



**Trans-Asia Oil
and Energy Development
Corporation**

December 24, 2008

PHILIPPINE STOCK EXCHANGE, INC.
4/F PSE Center, Exchange Road
Ortigas Center, Pasig City

Attention: **ATTY. PETE M. MALABANAN**
Head, Disclosure Department

Gentlemen:

In December 2007, and as earlier disclosed, Trans-Asia Oil & Energy Development Corporation ("Trans-Asia") completed the rights offering (the "Rights Offering") and listing of 552,528,364 new common shares.

Based on the use of proceeds from the Rights Offering approved by this Exchange, the total amount of Php 378.5 million from the proceeds of the Rights Offering was intended to finance the expansion of that 21 Megawatt Bunker C-fired power plant located in Carmelray Industrial Park II of Trans-Asia's subsidiary, CIP II Power Corporation ("CIPP"). Under the work program also approved by this Exchange, the said amount is scheduled to used or expended by 2008.

Please be informed that Trans-Asia and CIPP are constrained to suspend the said plant expansion and expenditure of the said proceeds due to the following reasons: a) the projected increase in demand for electricity based on projected growth in number and size of industrial users (locators) did not materialize; b) the significant drop in demand for electricity brought about by adverse effects of the U.S. recession on the locators whose major markets are in the U.S.; and c) the fuel price risks which most of CIPP's users are not willing to share with CIPP.

Trans-Asia is scheduled to determine and decide, by the first quarter of 2009, on whether to proceed with the plant expansion. Trans-Asia will disclose any material decision or plan in connection with the said plant expansion at the soonest possible time, in compliance with the rules of this Exchange.

Very truly yours,

**TRANS-ASIA OIL & ENERGY
DEVELOPMENT CORPORATION**

By:

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SVP - Finance