



**Hong Kong Wells Ltd.**  
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February 27, 2008

Dear Valued Customers,

Thank you for your continuing support.

After the recent snow storm in 50 years, 75% of mainland China was destroyed. Approximately 100 million people were affected and 2.5 million houses and buildings collapsed. The total loss was about \$60 billion US. The affected locations are now being rebuilt, including our factory causing the demand of steel products including the wire rod to increase tremendously. Although demand has increased, the supply remained the same. As for the cost of wire rod, it has continued to increase as predicted by the People's Daily article in December 07 and in addition to the attached article.

The second big issue is the depreciation of the US dollar. The 2008 analyzer predicts the ratio between the US vs RMB (Chinese currency) to be \$1 US = 6.8 RMB. It is February and the ratio has already gone to \$1 US = 7.15 RMB. At this rate, the predicted rate will be easily reached.

Comparing to last year, \$100,000 = 830,000 RMB, this year it is worth 700,000 RMB. This is a loss of 130,000 RMB, approximately a 16% decrease.

Unfortunately, due to the uncontrollable circumstances, we are forced to increase our prices effective **March 1, 2008**. New quotations will be sent out in the following weeks. Orders can still be placed until the end of February at the current price.

As for the Antidumping Case, we are confident Wells may get the lowest tariff cost imposed since we follow the rules of the trade. This will also benefit our customers since they will not have to pay a high of a tariff unlike those who did not follow the rules of the trade. Any tariffs imposed will be for the US Government. However, a decision has not been made.

We suggest you to continue placing your orders regularly and not worry for the final decision so that your business can continue to thrive.

We appreciate your understanding.

Sincerely,

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Jackson You  
Hong Kong Wells Ltd., (USA)

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Attachment enclosed