

**CONSTRUCTION OF A TANGLONG'S SECOND LINE WITH PLANNED CAPACITY OF 600,000MT OF GROUND GRANULATED BLASTFURNACE SLAG ("GGBS")**

**4 June 2007**

Tangshan Tanglong Materials Co Ltd ("Tanglong") recently obtained the necessary approval to set up a second line to produce 600,000MT of Ground Granulated Blastfurnace Slag ("GGBS") annually.

Tanglong is a company which EnGro Corporation Limited ("EnGro") has a 40% interest while the remaining interest 60% is held by Tangshan Iron & Steel Group Co Ltd. Tanglong is principally involved in the production of GGBS, an eco-friendly material that can replace a portion of cement to produce high performance concrete.

The new line is scheduled to commission by mid-2008. Together with the current existing capacity, the annual production capacity of Tanglong would increase from 600,000MT to 1,200,000MT of GGBS per year.

The new line would cost about RMB90 million and would be financed by a local bank loan and internally generated funds.