



OFFICE OF THE GOVERNOR
STATE OF YAP

October 1, 2012

Chairman Deng Hong
Exhibition and Travel Group
c/o Yang Gang (authorized representative)
7th Floor, Century City International Conference Center, No. 198
Century City Road, Chengdu, Sichuan 610041
China

Dear Chairman Deng,

It is with a heavy heart that I write to you today. I fear that my administration's attempts to bring significant and worthwhile investment to the island of Yap have been almost completely rejected by the local populace and their elected representatives in the Yap State Government. I fear that your Project will encounter an ever increasing amount of legal and popular resistance within the State. It would be disrespectful for my administration to continue enjoying your generosity and hospitality in the face of circumstances which are so completely adverse to your company's ability to generate a profit.

As you know, ETG's proposed development in Yap has always been controversial among the public. Many people are scared that they will be forced to move from traditional lands. Many people worry that they will find themselves as second class citizens or unable to compete with the size of ETG's proposed investment. This administration and your very hard working representatives have done much to try to dispel these fears, but they have persisted. The signing of the Investment Agreement in August seems to have only enflamed the passions of those in the public who are opposed to the project and, in response, the Legislature and certain members of the traditional society have responded quite forcefully.

On September 17th, my office received a letter from the Dalip Pi Nguchol (the Paramount Chiefs of Yap) commanding my administration to "prohibit the Exhibition and Travel Group from proceeding with its intended Project for Yap State." *Please see the copy attached hereto.*

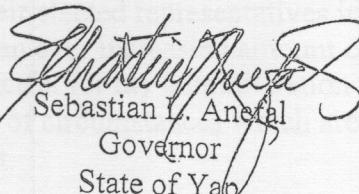
On September 19th, the Yap State Legislature passed Resolution No. 8-53 which says, "BE IT RESOLVED by the Eight Legislature of the State of Yap . . . that on behalf of the people of the State of Yap the Legislature is respectfully calling on the Governor to submit a written notice to Exhibition Travel Group (ETG) to void the Investment Agreement . . ." *Please see the copy attached hereto.*

It is my belief that the attached letter and resolution, together with other attachments herewith, are indicative of a resistance to your proposed project in the State and I feel that it is my responsibility to approach your organization before you risk any greater financial investment going forward. I fear that the prospects for ETG crafting a profit-making enterprise in Yap may be very low. It seems that ETG, if it decides to go forward with the project, will encounter a huge amount of resistance from the public and by way of laws passed by the Legislature which will all but ensure that ETG cannot do business in the State of Yap.

As I said before, it is with a heavy heart that I must come to you today and request that we come to the table to reconsider the proposed project, if not to dissolve the Investment Agreement and any legal documents preceding it. I hope that our two sides can perhaps come together in the future regarding further investment by ETG and its partners, however I know that this experience will probably cast great doubt on future business endeavors between our two organizations.

With warm regards, I remain hopeful of obtain a positive response from you at your earliest convenience.

Respectfully,


Sebastian L. Anefal
Governor
State of Yap

Enclosures: a/s