies a copy of the instrument of continuance issued to it by the foreign country or jurisdiction within thirty days after the date of issue together with a declaration of discontinuance containing the following information:-
- (i) a copy of the irrevocable Deed Poll required by Section 3(2)(d);
 - (ii) the name of the country or jurisdiction under the laws of which the Company has been continued; and

- (iii) the address of the registered office or principal business address of the Company in that country or jurisdiction.
 - (b) The instrument of continuance and the declaration of discontinuance shall be documents open to public inspection.
 - (c) On receipt of the instrument of continuance issued to the Company by the foreign country or jurisdiction and on receipt of the Minister's consent required under this Section 5 (the form of which is set out in the First Schedule hereto) the Registrar shall file the instrument of continuance and issue a Certificate of Discontinuance (which shall be in the form set out in the Second Schedule hereto) and thereupon the Company shall cease to exist in Bermuda.
- (4) The consent of the Minister shall expire 6 months after the date thereof unless within the 6 month period the Company is continued under the laws of the named foreign country or jurisdiction.
- (5) This Act and the Companies Act shall cease to apply to the Company on the date upon which the Company is continued under the laws of the other country or jurisdiction as stated in the instrument of continuance and in the declaration of discontinuance.
- (6) The Company shall not be continued as a body corporate under the laws of any other country or jurisdiction unless:-
- (a) such country or jurisdiction is approved by the Minister for the purposes of this Act; and
 - (b) the laws of such country or jurisdiction provide in effect that when the Company is continued as a body corporate in such country or jurisdiction:-
 - (i) the property of the Company continues to be the property of such corporation;

- (ii) such corporation continues to be liable for the obligations of the Company;
- (iii) an existing cause of action, claim or liability to prosecution is unaffected;
- (iv) a civil, criminal or administrative action or proceeding pending by or against the Company may be continued to be prosecuted by or against such corporation; and
- (v) a conviction against, or ruling, order or judgement in favour of or against the Company may be enforced by or against such corporation.

6. (1) A subsidiary entitled to avail itself of the provisions of this Act shall within fourteen (14) days of becoming so entitled, or such later period as the Registrar may in his discretion permit, deliver to the Registrar written notice of such entitlement.

Delivery of
Notice to the
Registrar.

(2) A notice under subsection (1) shall be given in the prescribed form set out in the Third Schedule.

(3) The Registrar shall, upon receipt of a notice given under subsection (1), enter such notice on the register together with the effective date of the receipt thereof.

(4) In the event that the subsidiary shall cease to be qualified to avail itself of the provisions of this Act, it shall, within thirty (30) days of ceasing so to qualify, give written notice to the Registrar thereof, the form of which is set out in the Fourth Schedule, and the Registrar shall enter such notice on the Register upon receipt thereof.

Saving of
rights of
Crown and
others.

7. Nothing in this Act contained shall be construed to affect the rights of Her Majesty, Her heirs and successors or of any body politic or corporate or of any other person or persons except such as are mentioned in this Act, and those claiming by, from or under them.

THE JOHNSON ELECTRIC HOLDINGS LIMITED
COMPANY ACT, 1988

FIRST SCHEDULE

CONSENT

Pursuant to Section 5(1)

In terms of Section 5(1) of the Johnson Electric Holdings Limited Company Act, 1988, the Minister of Finance hereby gives his consent to

Johnson Electric Holdings Limited

to be discontinued in Bermuda as an exempted Company incorporated under the laws of Bermuda.

Dated this day of

Minister of Finance

JOHNSON ELECTRIC HOLDINGS LIMITED
COMPANY ACT, 1988

SECOND SCHEDULE

BERMUDA

CERTIFICATE OF DISCONTINUANCE

PURSUANT TO SECTION 5(3)(c)

JOHNSON ELECTRIC HOLDINGS LIMITED

Name of Company

I HEREBY CERTIFY THAT THE ABOVE-
MENTIONED COMPANY WAS DISCONTINUED AS
AN EXEMPTED COMPANY, INCORPORATED
UNDER THE LAWS OF BERMUDA, UNDER SECTION
5 OF THE JOHNSON ELECTRIC HOLDINGS LIMITED
COMPANY ACT, 1988.

Registrar of Companies

Date of Discontinuance

SEAL

JOHNSON ELECTRIC HOLDINGS LIMITED
COMPANY ACT, 1988

THIRD SCHEDULE

NOTICE PURSUANT TO SECTION 6(2)

I [name and address of person giving notice] a duty authorised representative of [the subsidiary] hereby give you notice pursuant to Section 6(2) of the Johnson Electric Holdings Limited Company Act, 1988 that [the subsidiary] is a wholly-owned subsidiary of Johnson Electric Holdings Limited, incorporated on the [date of incorporation] pursuant to the Companies Act, 1981 as an exempted company and is, therefore entitled to avail itself of the provisions of the Johnson Electric Holdings Limited Company Act, 1988.

Yours faithfully,

[signature of the person giving notice]

Date of Notice: [day, month and year]

Received: [by the Registrar]

JOHNSON ELECTRIC HOLDINGS LIMITED
COMPANY ACT, 1988

FOURTH SCHEDULE

NOTICE PURSUANT TO SECTION 6(4)

I [name and address of person giving notice] a duly authorised representative of [the subsidiary] hereby give you notice pursuant to Section 6(4) of the Johnson Electric Holdings Limited Company Act, 1988 the [subsidiary] ceased to be entitled to avail itself of the provisions of the Johnson Electric Holdings Limited Company Act, 1988 on the [day, month and year].

Yours faithfully,

[signature of the person giving notice]

Date of Notice: [day, month and year]

Received: [by the Registrar]