

Dongguan Minxing Cables Co., Ltd Exporter Questionnaire Response

Non-Confidential Attachments

Exhibit-A-3.9-The Internal Organisation of the Company

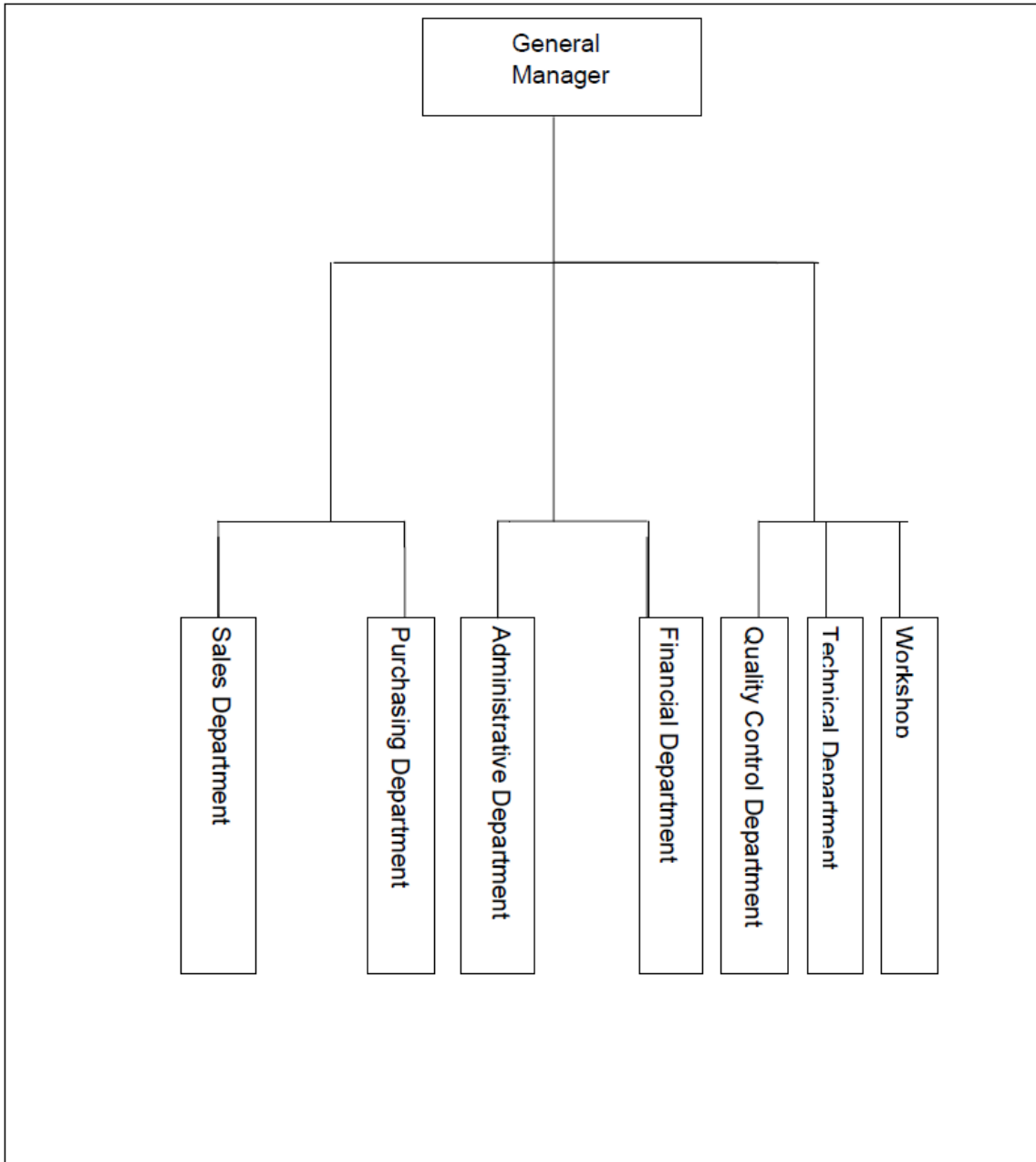


Exhibit B-2-e-Flow Chart Exported to Australia

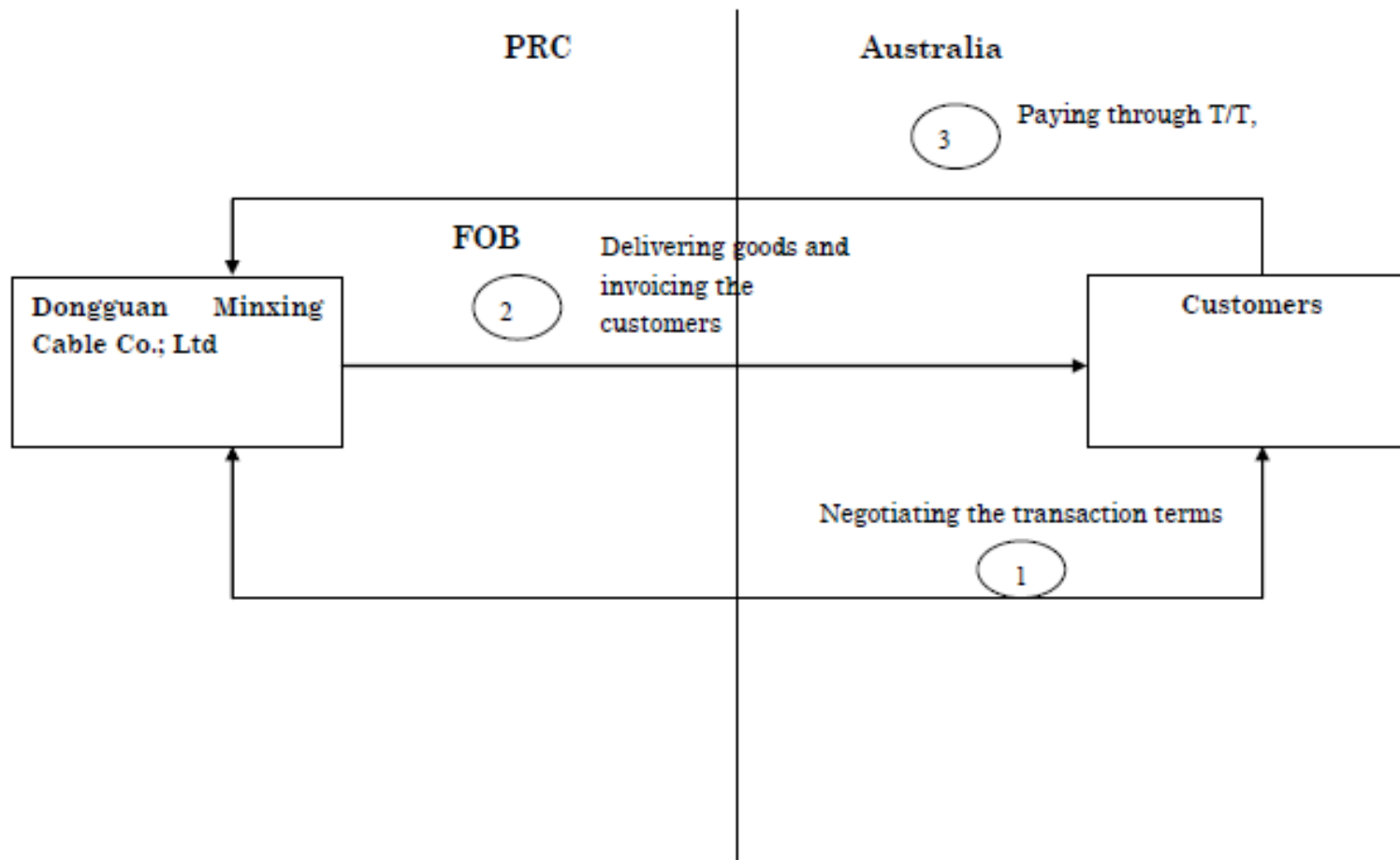


Exhibit D-1-Flow Chart in the Domestic Market

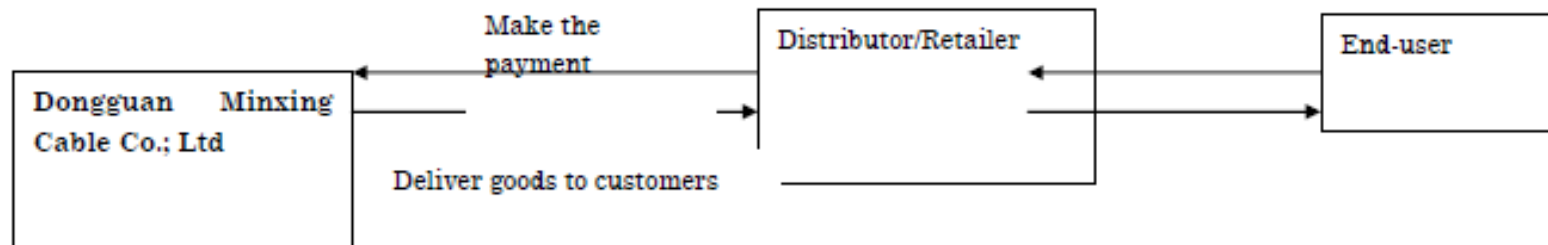


Exhibit E 2.2 - Legislation on export tax refund

Measures for the Administration on Export Tax Refund (Exemption)

In pursuant to the “Interim Regulations of the People's Republic of China on Value-Added Tax” and the “Interim Regulations of the People's Republic of China on Consumption Tax”, the following provisions on the refund or exemption of value-added tax and consumption tax on export goods are hereby promulgated :

1. Enterprises empowered to handle exports (hereinafter referred to as “export enterprises”) except otherwise provided for may apply to tax authorities monthly for an approval of refund or exemption of value-added tax and consumption tax for themselves or acting as an export agent after customs declaration and listing of the goods as sales in their accounts upon the presentation of related documents.

2. The following goods are eligible for refund or exemption of value added tax and consumption tax with special approvals :

(1) goods shipped out of the country for use in contracting projects by companies contracting for foreign engineering projects.

(2) goods shipped out of the country for use in repair projects by enterprises undertaking the repairs.

(3) goods sold to foreign ships or Chinese ocean-going ships by foreign ship supporting companies or ocean-going shipping supply companies and paid in foreign exchange.

(4) machinery and electronic products and building materials sold by domestic enterprises after winning international bidding financed by loans provided for by international financial organizations or foreign governments.

(5) goods bought in China and shipped out of the country by enterprises as their shares of investment abroad.

3. The following export goods are exempt from value-added tax and consumption tax :

(1) goods processed with supplied materials and re-exported.

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(2) contraceptive drugs and instruments, ancient and second-hand books.

(3) cigarettes.

(4) military goods and goods for export produced by military supplies factories or allocated by military supplies departments.

The tax-free goods prescribed by the State shall not get tax refund.

The provisions on the tax refund or tax exemption for goods exported by enterprises with foreign investment shall be promulgated separately.

4. Except re-export of goods processed with supplied materials as approved by the State, the following goods are not eligible for refund or exemption of value-added tax and consumption tax :

(1) crude oil.

(2) export goods as foreign aid.

(3) goods whose export is banned by the State, including natural bezoar, musk, copper and copper-based alloys and platinum etc.

(4) sugar.

5. Goods bought by export enterprises from small scale taxpayers with ordinary bills shall get no tax reduction or tax refund whether they are sold at home or exported. But reduction or tax refund shall be made for the following goods considering their large proportion in the export and special conditions in production and procurement :

Drawn work, arts and crafts, spices, mountain goods, wickerwork and bamboo and rattan products, fishing nets and gears, rosin, gallnuts, raw lacquer, bristle tails, goat skin and paper products.

6. The export of the originally high tax rate goods and precious goods shall also follow the relevant provisions in the "Circular of the State Administration of Taxation and the Ministry of Foreign Trade and Economic Cooperation on Tax Refund for High Tax Rate Products and Precious Products Exported by Some Export Enterprises" (GuoShuiFa [1992] No.79) 。 The export of the originally high tax rate goods and precious goods exported by non-designated enterprises shall not get refund.

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7. The amount of value-added tax refunded for export goods shall be computed according to the tax amount for purchase of the product. The specific methods of computation are :

(1) For an export enterprise which has separate inventory account and sales account for export goods, the taxable amount shall be computed according to price and tax amount specified in the special invoice for value-added tax on purchase of goods.

For enterprises which have adopted the weighted average method in inventory and sales, the following formula may be used for computation according to different tax rates and goods :

Refundable amount = Amount of export goods * weighted average purchasing price * Tax rate

(2) For export enterprises which handle both domestic sales and export goods and there are no separate accounts for export goods, the following formula should be applied after computing the taxable amount of the sales account for domestic sales and deducting the taxable amount of purchase account of the period :

A. Sales amount * Tax rate \geq remaining taxable amount after deduction of the tax amount for the purchase of the product.

Refundable amount = Tax amount remaining for the purchase after deduction

B. Sales amount * Tax < Remaining taxable amount after deduction for the purchase of the product

Refundable amount = Sales amount * Tax rate

Taxable amount for purchase of the product for deduction in the next period = the taxable amount for purchase of the product remaining after deduction of the period - refundable amount

Money amount of sales refers to the FOB price of the goods and the Renminbi amount computed according to the foreign exchange quotation. Tax rate refers to the refund tax rate of the goods.

The taxable amount of refundable goods bought for export from small scale taxpayers shall be computed according to the following formula :

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Purchased goods = Sales amount specified in Taxable amount of ordinary invoice (including value-added tax) / (1 + tax rate) * Tax refund rate

The taxable amount of purchased goods for export shall be determined by the amount of value-added tax specified in the special invoices for value-added tax.

8. The refundable consumption tax amount for goods exported by foreign trade enterprises or by foreign trade enterprises for others shall be computed according to the prices for which consumption tax is levied upon purchase of the goods from factories if the consumption tax is levied according to the advaloren rate and according to the amount purchased and declared for export if the consumption tax is levied according to the advaloren rate and according to the amount purchased and declared for export if the consumption tax is levied according to the specific rate. The formulation for computation is :

Refundable consumption tax amount = Factory sales amount of export goods (export quantity) * Tax rate (per unit tax amount)

Production enterprises with the power of handling export shall be exempt from consumption tax according to the actual amount exported in exporting their own taxable goods.

9. If the sales amount of export goods, the amount of goods purchased and tax amount are apparently on the high side and there is no justifiable account for it, tax authorities have the right to refuse tax refund or tax exemption.

10. The rate of tax refund for value-added tax on export goods shall be 17% and 13% as prescribed in the Interim Regulations of the People's Republic of China on Value-Added Tax. The rate of tax refund for refundable goods purchased from small scale taxpayers shall be 6%. The tax-free agricultural produce purchased directly from producers for export shall not be refunded.

The rate of refundable consumption tax for export goods and the per unit tax amount shall be computed according to the Table of Consumption Tax Categories and Tax Rates (Tax Amount) attached to the Interim Regulations of the People's Republic of China on Consumption Tax.

An enterprise shall account and declare goods of different tax rates separately. The lowest tax rate shall apply for goods whose tax rates cannot be differentiated clearly.

11. Export enterprises shall go through the tax refund registration procedures with the local tax authorities in charge of tax refund within 30 days starting from the date of approval

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by presenting the document of approval for export issued by the Ministry of Foreign Trade and Economic Cooperation and the units it has authorized and business licenses. Enterprises which completed the tax refund procedures before the promulgation of these rules shall be reviewed according to the new rules within 30 days starting from the date of the issuance of this document. Export enterprises failing to go through the tax refund procedures or to have their post registration reviewed shall not get tax refund or exemption for their export goods.

If export enterprises have been dissolved or merged or have their registered items altered, they should go through the cancellation or alteration procedures with the local tax authorities in charge of export tax refund within 30 days starting from the date of dissolution, merger or alteration.

12. Export enterprises should assign full- or part-time personnel (hereinafter referred to as a "tax clerk") who shall be trained, examined and issued with a "tax clerk certificate". People without the tax clerk certificates are not allowed to handle tax refund. If an enterprise has changed its tax clerk, it should timely inform the tax authorities in charge of tax refund, which shall cancel the tax clerk certificate. If the proper tax authorities are not informed of the changes, the enterprises shall be held responsible for all the tax refund activities that occurred after the changes of the original tax clerks.

13. When declares the export goods with the customs and enters into accounts as sales, an export enterprise shall file "Export Tax Refund (exemption) Application Form" on the monthly basis and provide related documents to foreign trade departments in charge, which shall submit them to the tax authorities in charge of export tax refund after examination and affixing their seals.

14. In going through the export tax refund procedure, export enterprises shall provide the following documents :

- (1) special (tax credit copy) or ordinary invoices for value-added tax.

Enterprises applying for consumption tax refund shall also provide the "Tax Payment (Special for Export Products) Certificate" (hereinafter referred to as "tax bill") produced by the source factory and sealed by the tax authorities and banks (treasury) .

- (2) Sales ledger for export goods. Tax authorities in charge of export tax refund shall examine the sales ledgers and sales tax bills carefully before confirmation.

The special invoices for value-added tax, special tax bills for consumption tax and sales ledgers shall be provided for by enterprises at the time of applying for tax refund.

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(3) The "Export Goods Declaration Form (export tax refund copy) with the seal of the customs. The "Export Goods Declaration Form (export tax refund copy) should be submitted by enterprises at the time applying for export tax refund. But for a few enterprises which have huge amounts of export and the ports of shipment are scattered and it is difficult for them to recover the customs declaration forms, they may get the approval of tax authorities in charge of export tax refund to delay the submission for three months after the tax authorities have verified that their accounting systems are sound and found no tax cheating before. If they still fail to provide the declaration forms within the time limit, they should return the amount of tax refunded (exempted) 。

(4) Export exchange collection documents. Enterprises should collect all the export exchange collection documents of banks for their export goods into monthly books to be ready for the examination and verification by tax authorities. Tax authorities shall check the export exchange collection documents of export enterprises for goods exported and taxes refunded every six months and clear at the end of a year all the exchange collection bills for the previous year.

Except goods whose export exchange collection bills are not required, if any enterprise fails to provide the exchange collection bills that should be provided, it shall return the amount of tax refunded. Export exchange collection bills are not required for the following goods :

1. goods exported through barter trade and compensation trade.
2. goods exported for use in engineering projects contracted abroad.
3. goods exported for forward exchange approved by foreign trade departments of various provinces, autonomous regions, municipalities directly under the Central Government and municipalities separately listed on the State plan in terms of planning and the terms are not mature.
4. goods purchased at home and shipped out of the country as investment abroad.

The foreign exchange collected from domestic sales shall not be entered into the export exchange collection eligible for export tax refund.

15. Foreign ship supporting companies or ocean-going shipping supply companies shall on the monthly basis submit "Export Tax Refund (exemption) Application Form" to the local tax authorities in charge of export tax refund for goods sold to foreign ships and foreign ocean-going ships. At the same time, they should provide special value-added tax

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invoices, special consumption tax invoices, foreign sales invoices and sales invoices and foreign exchange collection documents.

Foreign sales invoices must specify the name, amount and sales value of the goods sold and have the signatures of captains of foreign ships and foreign ocean-going ships before they become valid.

16. In accepting foreign repair businesses, production enterprises should, after the goods repaired are re-shipped out of the territory, submit "Export Tax Refund (exemption) Application Form" to the local tax authorities in charge of export tax refund together with the special value-added tax invoices for parts, accessories and other raw materials bought and goods delivery orders, repair or fitting invoices, customs declaration form for goods re-exported and foreign exchange income documents. The refundable amount shall be computed according to the special value-added tax invoices and delivery orders for parts, accessories and other raw materials.

In cases where foreign trade enterprises have entrusted the foreign repair businesses they have accepted to other production enterprises, the aforesaid foreign trade enterprises shall, after the repaired goods are re-exported, fill in separately and submit the "Export Tax Refund (exemption) Application Form" to the local tax authorities in charge of export tax refund and at the same time provide the special value-added tax invoices produced by production enterprises for parts, accessories and other raw materials bought, repair or fitting invoices produced by the aforesaid foreign trade enterprises for foreign clients, customs declaration form for goods re-exported and foreign exchange income documents. The refundable amount shall be computed according to the special value-added tax invoices and delivery orders for parts, accessories and other raw materials.

17. In export equipment, raw materials, engineering machinery and other goods for use in engineering projects contracted abroad, the contracting enterprises shall, after the goods are declared with the customs, submit the "Export Tax Refund (exemption) Application Form" to the local tax authorities in charge of export tax refund, together with special value-added tax invoices for goods procured, export goods customs declaration form (export tax refund copy) and foreign engineering contract and other related materials.

18. For machinery and electronic products and building materials sold through international bidding for projects using loans provided by international financial organizations or foreign governments or by domestic enterprises that won the bidding, the enterprises concerned shall, after the goods are examined and accepted, submit the

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“Export Tax Refund (exemption) Application Form” to local tax authorities in charge of export tax refund together with the following certificates and materials :

- (1) certificates (master copy) for winning bids issued by Chinese bidding companies or other domestic bidding organizations.
- (2) the goods supply contracts signed between the bid winners and Chinese bidding companies or other bidding organizations. If the bid winners are foreign trade enterprises, the procurement contracts (agreements) signed by bid winners and goods supplying enterprises shall be provided.
- (3) special value-added tax invoices for procuring the goods won. In cases where consumption tax has been levied on goods won, the special consumption tax invoices shall be provided. (If a production enterprise has won a bid, the consumption tax due shall be exempt for the production process) 。
- (4) the invoice provided to clients by winning bidders according to the bidding proposals and goods supply contracts.
- (5) In a case where a project is won by a sub-contractor, the sub- contract (agreement) signed by the subcontractor and the winning bidder in addition to the aforesaid materials.

The loans provided by international financial organizations are, for the time being, limited to those provided by the International Monetary Fund, the World Bank (including International Bank for Reconstruction and Development, International Development Association) , UN Agricultural Development Fund and The Asian Development Bank.

19. In shipping out goods procured at home for use as investment abroad, an enterprise shall, after the goods are declared with the customs, submit the “Export Tax Refund (exemption) Application Form” to the local tax authorities in charge of export tax refund and provide the following documents and materials :

- (1) document of approval (duplicated copy) issued by the Ministry of Foreign Trade and Economic Cooperation or by units authorized by the Ministry.
- (2) duplicated copies of enterprise registration abroad and relevant contracts.
- (3) special value-added tax invoice for the export goods procured.
- (4) export goods customs declaration form (export refund copy) 。

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20. In importing raw materials and parts duty-free for processing trade with supplied materials, export enterprises shall get the "Certificate of Tax Exemption for Processing with Supplied Materials" from the local tax authorities in charge of export tax refund by presenting the customs declaration form for the import of materials for processing and the registration manual of processing with supplied materials. With such certificate, an export enterprise shall apply with the tax authorities in charge for the exemption of value-added tax and consumption tax for materials for processing or entrusted others for processing. After the processed goods are exported, the enterprises should go through the cancellation procedures with the local tax authorities in charge of export tax refund by presenting the export goods customs declaration form and processing trade registration manual cancelled by the customs and foreign exchange collection documents. If they are not cancelled within the prescribed time limit, the tax authorities in charge of export tax refund and the customs and the relevant tax authorities shall levy taxes overdue and give the aforesaid enterprise punishment.

21. In importing raw materials and parts for resale to other processing enterprises at reduced rate for use in the processing trade, an export enterprise shall fill in the "Form for Declaration of Processing Trade with Supplied Materials" and, after the form is affixed with the seal of the tax authorities in charge of export tax refund, submit it to the tax collection organizations in charge, which shall compute the tax amount for the raw materials and parts sold according to the prescribed tax rate when producing special value-added tax invoices. The tax authorities in charge of the export enterprise shall not levy the tax amount specified in the sales invoice, but will deduct the amount from the export tax refund when the export enterprise goes through the export tax refund procedure.

The tax refund for re-export of materials processed shall be computed in the following formula :

Export refund = refundable amount - the amount of tax payable for selling import materials and parts

The amount of tax payable for selling materials and parts = amount from sales of imported materials and parts * tax rate - taxes levied by the customs on the imported materials and parts.

These provisions do not apply to enterprises with foreign investment which sell materials and parts imported for use in their processing trade. They shall pay value-added tax and consumption tax according to the provisions on value-added tax and consumption tax and go through the export tax refund procedures after the processed goods are exported.

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22. Enterprises empowered to handle the export of cigarettes covered by State export plans shall be exempt from value-added tax and consumption tax according to the following provisions. But value-added tax and consumption tax shall be levied for export cigarettes not covered by State plans.

(1) In procuring cigarettes for export from cigarette factories, export enterprises shall get the "Certificate for Purchasing Export Cigarettes Tax-Free" from the local tax authorities in charge of export tax refund and give it to the cigarette factories, which shall go through the tax exemption procedures with the tax collection organs in charge. Cigarette factories shall sell to export enterprises the cigarettes which have been approved tax-free at prices containing no consumption and value-added taxes.

(2) Tax authorities in charge of export tax refund shall strictly issue the "Certificate for Purchasing Export Cigarettes Tax-Free" according to the tax exemption plan for export cigarettes of the State. The tax exemption plan for export cigarettes shall be the plans issued by the State Administration of Taxation. Before the tax exemption plan is produced at the beginning of a year, the certificate shall be issued according to the tax exemption plans fulfilled at the beginning of the preceding year.

(3) Tax authorities in charge of levying taxes on cigarette factories shall be strict in examining and approving tax exemption according to the varieties, specifications and amounts specified in the Certificate for Purchasing Export Cigarettes Tax-Free". After the tax exemption is approved, the tax authorities in charge of tax collection shall fill in the "Certificate for Export Cigarettes Exempted from Tax" and send by mail directly to the tax authorities in charge of export tax refund for cigarette purchasing party.

(4) After the tax-free cigarettes are exported, export enterprises shall go through the tax exemption cancellation procedures with the local tax authorities in charge of export tax refund by presenting the export goods customs declaration form (copy for export tax refund), foreign exchange collection bills and export invoices.

23. After an export enterprise has collected the goods processed by production enterprises and declared for export with the customs, the export enterprise shall go through the export tax refund procedures by presenting the invoices for buying the raw materials for processing and for the processing fees. If the value-added tax for the import process has been reduced for the materials imported for processing, the tax refund shall be computed after the tax reduction is deducted.

24. If the goods are exported by an agent, the tax payment shall be returned to the export agent. If the goods are exported jointly by at least two enterprises together, the

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units specified in the customs declaration form shall go through the tax refund procedures in a unified manner by presenting relevant tax refund documents.

25. Tax authorities in charge of export tax refund shall carefully examine the tax refund application forms submitted by enterprises according to the tax refund regulations and fill in the "Income Refund Notice" after finding them accurate and submit them for examination and approval by tax authorities in charge of export tax refund approval level by level. They will then submit the notices to the local banks (State treasury) for handling the drawback procedures. Tax authorities in charge of export tax refund shall complete the procedures within one month starting from the date of the receipt of the export tax refund applications if the application procedures are complete and the contents are true to the facts, except otherwise provided for by tax authorities at the next higher level.

The standard for examination and approval of export tax refunds, the terms of reference for examination and approval and work procedures shall be determined by the sub-bureaus of the State Administration of Taxation and import and export tax management sections directly subordinate to the State Administration of Taxation. The examination and approval of export tax refund shall be put in the charge of tax authorities at and above the central sub-bureaus of the State Administration of Taxation.

26. Export tax refund plan shall be managed in a unified manner by incorporating it into the internal plan for industrial and commercial tax.

27. If the exported goods are shut out, returned or converted for domestic sales, the enterprises that export them shall go through the declaration procedures with the local tax authorities in charge of export tax refund and return the tax amount refunded. The returned tax payment shall be turned over to the central treasury.

28. Tax authorities in charge of export tax refund should carry out in-depth investigations into enterprise about the tax refund documents and accounts and goods and if doubts are found with export goods, they may carry out overall examination of the management conditions of the export goods.

29. An enterprise should carry out overall clearance of the export tax refund of the preceding year within three months after the end of the year and report the results to the tax authorities in charge of export tax refund, which shall examine the report, recovering the amount over-refunded and making good the shortages. After the clearance, tax refund authorities shall no longer accept the export tax refund applications for the preceding year.

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30. The export tax refund authorities shall decide whether or not overall or random checks of the export tax refund of an enterprise according to the actual circumstances of the locality.

In cases where tax refund cheating is suspected, the people in charge shall produce reasons or basis and submit for approval by head of sections of central sub-bureaus, sub-bureaus or import and export tax management departments directly subordinate to the State Administration of Taxation and import and export tax management sections of sub-bureaus before separate checking is carried out. During the period of checking, export tax refund procedures shall be stopped for the goods in suspicion, and if export tax refund procedures have been completed, enterprises concerned should provide guarantee for returning the tax refunds. If the enterprise cannot provide the guarantee, with the approval of the tax refund authorities, the bank with which the enterprise concerned has opened accounts shall be notified in writing to suspend the payment of the deposits equal to the tax amount refundable until the investigations are completed.

31. A fine of less than RMB5, 000 shall be imposed, apart from the order for correction within the prescribed time limit, on export enterprises if one of the followings is committed in violation of the provisions :

(1) failing to go through the export tax refund registration procedures according to regulations ;

(2) failing to set up, use and keep the account books and documents and bills related to export tax refund ;

(3) refusing the examination by export tax refund authorities and the provision of materials and documents related to export tax refund.

32. If the actual amount of tax refunded (exempt) is bigger than the refundable amount due to the fault of the export enterprises or enterprises fail to go through the cancellation procedures within the prescribed time limit after going through the tax exemption procedures for processing trade, the export tax refund authorities shall make the enterprises concerned return the amount over-refunded or exempted. For failure to return the over-refunded or exempted amount within the prescribed time limit, a defer payment amounting to 2% of the returnable amount shall be made for a day starting from the date of expiration.

33. If an enterprises is found to have cheated tax refund by falsification, alteration, bribery or other illegal means, it shall be deprived of the export tax refund right for at least six months with the approval of the State Administration of Taxation if the case is very

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serious. The exports handled by the enterprises or by any agent during the period of tax refund suspension shall not get export tax refund.

If a tax refund cheat case involves a big sum or the case is exceptionally serious, the Ministry of Foreign Trade and Economic Cooperation shall disqualify the enterprise for export.

34. Those who provide or produce false special tax bills or other false tax refund documents for export enterprises shall be fined for an amount less than five times the illegal proceeds. If the case involves a huge sum and the case is very serious in cheating, heavier punishments shall be meted out or criminal responsibilities shall be affixed by judicial organs.

35. Other management matters shall be handled according to the relevant provisions of the *Law of the People's Republic of China on Administration of Tax Collection*, the *Interim Regulations of the People's Republic of China on Value-Added Tax* and the *Interim Regulations of the People's Republic of China on Consumption Tax*.