

OPERATIONS MANAGEMENT AGREEMENT

Date: December 30, 1983.

Parties: J-M Manufacturing Company, Inc., a PVC pipe manufacturing company incorporated in Delaware state, USA, and herein referred to as "Trustee", and J-M A/C Corporation, an asbestos pipe manufacturing company incorporated in Delaware state, USA, and herein referred to as "Truster", both are headquartered in Stockton, California, have entered into agreement in connection to the trust of operations management and related cost charges.

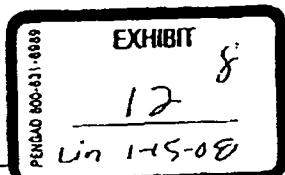
Recitals:

1. The Trustee has (1) eight plants located in Butler, North Carolina; Denison, Texas; Franklin, Pennsylvania; Green Cove Springs, Florida; McNary, Oregon; Pueblo, Colorado; Stockton, California; and Wilton, Iowa; (2) complete teams of manufacturing management staff, selling forces, marketing management staff, corporate administration staff including production, engineering and development, accounting, treasury, employee relations, data processing, general affairs, and president office; (3) computing facilities, telephone systems, information systems and software systems, telecopier, buildings and offices, parking lots and storage yards; and (4) purchasing functions.
2. The Truster has only two plants located in Stockton, California and Denison, Texas, with limited asbestos pipe production machines and production workers, but does not have plant managers and manufacturing management staff, other operations facilities and various manpower and management systems.
3. Since these two companies are located in the same place and agree to use the same sets of manpower, facilities, and systems belonging to the Trustee. The Truster agrees, before it has its own corporate administration staff, selling forces, marketing management staff, plant managers and manufacturing management staff, and other necessary facilities, manpower and systems, to be charged by the Trustee the necessary costs and expenses and agrees to the related agreements as specified by the following:

Section 1. Manufacturing Expenses

(1.) Direct Costs: The maintenance labor costs (by work hours basis), utility costs (by meters) and other costs directly used for the asbestos pipe plants will be charged to the Truster.

(2.) Indirect Costs: The salaries, wages and related expenses for plant managers and their management staff, depreciation expenses and general affairs expenses will be shared by the Trustee and Truster on the basis of 50% for production value ratios and 50% for direct labor hours ratios.



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Section 2. Selling Expenses

(1.) Direct Costs: Freight, insurance expenses for exports and sales commission for asbestos pipe selling will be directly charged to the Trustee.

(2.) Indirect Costs: Salaries, wages and related expenses for salesmen and sales managers, sales expenses and other related selling expenses will be proportionally charged to the Trustee based on the ratio of monthly sales amounts.

Section 3. Corporate Administration Expenses

All the salaries, wages and related expenses for corporate administration staff including production, engineering and development, accounting, treasury, employee relations, data processing, general affairs and president office will be equally (50% - 50%) shared by the Trustee and the Trustee.

Section 4. Financial Expenses

The interest expenses will be charged to Trustee by the Trustee based on the monthly balances of inter-company accounts due to the Trustee multiplied by the average bank loan interest rates.

Section 5. Lease Expenses

(1.) The Trustee will charge the Trustee \$50,000 per month for the unlimited uses of computer related equipment, telephone system, telecopier, information systems and software systems.

(2.) The Trustee will charge the Trustee \$3,000 per month for the unlimited uses of Headquarters building and parking lot.

(3.) The Trustee will charge the Trustee \$13,000 per month for the unlimited uses of storage yards, including Denison plant's \$5,000 per month, Stockton plant's \$5,000 per month and Buena Park's \$3,000 per month.

Section 6. Purchasing Charge

The Trustee will charge the Trustee 1.7c per pound of the asbestos pipe materials purchased by the Trustee's purchasing department based on the actual receiving quantity at the year end for that year.

Section 7. Written Notice

This agreement contemplates the highest good faith and fair dealing between the parties. All revisions on this agreement in connection to the cost charges should be agreed by both parties. All notices hereunder shall be in writing and delivered by person or sent to by registered mail to the Trustee:

J-M A/C Corporation
1051 Sperry Road
Stockton, California 95206

and to the Trustees:

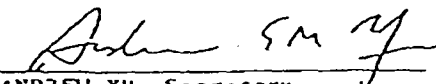
J-M Manufacturing Company, Inc.
1051 Sperry Road
Stockton, California 95206

Section 8. California Laws

This agreement is executed under and in conforming with the laws of the state of California and is to be governed hereby.

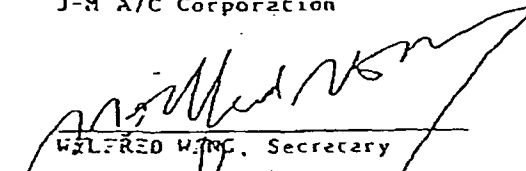
IN WITNESS WHEREOF, the parties hereto have executed this agreement in duplicate as of the day and year first above written.

(Seal)


ANDREW YU, Secretary

J-M A/C Corporation

(Seal)


WILFRED W. INC., Secretary
J-M Manufacturing Company, Inc.