

FIRST STAR DEVELOPMENT LIMITED

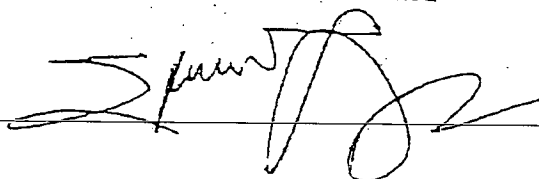
30th Floor, New World Tower, 18 Queen's Road Central, Hong Kong

Our concern is that if such restriction shall remain, there is always a possibility that some (and it is difficult to estimate the extent at this moment) of the Residential Parking Spaces will not be taken up by the owners of the residential flats of the development ("Owners") eventually nor will such remaining Residential Parking Spaces be successfully underlet to residents of the residential flats. This is unreasonable to us as the developer who, on one hand, are forbidden to realize our investment in the development and, on the other hand, have to continue to bear the expenses incurred incidental to the holding of these remaining Residential Parking Spaces. These expenses will include the management fees, rates and Government rents, etc. There must be a reasonable arrangement that we are allowed to dispose of the Residential Parking Spaces freely.

In the circumstances, we would insist to limit the restriction on alienation contained in sub-clause (ii) of this Special Condition to a certain period commencing from the date of first assignment of residential flat(s) to purchaser(s). We are willing to consider extending such period from 6 months (as we previously proposed) to 9 months. We are also willing to consider to include a provision that should we intend to dispose of the Residential Parking Spaces to persons other than the Owners after the agreed period, we will give the Owners one month notice during which the Owners will have the first right of refusal to purchase the Residential Parking Spaces. We sincerely hope that the Government will reconsider our proposal.

Finally, we wish to stress that whilst we will endeavour to negotiate with the Government for a satisfactory conclusion to the proposed Modification, all our rights herein to claim against the Government for all losses and damages suffered by us in the development are hereby expressly reserved. Needless to say our negotiation with the Government on the proposed Modification should be treated as entirely without prejudice to all our rights in the development and that nothing herein contained or in all other correspondence with you in this regard are to be taken as binding on us in any way until and unless formal documentation shall have been duly executed between us and the Government and all other parties concerned.

Yours faithfully,
For and on behalf of
First Star Development Limited



Leung Chi Kin