



地址：中国四川成都市世纪城路198号世纪城国际会议中心7楼
邮编：610041
电话：+86-28-85380138

传真：+86-28-85380156

Address: 7th Floor, Century City International Conference Center, No.198,
Century City Road, Chengdu, Sichuan 610041, China
Tel: +86-28-85380138

Fax: +86-28-85380156

December 26, 2012

The Honorable Sebastian Anefal
Governor
Yap State Government
Colonia, State of Yap
Federated States of Micronesia

Dear Honorable Governor,

I received the letter from you during the meeting on October 2, 2012 in your office. In your letter, you mentioned that ETG's Project may encounter an increasing amount of legal and popular resistance and ETG may face financial risk, and you requested ETG to reconsider this proposed project in the Yap State. We appreciate your kind reminding and suggestion in your letter.

In the past period, other leaders of ETG and I have conducted serious and comprehensive study on the current situation of Yap State and the concerns from the public.

ETG has already obtained the Foreign Investment Permit and Business License in Yap State. Yap ETG Paradise Islands Investment Group Inc. was legally incorporated strictly based on the laws of Yap State and Federated States of Micronesia. ETG always firmly believes that Yap Paradise Islands Tourism Development Project will drive the development of the private sector in the industries of agriculture, fishery, handy craft making, hospitality business etc. The project will create a great number of employment opportunities for citizens of Yap State, will increase the income of the people and improve their living conditions, and will also increase the tax revenue of the Yap State Government significantly. ETG believes that this project will be a win-win project with mutual benefits to both Yap and ETG, and that this project will also bring significant economic and social benefits to the whole Federated States of Micronesia.

ETG working team in Yap has been actively communicating with the public of Yap and has learned about the concerns from the public and answered various

questions on this project. ETG is seriously committed to protecting the natural environment, culture and tradition of Yap State during the development of project, according to laws and regulations of Yap State and FSM, because the natural environment and traditional culture are critical to the tourism development. ETG understands that the public has concerns, due to the lack of the necessary information and comprehensive understanding about our project. We deeply believe that most of concerns and misunderstanding will disappear with the development of the project and with the more communication.

Taking your information and the public concerns into consideration, ETG would like to adjust our approach and develop the project in several phases, most importantly start the project from smaller scale and by phases. ETG has decided to build the following facilities in the first phase: Five-star hotels, resorts and holiday apartments; New dining and sport facilities, new airport terminal and new hospital; Power plant, water plant, solid waste treatment plant and sewage treatment plant, and other related facilities based on the availability of the land.

After completion of above scope in the first phase, ETG will then decide on the remaining phases based on the actual market demand situation. ETG also has a plan to develop tourism facilities in some of the outer islands of Yap State.

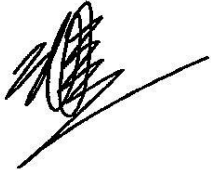
ETG will engage globally well-known environmental consulting and engineering companies, energy companies and architect firms to conduct the scientific study and planning for this project. Many advanced technologies and cleaner energies will be applied for this project to protect the natural environment. In the nearest future, ETG will also provide fund and cooperate with all the four branches of Yap State Government and other related organizations to establish trust fund (or foundation) that will be used for education, medical treatment of citizens of Yap State, the preservation of the traditional culture. The natural environment will be protected, and the traditional culture will not only be well preserved but also be promoted by this tourism development project.

ETG always has very positive and open attitude towards this tourism development project. The working team of ETG in Yap would like to communicate with Executive Branch, Legislature, Councils, citizens, communities and organizations at anytime and welcome citizens and organizations to visit ETG's Yap office to learn more information, express concerns and ask questions. We sincerely appreciate the support from Government and citizens to this project.

ETG is fully confident that Yap Paradise Islands Tourism Development Project can create a win-win situation between Yap/FSM and ETG and will bring significant benefits to Yap. This project will create employment opportunities, increase the income of the people of Yap, Government of Yap State and FSM, and improve living and housing conditions of the people of Yap. ETG is looking forward to working

closely with government and people of Yap to make this project the most successful example of cooperation in the whole pacific region.

Sincerely Yours

A handwritten signature in black ink, appearing to be 'Deng Hong', with a long horizontal stroke extending to the right.

Deng Hong
Chairman
Exhibition and Travel Group (ETG)

CC:
YAP STATE LEGISLATURE
COUNCIL OF PILUNG
COUNCIL OF TAMOL