



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 2082, (852) 2230 2000
Fax 傳真 : (852) 2845 3467
E-mail: office@ccandc.com.hk

YOUR REF

DATE 20th January 2004

OUR REF PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

By Hand & By Fax: 2116 0859 (04 pages)

Lands Department
20/F., North Point Government Offices
333, Java Road, North Point,
HONG KONG.

URGENT

Attn.: Mr. John Corrigan

Dear Sirs,

Re : Proposed Lease Modification -
Hunghom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076

We write further to our letter yesterday. Subsequently thereto we have taken our client's instructions on your offer letter, particularly on the schedule proposed, and are instructed to reply as follows.

Notwithstanding the short notice, as a gesture of their goodwill, our client are prepared to pay the required 10% deposit and submit the duly executed Acceptance Letter (which may contain some amendments as explained hereinbelow) on next Monday the 26th.

.../2.

PARTNERS:

Cheung King Poon, Derek LLB
Cheng Huen Ming, Leo LLB
Leung Chun Kuen, Noel LLB

張永雄律師 2522 4986
鄭煥明律師 2530 5262
梁振權律師 2230 2033

ASSOCIATES:

Wong Siu Mei, Simce LLB
Tam Chi Keung, Denick

王少儀律師 2230 2013
譚志強律師 2230 2055

SENIOR CONSULTANTS:

*Chung Kwok Cheong M.A.L.L.B 鍾國昌律師 2522 2904
Wan Chi Shing Tony LLB 尹學斌律師 2525 6634
*Susan Johnson LLB 莊素珊律師 2588 1002
David A. Fok M.A.L.L.B(CANTAB) 霍兆全律師 2588 1008

**Notary Public*

CONSULTANTS:

Ho Sai Han, Parry LLB 何世煒律師 2230 2062



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On the other hand, our client do have difficulties in obtaining the mortgagee's consent within a couple of days, bearing in mind the intervening Lunar New Year holidays practically commence tomorrow afternoon and the substantial amount involved.

Therefore, for your kind consideration and consent, our client would like to propose the following revised schedule:-

- (i) on 26th January 2004 : our client's payment of 10% deposit and submission of the duly executed Acceptance Letter (as amended to take into account matters set out in this letter);
- (ii) on or before
10th February 2004
(i.e. 15 days thereafter): delivery to you of the mortgagee's written consent;
- (iii) on or before
12th February 2004
(i.e. 2 days thereafter): your provision of the Documents;
- (iv) on or before
26th February 2004
(i.e. 14 days thereafter): our client's return of the duly executed Documents together with the receipted demand notes for the balance of the premium and for the registration fees.

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Please rest assured our client will use their best endeavours to comply with the aforesaid schedule which may even be brought forward if everything goes on smoothly. Having said that, there may be some unforeseen events which could lead to the delay of a few days (e.g. the mortgagee does not react as expeditiously as our client anticipates which is indeed beyond their control). Accordingly, the aforesaid schedule is put forward on the understanding that your will be prepared to accept reasonable variations thereto if circumstances so require. We shall notify you forthwith in case any possible delay in our client's compliance of the said schedule may occur.

In light of the above, we deem it more desirable for you to issue a revised offer letter by tomorrow reflecting the schedule we hereby propose.

Moreover, it seems the paragraph previously suggested by Mr Robertson in his letter dated 15th January 2004 is missing from your present offer letter. For your easy reference, the said paragraph reads "This basic terms offer, the ensuing modification and the agreeing and the payment of premium are and will be on the understanding that they are not and will not be construed as an admission of any breach of the conditions by the Government or the Housing Authority or of your accepting or acknowledging that there has been no breach of the Conditions." Please oblige us by inserting the same into the revised offer letter.

When calculating the amount of the premium payable, our client worked on the assumption that, until the completion of the fitting out works, no

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rates would be payable and the government rent would only be paid on an "undeveloped site" basis, which is indeed what has been going on. This was made known to you in the course of the mediation. We were subsequently told that this issue fell into the jurisdiction of the Commissioner for Rating and Valuation and you would obtain his consent to maintain the status quo until 8 months after the lease modification. We do not wish the smooth progress of the present transaction to be hindered by this relatively minor issue and shall therefore be much obliged if you would as soon as possible, in any event before the execution of the Documents, relay the Commissioner's consent as aforesaid. For the avoidance of any possible misunderstanding, our client's payments of government rent and rates (if any) prior to the lease modification shall not prejudice their right to recover the same in HCA No. 2761 of 2003 and/or other proceedings.

We would like to conclude this letter by expressing our sincere gratitude for your and Mr. Robertson's kind assistance and indulgence throughout.

Yours faithfully,



Cheung, Chan & Chung

c.c. LACO, Lands Department
(Attn. : Mr. A. L. Robertson, JP)