



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

Unit 5505, 55th Floor, Hopewell Centre,
No.183 Queen's Road East, Wanchai, Hong Kong.
香港灣仔皇后大道東183號合和中心55字樓5505室
Tel 電話: (852) 2868 1082, (852) 2230 2000
Fax 傳真: (852) 2845 3467
E-mail: office@ccandc.com.hk 1 (C(ii)) - (2)

YOUR REF. HCA2761/03

DATE 5th November 2003

OUR REF. PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

By Post & By Fax: 2869 0062 (02 pages)

Department of Justice
2/F., High Block, Queensway Government Office
66 Queensway, Hong Kong

2nd Letter

Without Prejudice

Attn.: Mr. Simon Lee & Mr. Gregory Payne

Dear Sirs,

Re: HCA No. 2761 of 2003 -
First Star Development Limited v.
The Hong Kong Housing Authority & The Secretary for
Justice (on behalf of the Government of HKSAR)

As regards the modification premium payable to enable the apartments in the Hung Hom Peninsula Development to be sold by our client as private flats on the open market, we are instructed to put forward an offer of HK\$700 million upon the following conditions:-

1. the present offer is valid for 7 days and shall automatically be withdrawn after 1700 hours on next Wednesday 12th November 2003;
2. it is made subject to the parties' final agreement on the modifications of the terms of the relevant Government Lease, including but not limited to lifting all restrictions pertaining to and/or arising from PSPS;

.../2.

PARTNERS:

Cheung King Poon, Derek	LL.B	張景鴻律師	2522 4986
Cheng Huen Ming, Leo	LL.B	鄭煥明律師	2530 5262
Leung Chun Kuen, Noel	LL.B	梁振權律師	2230 2033

ASSOCIATES:

Wong Siu Mei, Simee	LL.B	王少蕙律師	2230 2013
Tam Chi Keung, Derrick		譚志強律師	2230 2055
Tse Mun Han, Mandv	LL.B	謝曼恩律師	2230 2038

SENIOR CONSULTANTS:

* Chung Kwok Cheong	LL.B	鍾國昌律師	2522 2904
Wan Chi Shing, Tony	LL.B	尹榮成律師	2525 6634
* Susan Johnson	LL.B	莊秀嫻律師	2588 1002
David A. Fok	M.A.L.L.B.(CANTAB)	霍兆全律師	2588 1008

*Notary Public

CONSULTANTS:

Ho Sai Han, Patsy	LL.B	何世嫻律師	2230 2062
Charles Alexander Williams		威廉施律師	2230 2099



張陳鍾律師行
CHEUNG, CHAN & CHUNG


Solicitors & Notaries
Agents for Trade Marks and Patents

- 2 -

3. our client's right to claim damages, interest, costs and/or other reliefs against your client and/or the 1st Defendant in HCA 2761/2003 or otherwise shall in no way be prejudiced and the damages etc. recoverable shall not be reduced or affected by the present offer or the premium to be agreed; and
4. whether or not an agreement can be reached on the premium payable, the parties shall proceed expeditiously with the adjudication of the damages etc. recoverable by our client, by way of court proceedings, mediation or otherwise.

We shall be much obliged if you would take instructions on the aforesaid and revert to us as soon as practicable.

Yours faithfully,



Cheung, Chan & Chung

c.c. Client