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SUPERTIME HOLDINGS LIMITED

17th June 2002

Mr. Anthony Miller, J.P.
Director of Housing
Housing Department
Housing Authority Headquarters
33 Fat Kwong Street
Ho Man Tin
Kowloon
Hong Kong

BY HAND

Dear Mr. Miller

Private Sector Participation Scheme at Kwai Chung Town Lot No.484 in Kwai Shing Circuit, Kwai Chung, New Territories, Hong Kong

I refer to our sister company, First Star Development Limited's letter dated 10th June 2002 which drew your attention to the extra and unexpected costs and losses that will be suffered by a Private Sector Participation Scheme ("PSPS") developer in a delay in sale of flats.

Supertime Holding Limited is another company which has also participated in the PSPS. The site under development is situated at Kwai Chung Town Lot No.484 in Kwai Shing Circuit, Kwai Chung, New Territories, Hong Kong. It comprises of 760 residential flats, 800 square metres of shops and 122 residential car parking spaces. Presently, the final draft of the Deed of Mutual Covenant has been submitted to the Government for approval and the Occupation Permit is targeted to be issued in September 2002. Under previous and normal practices of the PSPS, the Housing Authority shall have already made or shall be about to make nominations to purchase the flats under the Kwai Shing Circuit Project.

However, by the Chief Secretary for Administration's announcement on 5th June 2002, we are given to understand that, as in the case of Hung Hom Peninsula Project, no flats under the Kwai Shing Circuit Project will be offered for sale in the near future due to the change of Government's housing policy. Supertime Holding Limited therefore faces the same unexpected financial burdens as First Star Development Limited unless the Housing Department will have other plan to deal with the Kwai Shing Circuit Project.

Indeed there were news from local newspaper on 28th September 2001 that the flats in the Kwai Shing Circuit Project, instead of being put up for sale to home-owners, would be converted into public housings for lease. Shortly after such news, on 10th October 2001, officers from your Department had called for an informal meeting with my colleagues and consulted our views on conversion of the Kwai Shing Circuit Project into public housings. Before the Chief Secretary for Administration's announcement, we had learnt again from the local newspaper on 28th May 2002 that the flats in the Kwai Shing Circuit Project would be included in the first batch of units to be converted

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into public housings for lease. We have however, up till now, heard nothing officially from you or your Department on such proposal.

If this is the case, we would of course welcome full details from you or your Department on the modus operandi to buy back the units from us for conversion into public housing units.

But, if it is not the Government's intention to forthwith buy-back all units in the Kwai Shing Circuit Project upon its completion, then I must plead here again, as I have pleaded in the aforesaid First Star Development Limited's letter, that it is inequitable for a private developer to be penalized and caused to suffer loss due to a change in Government policy and it is totally unreasonable and unfair that the Government shall implement its policy to the detriment and at the expense of a private developer.

However, I do not intend to repeat here how unfair and inequitable it would be to a private developer participating in the PSPS due to a change of government policy. Nor do I think it is necessary to repeat here again how different costs, expenses and losses will be incurred. The case is similar to the Hunghom Peninsula Project.

Apart from the Kwai Shing Circuit Project and the Hunghom Peninsula Project, I would also like to take the opportunity to mention to you and to bring to your early attention that we have indeed one more sister company, Advance Planner Limited, which has participated in yet another PSPS project - King Tung Street Project in Ngau Chi Wan although such project would only be completed in 2003. With no exception, this King Tung Street Project will face the same problem.

We sincerely hope that you will consider our concern seriously and work together with us for a mutually beneficial solution. We look forward to having a meeting with you to discuss the matter.

Your faithfully,

For and on behalf of
Supertime Holdings Limited



Leung Chi Kin Stewart