



Hong Kong Wells Ltd.
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May 7, 2008

Dear Valued Customers,

Thank you for your continuing support of Wells.

We'd like to take this time to give you a good picture of the current Chinese steel market. The shortage of steel has escalated into a worldwide problem. More factors are now contributing to the shortage of steel in China. In preparation for the 2008 Beijing Olympics, the Chinese government has been closing down steel plants that have failed to pass pollution tests in an attempt to improve the air before the games begin, thereby further restricting the amount of steel available on the market.

Secondly, because China itself requires a large amount of steel for its booming construction business, the government has imposed a 15% tax on all exports of steel. Moreover, connections are now oftentimes needed in the current Chinese steel market to secure supply from traders, who are continually hiking up the price of steel in the face of worldwide shortage.

As a result, since our last letter three weeks ago, the price of steel in China has risen 21 %, and by a similar percentage in the U.S. Although Chinese steel prices are still lower than U.S. ones by 20%, it is not surprising that it will eventually catch up to the U.S. prices if the current conditions continue to plague the market.

Due to these unfortunate circumstances, we regret to inform you that we're raising our prices by 10% effective immediately on May 7, 2008 in order to cope with the rising steel prices. New quotations will be sent out in a few days. We thank you for your understanding.

Lastly, we'd like to emphasize again that all customers are encouraged to purchase directly through FOB China. Through this method, your company will in turn be able to save 7-8% than would be possible if we were to ship directly to your door. Please feel free to contact us about placing orders based on FOB China.

Thank you once again for your support and your understanding.

Sincerely,

Jackson You

Jackson You
Hong Kong Wells Ltd., (USA)

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