

June 24, 2005

**NOTICE REGARDING ENQUIRIES ON THE ACCEPTANCE OF APPLICATION FOR
CONTRACTED SELF-INSPECTION COMPANY**

In accordance with the requirements specified in Notice No.: 33 (2005) promulgated by CCIC Group Co. regarding <Administration Methods for Contracted Self-Inspection Companies Granted by CCIC Group Co.> (hereby abbreviated as New< Methods>), CCIC North America Inc. will resume the acceptance of application for Contracted Self-inspection Companies in United States region effective August 1, 2005 based on the new <Methods>. For existing contracted Self-Inspection Companies with their agreements expire after August 1, 2005, the new <Methods> shall be used for the renewal of their agreements.

In order to formalize the process of accepting new application and facilitate applicants in checking whether they are qualified for becoming self-inspection, we would like to announce the following main points and questions related to the implementation of the new <Methods>:

- A. Basic Requirements for New Applicants
1. Has obtained the AQSIQ registration certificate;
 2. Possess a permanent office and processing plants (purely trading companies will not be accepted);
 3. Legal documents to prove the ownership or the right of the enterprise to use the processing plants.
Possess the business registration document issued by the local Government (e.g. business license etc.) and commercial insurance policy (e.g. general liability insurance);
 4. Possess more than two years inspection application history with CCIC North America Inc. and at the same time, with no problems regarding specification and quantity, no history of violating the safety, hygiene and environmental requirements for goods shipped to China in 2 years. The failure percentage of inspection done by CCIC North America Inc. shall be less than 1% in a year for two years;
 5. Possess quality control administration system; regulations in dealing with non-conformity and hazardous scrap materials; basic information about the job duties of their inspectors;
 6. Possess testing equipment for inspection and the calibration and maintenance record;
 7. Applications have to be tendered by themselves.
- B. Basic Agreements from the Applicants:
1. Contracted self-inspection companies should carry out inspections according to the relevant regulations stipulated by the Chinese Government and the Chinese Control Standards;
 2. The contract for self-inspection only apply to goods shipped by containers;

3. The contract is only limited to goods shipped by their own company to their traders. They cannot act as agent for other applicants to obtain CCIC pre-shipment inspection certificate;
4. Possess the qualification and ability to use the electronic application and certification system;
5. Can provide bank guarantee. The company has to provide bank issued standby L/C from USD100,000 to 300,000 depending on the annual volume they shipped to China. When contracted self-inspection company obtains certificate from CCIC North America Inc. after their inspection, and goods failed to pass the inspection by CIQ at destination port, the company agrees CCIC to draw the related amount from the standby L/C as compensation for any financial loss that may cause to CCIC North America Inc. (for example, but not limited to: claims and lawsuits etc.);
6. Certified inspectors should utilize the digital cameras that have records with CCIC North America Inc. to take pictures of the materials as record. Pictures need to show the visual characteristics of the materials, resolution is standardized to 640X480; two pictures will be needed for each container of materials (one picture with container number showing materials inside, the other with container door closed showing seal number on it); there should be at least one picture taken for each shipment of goods with the inspector standing in front of one container showing his face;
7. Contracted self-inspection companies should use their own identified seals to seal the containers. The seal with the identification have to be verified and recorded with CCIC North America Inc. in advance.
8. For contracted self-inspection companies which have not passed with their quality assurance system in certification, they have to guarantee setting up their own quality assurance system and pass the relevant certification process after one year from the date when they signed their agreement.

C. Methods for submitting the application:

1. Method of Submission: Applicant should submit their application in written by following the requirements listed under A and B. In regarding to the requirements under A, supporting documents or notarized materials have to be provided. All written application and materials should be sent by registered mail. CCIC NORTH AMERICA INC. will not accept application through facsimile, E-mail, telephone or by hand.
2. Application should be mailed to: CCIC North America Inc.
1050 Lakes Drive, Ste. 480,
West Covina, CA 91790.

Please mark "Application for Contracted Self-Inspection Companies" on the envelope.

- D. Cycle of CCIC North America Inc. to determine if applications are being accepted
- After CCIC North America Inc. has received the written application from the applicant, decision will be made within 30 working days on whether the applications are accepted or not (applications received before Aug. 1 will be considered as received by CCIC on Aug. 1). Written result will be sent to applicant by registered mail. If CCIC North America Inc. has rejected the application based on certain reasons, CCIC will not accept re-application from that same company within one year.

CCIC North America Inc. will not accept any facsimile, E-mail, telephone, drop by etc. methods of enquiries on the progress of the application.

E. Re-application from existing contracted Self-inspection Companies

For existing contracted Self-Inspection Companies that have their agreements expire after August 1, 2005, they should re-apply according to the new <Methods>. The requirements for application are the same as the above listed under A to D.

F. Implementation for the New Methods

CCIC North America Inc. will be coordinating the acceptance and administration of the applications for contracted self-inspection within USA. For companies who meet the requirements, CCIC North America Inc. may, depending on the locations of the applicants, designate CCIC New York Inc. or CCIC Chicago Inc. to carry out the concrete duties on behalf of CCIC North America Inc.