

**ALEBA WATER COMPANY**

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Zhao Yan
Attorney
Xi'an
Shaanxi Province PRC

Dear Zhao Yan;

In your meeting with the Lantian Land Management Bureau, I direct you to inquire about the following issues regarding our Joint Venture property in Lantian.

1. Did you know that this land belonged to the Lantian government, a public property, when you issued the land certificate for forty mu to Runjia?
2. In preparing the land use certificate for Runjia, your Office is required to take measurements of the land. When you took measurements of the land did you find our joint venture factory operating on the seven mu of land and clearly separated by fences? If so, why did you issue this land certificate covering our seven mu of property directly ignoring the clear facts that we are operating a factory on this property and have been doing so since 1998? What possible factual determination supports your decision? If you have no basis in fact for issuing a land certificate interfering with our Joint Venture operation, why did you issue this certificate?
3. Based on the land use certificate that you issued to Runjia, the Lantian Housing Bureau issued a housing certificate to transfer the ownership of our Joint Venture factory buildings to Runjia. In other words, your actions represented the first step in the systematic confiscation of U.S. property in China. Are you aware of the serious international consequences that the confiscation of U.S. property in China constitutes?
4. In a Xi'an Middle Court decision regarding the transfer of ownership shares to Han Minxia, the judge clearly stated in hand written note that Xi'an Aleba Water Company is a legal entity and can continue its operation. In view of this evidence, what justification do you have for confiscating the property rights of our Joint Venture? On what basis did you make decisions that directly contradict the judge's note?
5. In the agreement signed between Zheng Zhong and Han Minxia in 2005, Zeng allegedly transferred 40 mu of land and his equity in the Joint Venture (24%) to pay his debts. In fact, Zheng could not transfer 40 mu of land, since 7 mu had already been contributed to the Joint Venture in 1998. This transfer was acknowledged by the Lantian and Xi'an governments. Since the most that Zheng could transfer was 33 mu, what was your justification for issuing a land certificate covering 40 mu of land? Was your office so careless of the interests of U.S. investors that you failed to even investigate the extent of our rights? How can your office operate to protect the interests of foreign investors under China's Joint Venture Law and China Contract Law if you so willingly ignore the rights established under these laws?
6. The Middle Court's decision regarding Zheng's transfer to Han Minxia, a local housewife, does not concern Runjia. Yet, you issued a land certificate to Runjia. How could you issue a 40 mu land certificate to a well-known criminal gang operating in Lantian. Show us the legal authority, a legal decision, that has the names of these gangsters as having any rights whatsoever over property owned and operated by Xi'an Aleba Water Company.

7. According to China Joint Venture law and China Contract Law, the transfer of ownership interest in a Joint Venture must be agreed to by the Board Members of the Joint Venture. This rule of law is clearly established. The 24% interest in our joint venture that represents the Chinese side in our Joint Venture has been allegedly transferred from Zheng Zhong to Han Minxia; from Han Minxia to Lantian Languan Construction Company; and from Lantian Languan Construction Company to Runjia. These purported transfers require three separate Board resolutions under Chinese law. Show us these resolutions.
8. Please an make this final point emphatically. Be very clear about my meaning and intent.
- The illegal transfer of property lawfully owned by our Joint Venture has been taking place without any communication whatsoever from your Office to the Board of Directors of Xi'an Aleba Water Company.
 - These actions represent a direct violation of China Joint Venture Law and China Contract Law. Your actions constitute any illegal confiscation of property owned by U.S. investors.
 - in 1998, we established our joint venture in Lantian at the invitation of the Lantian Government to develop and manage the county's mineral water resources responsibly.
 - We have operated our joint venture company for the health and education benefits of the residents of Lantian. Your actions have virtually destroyed our business, but not our commitment.
 - Our fight for the good, honest people of Lantian and the welfare of their children will never end.
 - We are already bringing the issue of the confiscation of U.S. property in Lantian, Xi'an to the attention of our U.S. Senators and we will continue to press our case through the Chinese Foreign Ministry at the highest levels in Washington.
 - If you think for a moment that we will ignore the deep injustices and damage that your Office has inflicted on our Joint Venture you are making yet another serious mistake.

I expect full and complete answers to these questions. Please electronically record this interview, so that I may personally inspect the answers provided by officials of the Land Management Bureau. You may inform them that I will personally visit their Office if this matter is not resolved and that we will continue to publicize the gross violation of our rights by this Office on the Internet.

Sincerely yours,



Ed Morrison
Chairman
Xi'an Aleba Water Company

cc:
U.S. Senator Marry Landrieu
U.S. Senator David Vitter