

## **UNIFIED INCOME TAX AND LOCAL TAX PREFERENTIAL POLICY**

Pursuant to the Income Tax Law of the PRC for Enterprises with Foreign Investment and Foreign Enterprises and confirmed by the Jiangxi Provincial Tax Bureau, the Company is in its third year entitled to a 50% relief on the income tax. Therefore, the income tax rate applicable to the Company for the year is 16.5%.

Pursuant to the notice Guo Shui Fa [1999] No. 172 issued by the State Tax Bureau and confirmed by the Jiangxi Provincial Tax Bureau, the Company will continue to be subject to an income tax rate of the PRC of 16.5% for the period from 2002 to 2004.