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YOUR REF: HCA 2761/03
OUR REF: PC/LC/37000/03

DATE: 27th August 2003
PLEASE REPLY TO: Mr. Leo Cheng

By Fax: 2869 0062 (02 pages)
Department of Justice
HONG KONG

URGENT

Attn.: Mr. Gregory Payne

Dear Sirs,

Re: HCA 2761/2003
First Star Development Limited v
The Hong Kong Housing Authority
And The Secretary For Justice

Your letter 26th August 2003 refers.

We confirm that your client's Defence is due on 15th September 2003.

Although we concur with you that the Court usually entertains a first-time application for time extension, we take the respectful view that the Court's indulgence should not be regarded as a must or will be obtained by the applicant as of right. Sufficient reasons must be tendered in justification for the application, in particular in present case the Statement of Claim was served on your client as early as on 26th July 2003. Moreover, the amount claimed by our client in this action is enormous and a day's unnecessary delay will cause substantial loss to our client.

mainly pointing out it is not usual practice of the court to grant a first extension.

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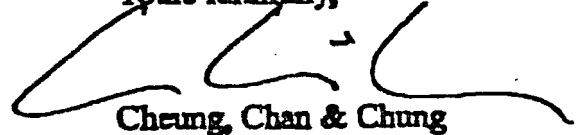
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On the aforesaid basis and given that no reason for the time extension as requested has been tendered, our client is not prepared to accommodate the present request. Please proceed to issue a time summons should you deem it appropriate to do so.

Yours faithfully,



Cheung, Chan & Chung