

香港特別行政區政府
The Government of the Hong Kong Special Administrative Region

CB(1)469/04-05(01)

房屋及規劃地政局
香港花園道美利大廈



Housing, Planning and Lands
Bureau

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Hong Kong

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香港中區
昃臣道8號
立法會大樓
立法會秘書處
立法會房屋事務委員會秘書
(經辦人：梁慶儀女士)

梁女士：

立法會房屋事務委員會
二零零四年十二月六日會議

紅灣半島修訂契約事宜

本年十二月六日事務委員會會議上，在討論處理紅灣半島一事時，有議員問及當局與發展商就契約修訂達成具約束力的合約協議的確實時間，以及政府當時是否知悉發展商有意重建該地段。

有關處理紅灣半島的調解工作在二零零三年十二月底結束，地政總署其後在二零零四年一月十七日致函發展商的代表律師，詳列契約的修訂條款。發展商在同月二十日回覆，建議調整一些具體的執行安排。地政總署認為該安排可以接受，遂於同月二十一日發出最後敲定的契約修訂條款。發展商於一月二十六日回信確定進行契約修訂，並繳付8,640萬元(即應付補價總額的一成)作為按金，至此，政府與發展商便訂立了具約束力的合約，須根據二零零四年一月二十一日提出的建議所載列的條款及條件修訂賣地章程。

直至二零零四年一月二十六日，政府並不察覺發展商有任何意圖重建該幅土地。發展商在同月三十一日致函地政總署，要求作進一步修訂。地政總署亦在本年二月十二日堅決拒絕其要求。

在二零零四年一月三十一日及其後二月十一日的信件內，發展商的律師並無披露其當事人要求作出進一步修訂的原因。但是，政府認為，就容許發展商在私人市場出售有關的住宅單位來說，所要求的額外修訂並無必要，因此已予拒絕。政府認為上述的額外修訂會有便於重新發展該地段而非僅以目前的發展模式改裝該地段上已經落成的發展項目。

二零零四年一月三十一日及二月十一日的信件，首次顯示出發展商可能正考慮重建該地段。

為使議員更了解政府在處理紅灣半島時的原意，即透過修訂契約容許發展商在公開市場出售紅灣半島的「私人機構參建居屋計劃」單位，在得到發展商的同意下，現隨函夾附地政總署與發展商的代表律師在修訂契約期間和之後的往來書信（只有英文版本），以供參閱。

你在十二月八日的來信詳列了議員要求的資料，本函所提供的資料回應了該清單的第一項，我們會參考《公開資料守則》，盡快向議員提供有關處理紅灣半島的其他方面資料。

房屋及規劃地政局局長

（林錦平 代行）

二零零四年十二月十日

**Exchange of Correspondence between the Government and
Solicitor on Lease Modification**

Index of Documents

Date	From	To
17 Jan 2004	Lands Department	Developer's Solicitor
19 Jan 2004	Developer's Solicitor	Lands Department
20 Jan 2004	Developer's Solicitor	Lands Department
21 Jan 2004	Lands Department	Developer's Solicitor
26 Jan 2004	Developer's Solicitor	Lands Department
31 Jan 2004	Developer's Solicitor	Lands Department
3 Feb 2004	Lands Department	Developer's Solicitor
4 Feb 2004	Lands Department	Developer's Solicitor
10 Feb 2004	Developer's Solicitor	Lands Department
11 Feb 2004	Developer's Solicitor	Lands Department
12 Feb 2004	Lands Department	Developer's Solicitor
12 Feb 2004	Lands Department	Developer's Solicitor
12 Feb 2004	Developer's Solicitor	Lands Department
26 Feb 2004	Developer's Solicitor	Lands Department
5 July 2004	Lands Department	Developer's Solicitor
7 Dec 2004	Lands Department	Developer's Solicitor



(107)
地政總署
LANDS DEPARTMENT

電話 Tel: 2231 3088

圖文傳真 Fax: 2525 4960

本署檔號 Our Ref: LACO 1/316/2003 SF4 Pt 2

來函檔號 Your Ref:

17 January 2004

Bv Hand

First Star Development Limited
c/o Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong



Dear Sir,

**Proposed Modification
Hung Hom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076**

I refer to our previous correspondence on this matter and now write to advise that I, on behalf of the Government of the Hong Kong Special Administrative Region (hereinafter referred to as "the Government"), hereby offer to proceed with the proposed modification of the above lot ("the proposed transaction") subject to the following basic terms : -

- Premium : \$864,000,000.00
(with 10% deposit being payable upon acceptance of these terms - see below)
- Administrative Fee : Nil
- Development Conditions : ◆ General Condition No. 1(b) of the Conditions of Sale No. 12547 ("the Conditions"), Special Condition Nos. (3)(b), (5), (6)(c), (6)(d), (6)(e), (24), (25), (26), (28), (29), (30), (31), (32), (33), (34), (35), (36)(k)(i), (36)(k)(ii), (42)(b), (42)(c), (42)(d), (42)(e), (42)(f), (42)(g), (52)(e), (62), (63), the Technical Schedule and Appendix A thereto shall be deemed to be deleted;

- ◆ Special Condition Nos. (3)(d)(ii), (3)(e), (6)(a), (12), (13), (14), (27), (36)(a), (36)(j) and (36)(k)(iii) of the Conditions shall be deemed to be deleted and substituted by those Special Conditions set out in the First Schedule of the draft document enclosed herewith respectively; and
- ◆ the Special Conditions set out in the Second Schedule of the draft document enclosed herewith shall be deemed to be added to the Conditions as Special Condition Nos. (36)(l), (64), (65), (66), (67), (68) and (69).

The above is a brief summary of the attached set of draft documents for the proposed transaction ("the Documents"). Upon acceptance of this offer in accordance with para. 2 below and subject to the compliance with the terms and conditions herein, the Documents will be sent to you within two days of the Contract Date referred to in para. 3 below for execution by you in the manner and within the time limit as stipulated in para. 4 below.

2. If all of the terms and conditions as stated in this letter and the Documents are acceptable to you, you should signify your acceptance by executing under seal in accordance with your Articles of Association, the docket on the acceptance letter as per the form marked "A" attached to this letter ("the Acceptance Letter") and return it to me together with copy of the receipted demand note for 10% of the agreed premium being the deposit ("the Deposit") and a letter from your mortgagee/chargee as per the form marked "B" attached to this letter ("the Mortgagee/Chargee's Letter"), confirming that he has no objection to the proposed transaction on the terms offered on or before 26 January 2004.

3. The date of receipt by me of the Acceptance Letter together with copy of the receipted demand note for the Deposit and the Mortgagee/Chargee's Letter shall be the date upon which a binding contract is entered into between the Government and yourself ("the Contract Date").

4. When the Documents are sent to you for execution, they will be accompanied by a demand note for the balance of the premium and another demand note for fees payable to the Land Registry for the registration of the Documents. You must return the Documents duly executed by you and your mortgagee/chargee to me together with the receipted demand notes for the balance of the premium and for the registration fees within 7 days of my letter to you enclosing the Documents.

65. Time shall be of the essence of this Agreement.

Yours faithfully,



(J.S. Corrigan)
for Director of Lands

c.c. LS, LACO)
AD/K) w/o attachments
AD/V)
CES/V (Attn: SES/V3))

Encls.

The First Schedule

- (3) (d)(ii) The Purchaser shall throughout the term hereby agreed to be granted at his own expense after completion of the landscaping keep all landscaped areas within the lot well cultivated, managed and maintained to the satisfaction of the Director.
- Terms in Tender Notice form part of these Conditions (3) (e) Paragraphs 16 and 17 of the Tender Notice are expressly incorporated in and made part of these Conditions.
- Building covenant (6) (a) The Purchaser shall develop the lot by the erection thereon of a building or buildings, ancillary works or facilities complying with these Conditions and in all respects to the satisfaction of the Director and in accordance with the Schedule and the Master Layout Plans submitted in accordance with paragraph 3(d)(ii) and (iii) of the Tender Notice and the Approved Landscaping Proposals and complying and in accordance with all Ordinances, byelaws and regulations relating to building, sanitation and planning which are or may at any time be in force in Hong Kong, such building or buildings to be completed and made fit for occupation on or before the 22nd day of August 2002.
- Restrictions on the use of hand-dug caissons (12) Hand-dug caissons shall not be used except with the prior written approval of the Director.
- Design of ground floor slabs (13) All ground floor slabs of any building or buildings to be erected on the lot which are designed and intended for the use referred to in Special Condition No.(7)(a) hereof shall be designed and constructed as suspended ground floor slabs supported on structural elements of the said building or buildings provided that the ground floor slabs within such building or buildings intended for the parking of private vehicles or goods vehicles or service vehicles need not be suspended as aforesaid but their design shall be subject to the prior written approval of and their construction shall be to the satisfaction of the Director.
- Estate Management Office, Owners' Committee Office and Contractors Office (14) The Purchaser shall at his own expense and to the satisfaction of the Director provide within the lot one Owners' Committee Office (hereinafter referred to as "the Owners' Committee Office") having a gross floor area of not less than 38 square metres and not more than 42 square metres; and Estate Management Office (hereinafter referred to as "the Estate Management Office") having a gross floor area not less than 140 square metres and not exceeding 170 square metres; and a combined office for the cleansing contractor and the maintenance contractor (hereinafter referred to as "the Contractors Office") having a gross floor area not less than 30 square metres and not exceeding 35 square metres which offices shall serve the whole of the development on the lot provided that:
- (a) the Owners' Committee Office shall not be used for any purpose other than for the purposes of meetings and administrative work of the Owners' Committee or the Owners' Corporation formed or to be formed in respect of the lot and the buildings erected or to be erected thereon; the

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Estate Management Office shall not be used for any purpose other than for the purposes of management of the building or buildings and other facilities erected or to be erected on the lot; and the Contractors Office shall not be used for any purpose other than for the purposes of maintenance and cleansing of the building or buildings and other facilities erected or to be erected on the lot; and

- (b) the Owners' Committee Office, the Estate Management Office and the Contractors Office shall form part of the Common Areas referred to in Special Condition No.(67)(a)(v) hereof.

The area so provided for the Owners' Committee Office, the Estate Management Office and the Contractors Office will not be taken into account for the purpose of calculating the maximum total gross floor area stipulated in Special Condition Nos.(11)(b)(i) and (11)(b)(ii) hereof.

Restriction on alienation
before compliance

(27) Prior to compliance with these Conditions in all respects to the satisfaction of the Director the Purchaser shall not except with the prior written consent of the Director and in conformity with any conditions imposed by him (including the payment of such fees as may be required by him):

- (a) assign, underlet or part with possession of or otherwise dispose of the lot or any part thereof or any interest therein or any building or part of any building thereon (whether by way of direct or indirect reservation, the grant of any right of first refusal, option or power of attorney, or any other method, arrangement or document of any description) or enter into any agreement so to do;
- (b) solicit or accept, whether directly or indirectly or through a solicitor, agent, contractor or trustee or through a company in which the Purchaser or its nominee is directly or indirectly the owner of shares or which is the owner of shares in the Purchaser or otherwise, any money, money's worth or other valuable consideration of any description pursuant to any transaction, present or future, conditional or unconditional whereby the lot or any part thereof or any interest therein or any building or part of any building thereon is or may be sold, assigned, underlet or otherwise disposed of or affected, or enter into any agreement so to do; or
- (c) mortgage or charge the lot or any part thereof or any interest therein except for the purpose of the development thereof in accordance with these Conditions and then only by way of a building mortgage, it being agreed that for this purpose a building mortgage shall be one:
- (i) whereby the lot is mortgaged or charged in favour of a licensed bank or a registered deposit-taking company authorized under section 16 of the Banking Ordinance to

secure monies (and interest thereon) advanced or to be advanced to the Purchaser for the purpose only of developing the lot in accordance with these Conditions and for the payment of legal and other professional fees in connection with such development and the mortgage (provided that such fees do not, in the aggregate, exceed 5% of the total amount secured by the mortgage), and for no other purpose;

- (ii) under which such advances (in the case of work done) are to be made to the Purchaser only in amounts to be certified from time to time by the Authorized Person (appointed by the Purchaser under the Buildings Ordinance for the development of the lot) as having been incurred by the Purchaser for the development of the lot; and
- (iii) under which the mortgagee is obliged to release any share or interest in the lot from the mortgage unconditionally upon receipt of a sum representing the total purchase price under an agreement for sale and purchase approved by the Director in respect of that share or interest in the lot.

Residential Parking Spaces

(36) (a) Space shall be provided within the lot to the satisfaction of the Director for the parking of private cars at the rate of not more than one vehicle space for every five residential flats or part thereof and not less than one vehicle space for every seven residential flats or part thereof in the building or buildings erected or to be erected on the lot (which parking spaces are hereinafter referred to as "the Residential Parking Spaces"). Each space shall have a minimum measurement of 2.5 metres x 5.0 metres with a minimum headroom of 2.4 metres. The spaces so provided shall not be used for any purpose other than for the purposes of parking of private cars licensed under the Road Traffic Ordinance and shall not be used for the storage, sale or exhibiting of motor vehicles.

Deposit of car parking layout plan

(36) (j) A plan approved by the Director indicating the layout of all the manoeuvring, parking, loading and unloading spaces provided within the lot in accordance with sub-clauses (a), (b), (c), (d), (e), (f), (g) and (h) of this Special Condition and the Car Park Common Areas referred to in sub-clause (1)(iv) of this Special Condition, or a copy of such plan certified by an Authorized Person (as defined in the Buildings Ordinance) shall be deposited with the Director. No transaction (except a building mortgage under Special Condition No.(27)(c) hereof or such other transactions as the Director may approve) affecting the lot or any part thereof or any building or part of any building erected or to be erected on the lot shall be entered into prior to such deposit. The manoeuvring, parking, loading and unloading spaces and the Car Park Common Areas indicated on the said approved plan shall not be used for any purpose other than for the respective purposes set out in sub-clauses (a), (b), (c), (d), (e), (f), (g), (h) and (i) of this Special Condition. The Purchaser shall maintain the manoeuvring, parking, loading and unloading spaces and the Car Park Common Areas in accordance with the said approved plan and shall not alter the layout except with the prior written consent of the Director.

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(36) (k)(iii) The Purchaser (which expression for the purpose of this sub-sub-clause shall not include its successors in title or assigns) may not assign, charge, mortgage, demise, underlet, part with the possession of or otherwise alienate or dispose of the goods vehicle spaces, the manoeuvring space for goods vehicles and refuse collection vehicles, the parking space for kindergarten, the taxi lay-by and the spaces for vehicles for disabled users (or any part thereof or any interest therein) required to be provided in accordance with sub-clauses (c), (d), (e), (f), (g) and (h) respectively of this Special Condition other than to the manager appointed in accordance with the DMC (as defined in Special Condition No.(67)(a)(i) hereof) or a corporation incorporated under the Building Management Ordinance (Cap. 344), which manager or corporation shall hold the undivided shares attributable to the goods vehicle spaces, the manoeuvring space for goods vehicles and refuse collection vehicles, parking space for kindergarten, taxi lay-by, and spaces for vehicles for disabled users in trust for all the owners of undivided shares in the lot. Provided that the said manager or the corporation may let the parking spaces for the kindergarten to be provided in accordance with sub-clause (f) of this Special Condition to the occupiers of the kindergarten. The goods vehicles spaces, the manoeuvring space for goods vehicles and refuse collection vehicles, the taxi lay-by and spaces for vehicles for disabled users shall be designated as and form part of the Common Areas referred to in Special Condition No.(67)(a)(v) hereof."

The Second Schedule

Restriction on
alienation of
Residential Parking
Spaces

(36)(1)(i) The Residential Parking Spaces provided within the lot in accordance with sub-clause (a) of this Special Condition shall not be used for any purpose other than for the parking of private cars and shall be designated as such on the approved car park layout plan referred to in sub-clause (j) of this Special Condition.

(ii) During a period of nine months from the date of the first assignment of a residential flat in the building or buildings erected or to be erected on the lot, no Residential Parking Spaces shall be assigned except:

(I) together with the undivided share or shares allocated to a residential flat in the building or buildings erected or to be erected on the lot and the right of exclusive use and possession of that flat; or

(II) to a person who is already the owner of an undivided share or shares in the lot allocated to a residential flat in the building or buildings erected on the lot and of the right of exclusive use and possession of that flat;

Allocation of undivided
shares to the Car Park
Common Areas

(iii) Prior to any assignment or disposal of any undivided share allocated to the Residential Parking Spaces or any interest therein, the Purchaser shall allocate to those parts of the car park which are for the common use and benefit only of the owners and occupiers of the Residential Parking Spaces, including but not restricted to the lifts, landings, loading and unloading spaces, spaces for the picking up and setting down of passengers and manoeuvring and circulation areas (hereinafter referred to as "the Car Park Common Areas"), a number of undivided shares in the lot which in the opinion of the Director is appropriate.

Restriction on
alienation of the Car
Park Common Areas

(iv) The Purchaser may not assign, mortgage or charge or otherwise dispose of or part with the possession of any undivided shares allocated to the Car Park Common Areas or any interest therein or enter into any agreement so to do except that the whole of the said undivided shares in the Car Park Common Areas shall be assigned to and vested in:-

(I) upon execution of the DMC (as defined in Special Condition No. (67)(a)(i)), the manager appointed in accordance with the DMC who shall hold the said undivided shares on trust for the benefit of all owners for the time being of the undivided shares allocated to the Residential Parking Spaces; or

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- (II) upon execution of a sub-Deed of Mutual Covenant in respect of any building or buildings or part or parts thereof erected on the lot which includes the Residential Parking Spaces (hereinafter referred to as "the Sub-DMC"), the manager appointed in accordance with the Sub-DMC who shall hold the said undivided shares on trust for the benefit of all owners for the time being of the undivided shares allocated to the Residential Parking Spaces.
- (v) Notwithstanding sub-clause (1)(ii) of this Special Condition, the Purchaser may, with the prior written consent of the Director (which he may grant or refuse at his absolute discretion), assign the Residential Parking Spaces and the Car Park Common Areas as a whole, but only to a wholly-owned subsidiary company of the Purchaser.
- (vi) Sub-clauses (1)(ii), (1)(iii) and (1)(iv) of this Special Condition shall not apply to an assignment, underletting, mortgage or charge of the lot as a whole.
- (vii) Sub-clauses (1)(iii) and (1)(iv) of this Special Condition shall not apply to an assignment, underletting, mortgage or charge as a whole of the undivided shares allocated to the Residential Parking Spaces and the Car Park Common Areas.
- (viii) Sub-clauses (1)(iii) and (1)(iv) of this Special Condition shall not apply to an underletting of the Residential Parking Spaces.

Provision of sales office
and show flats

(64) Notwithstanding the maximum gross floor area permitted under Special Condition No. (11) hereof, the Purchaser may erect on part or parts of the lot separate temporary structures for the purposes of a sales office and show flats and related marketing activities to facilitate the sale of the building or buildings or any part or parts thereof erected or to be erected on the lot in accordance with these Conditions, provided that the scale and period of operation of such sales office and show flats and related marketing activities shall be subject to the prior written approval of the Director and such other terms and conditions as the Director shall in his absolute discretion see fit to impose.

Quarters for watchmen
and caretakers

(65) (a) Quarters for watchmen or caretakers or both may be provided within the lot subject to the following conditions:

- (i) that such quarters shall be located in one of the blocks of residential flats erected on the lot or in such other location as may be approved in writing by the Director;
- (ii) that such quarters shall be provided with self-contained toilet, showering, washing and kitchen facilities; and

- (iii) that such quarters shall not be used for any purpose other than the residential accommodation of watchmen or caretakers or both, who are wholly and necessarily employed within the lot.

(b) For the purpose of calculating the total gross floor area stipulated in sub-clause (b)(i) of Special Condition No. (11) hereof, quarters provided within the lot in accordance with sub-clause (a) of this Special Condition with a total gross floor area of not exceeding 25 square metres shall not be taken into account. Any gross floor area in excess of 25 square metres shall be taken into account for such calculation.

(c) Quarters for watchmen or caretakers or both provided within the lot in accordance with sub-clause (a) of this Special Condition shall be designated as and form part of the Common Areas referred to in Special Condition No. (67)(a)(v) hereof.

Registration

(66) Every assignment, mortgage, charge, underletting for more than three years or other alienation of the lot or any part thereof or any interest therein shall be registered at the Land Registry.

Deed of Mutual
Covenant incorporating
Management
Agreement (if any)

(67) (a) Notwithstanding that these Conditions shall have been observed and complied with to the satisfaction of the Director, the Purchaser shall not assign, mortgage, charge or part with the possession of or otherwise dispose of the lot or any part thereof or any interest therein or enter into any agreement so to do except by way of an assignment or other disposal of undivided shares in the whole of the lot together with the right to the exclusive use and occupation of individual floors and/or units in any building or buildings erected thereon and even then such assignment or other disposal shall be subject to the following conditions :

- (i) the Purchaser shall first submit to and obtain the approval in writing of the Director to a Deed of Mutual Covenant incorporating a Management Agreement (if any) (hereinafter referred to as "the DMC") to be entered into between the Purchaser and the assignees from him of undivided shares in the whole of the lot;
- (ii) the DMC must be in a form and contain the provisions which the Director shall approve or require and it (and any approved amendment or amendments to it) must be registered by Memorial against the lot in the Land Registry;
- (iii) the Purchaser must comply with the approved terms and conditions of the DMC. No amendment thereto may be made without the prior written consent of the Director and the payment of such fees as may be required;
- (iv) every assignment or other disposal of an undivided share or shares in the lot shall be subject to and with the benefit of the DMC;

- (v) in the DMC the Purchaser must allocate to those parts of the lot which comprise the common areas or amenities for the common use and benefit of owners for the time being of the lot (hereinafter referred to as "the Common Areas") a number of undivided shares in the lot which in the opinion of the Director is appropriate;
 - (vi) the Purchaser may not assign, mortgage or charge (except by building mortgage or charge under Special Condition No. (27)(c) hereof) or otherwise dispose of or part with the possession of any undivided shares allocated to the Common Areas or any interest therein or enter into any agreement so to do except that upon execution of the DMC the whole of the said undivided shares in the Common Areas shall be assigned to and vested in the manager appointed in accordance with the DMC who must hold the said undivided shares on trust for the benefit of all owners for the time being of undivided shares in the lot;
 - (vii) the DMC must provide that, subject to sub-clause (a)(viii) hereof, on termination of the manager's appointment the manager must assign the said undivided shares and the whole of the undivided shares in the Car Park Common Areas (if the same shall have been allocated in accordance with Special Condition No.(36)(1)(iii) hereof) free of costs or consideration to its successor in office; and
 - (viii) if an Owners' Corporation is formed under the Building Management Ordinance (Cap. 344), it may require the manager, in accordance with the DMC to assign the undivided shares in the Common Areas and transfer the management responsibilities to it free of costs or consideration, in which event, the said Owners' Corporation must hold them on trust for the benefit of all owners for the time being of undivided shares in the lot.
- (b) Sub-clause (a) of this Special Condition shall not apply to :
- (i) an assignment, underletting, mortgage or charge of the lot as a whole; or
 - (ii) an underletting of a part of the building erected thereon.
- (c) The DMC must not contain provisions which would in any way prohibit, prevent, hinder or prejudice the establishment or operation of a residential care home or homes as defined in the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459), any regulations made thereunder and any amending legislation or such other Ordinances or Regulations which may amend or replace the Residential Care Homes (Elderly Persons) Ordinance (Cap. 459) (which residential care home or

homes shall hereinafter referred to as "RCHE") or the use of the lot or any part thereof or any building or part of any building erected thereon for the purpose of RCHE. A provision to the effect that no provision in the DMC shall operate to prohibit, prevent, hinder or prejudice the establishment or operation of RCHE or the use of the lot or any part thereof or any building or part of any building erected thereon for the purpose of RCHE must be included in the DMC.

Restriction on
partitioning

(68) The Purchaser shall not, without the prior written consent of the Director, partition (whether by way of agreement or other disposal or any other means) the lot or any part thereof or any section of the lot that has already been partitioned with consent. Where the lot has been partitioned with such consent, the provisions in Special Condition No. (67) hereof shall apply to each of the sections so partitioned with the references to "the lot" under the said Special Condition being replaced and substituted by the relevant section."

Recreational facilities

(69) (a) The Purchaser may erect, construct and provide within the lot such recreational facilities and facilities ancillary thereto (hereinafter referred to as "the Facilities") as may be approved in writing by the Director. The type, size, design, height and disposition of the Facilities shall also be subject to the prior written approval of the Director.

(b) The Facilities provided in accordance with sub-clause (a) of this Special Condition shall only be used by any one or more residents of the residential block or blocks erected or to be erected within the lot and their bona fide visitors and by no other person or persons whosoever.

(c) For the purpose of calculating the total gross floor area stipulated in sub-clauses (b)(i) and (b)(ii) of Special Condition No.(11) hereof, any part of the Facilities provided within the lot in accordance with sub-clause (a) of this Special Condition which are for the common use and benefit of all the residents for the time being of the residential units of the lot and their bona fide visitors shall not be taken into account. The remaining part of the Facilities which are not for such use shall be taken into account for the calculation of the total gross floor area stipulated in sub-clause (b)(i) of Special Condition No.(11) hereof.

(d) In the event that any part of the Facilities is exempted from the gross floor area calculation pursuant to sub-clause (c) of this Special Condition: -

(i) such part of the Facilities shall be designated as and form part of the Common Areas referred to in Special Condition No.(67)(a)(v) hereof; and

(ii) the Purchaser shall at his own expenses maintain such part of the Facilities in good and substantial repair and condition and shall operate such part of the Facilities to the satisfaction of the Director.



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

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@cccandc.com.hk

YOUR REF

DATE 19th January 2004

OUR REF

PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

By Fax: 2116 0859 (02 pages)

The Director of Lands
Lands Department
HONG KONG

URGENT

Attn.: Mr. John Corrigan

Dear Sirs,

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

We refer to your letter 17th January 2004 with enclosures.

The payment of a 10% deposit and the time thereof as well as the submission of a Mortgagee's Letter have not been raised before, either at the mediation or in our subsequent correspondence. We need to take our client's instructions thereon and probably the parties may have to negotiate further on these particular points. We shall revert to you as soon as our client's instructions are known. In light of the aforesaid and the intervening Lunar New Year holidays, it seems meeting the deadline expiring on 26th January 2004 is practically unrealistic.

.../2.

PARTNERS:

Cheung King Poon, Derek	LL.B	張永雄律師	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, Sinee	LL.B	王少薇律師	2230 2013
Tam Chi Keung, Derrick		譚志強律師	2230 2055
Tse Mun Han, Mandy	LL.B	謝曼蓮律師	2230 2038

SENIOR CONSULTANTS:

* Chung Kwok Cheong	M.A., LL.B	趙國昌律師	2522 2904
Wan Chi Shing, Tony	LL.B	尹榮成律師	2525 6634
* Susan Johnson	LL.B	莊素珊律師	2588 1002
David A. Fok	MALLB(CANTAB)	霍兆全律師	2588 1008

*Notary Public

CONSULTANTS:

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

19-JAN-2004 17:57
10-DEC-2004 12:38

852 28453467
+852 2881 5334

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P.02



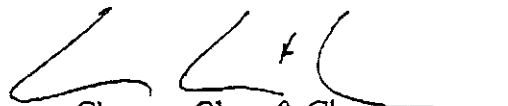
張 陳 鍾 律 師 行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 2 -

Moreover, the issues relating to the rates and government rent are still unsettled. As the amounts involved are substantial, naturally our client want to be told of the Government's stance as soon as possible and before executing the documents. Please therefore oblige us by advising the Commissioner's decision by return.

Yours faithfully,



Cheung, Chan & Chung



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.
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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 LL.B
Cheng Huen Ming, Leo LL.B
Leung Chun Kuen, Noel LL.B

張景地律師 2522 4986
鄭煊明律師 2530 5262
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王少薇律師 2230 2013
譚志強律師 2230 2055

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*Notary Public

CONSULTANTS:

Ho Sai Han, Patsy LL.B 何世嫻律師 2230 2062



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 2 -

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.

.../3.



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 3 -

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

.../4.



張陳鍾律師行
CHEUNG, CHAN & CHUNG

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- 4 -

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)



地政總署總部
LANDS DEPARTMENT
HEADQUARTERS

我們矢志努力不懈，提供盡善盡美的土地行政服務。
We strive to achieve excellence in land administration.

香港北角渣華道三三三號北角政府合署二十樓
20/F., NORTH POINT GOVERNMENT OFFICES
333 JAVA ROAD, NORTH POINT, HONG KONG

電話 Tel: 2231 3088
圖文傳真 Fax: 2525 4960
電郵地址 Email: ddg@landsd.gov.hk
本署檔號 Our Ref: (116) in LD 2/KW/HS/93 VII (TC)
來函檔號 Your Ref: PC/LC/37000/03

First Star Development Limited (18)
c/o Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

21 January 2004

Dear Sir,

**Proposed Modification
Hung Hom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076**

I refer to our previous correspondence on this matter including your letter of 20 January 2004 and now write to advise that I, on behalf of the Government of the Hong Kong Special Administrative Region (hereinafter referred to as "the Government"), hereby offer to proceed with the proposed modification of the above lot ("the proposed transaction") subject to the following basic terms :-

Premium : \$864,000,000.00
(with 10% deposit being payable upon acceptance of these terms - see below)

Administrative Fee : Nil

Development Conditions : ♦ General Condition No. 1(b) of the Conditions of Sale No. 12547 ("the Conditions"), Special Condition Nos. (3)(b), (5), (6)(c), (6)(d), (6)(e), (24), (25), (26), (28), (29), (30), (31), (32), (33), (34), (35), (36)(k)(i), (36)(k)(ii), (42)(b), (42)(c), (42)(d), (42)(e), (42)(f), (42)(g), (52)(e), (62), (63), the Technical Schedule and Appendix A thereto shall be deemed to be deleted;

- ◆ Special Condition Nos. (3)(d)(ii), (3)(e), (6)(a), (12), (13), (14), (27), (36)(a), (36)(j) and (36)(k)(iii) of the Conditions shall be deemed to be deleted and substituted by those Special Conditions set out in the First Schedule of the draft document attached to my letter of 17 January 2004;
- ◆ the Special Conditions set out in the Second Schedule of the draft document attached to my letter of 17 January 2004 shall be deemed to be added to the Conditions as Special Condition Nos. (36)(l), (64), (65), (66), (67), (68) and (69).

The above is a brief summary of the set of draft documents attached to my 17 January 2004 for the proposed transaction ("the Documents"). Upon acceptance of this offer in accordance with para 3 below and subject to the compliance with the terms and conditions herein, the Documents will be sent to you on or before 12 February 2004 for execution by you in the manner and within the time limit as stipulated in para 5 below.

2. This basic terms offer (which supercedes the offer contained in my letter of 17 January 2004), 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.

3. If all of the terms and conditions as stated in this letter and the Documents are acceptable to you, you should signify your acceptance by executing under seal in accordance with your Articles of Association, the docket on the acceptance letter as per the form marked "A" attached to this letter ("the Acceptance Letter") and return it to me together with copy of the receipted demand note for 10% of the agreed premium being the deposit ("the Deposit") on or before 26 January 2004. A letter from your mortgagee/chargee as per the form marked "B" attached to this letter ("the Mortgagee/Chargee's Letter") confirming that he has no objection to the proposed transaction on the terms offered should be delivered to me on or before 10 February 2004.

4. The date of receipt by me of the Acceptance Letter together with copy of the receipted demand note for the Deposit shall be the date upon which a binding contract is entered into between the Government and yourself ("the Contract Date").

5. When the Documents are sent to you for execution, they will be accompanied by a demand note for the balance of the premium and another demand note for fees payable to the Land Registry for the registration of the Documents. You must return the Documents duly executed by you and your mortgagee/chargee to me together with the receipted demand notes for the balance of the premium and for the registration fees on or before 26 February 2004.

6. Time shall be of the essence of this Agreement.

Yours faithfully,



(J S Corritgall)
for Director of Lands

Encls

c.c. AD/K
AD/V
SES/V3
LS, LACO

"A"

"The Acceptance Letter"

To : Lands Department Headquarters
(Attn : Mr J S Corrigan)

**Kowloon Inland Lot No. 11076
Hung Hom Bay Reclamation Area, Kowloon
Proposed Modification**

I/We accept the offer and agree to all of the terms as stated in your offer letter dated _____. I/We further accept and acknowledge that the foregoing acceptance shall constitute a binding contract between the Government and myself/ourselves with effect from the date of receipt of this acceptance by you.

----- We enclose the receipted demand note for the Deposit. The letter from my/our mortgagee confirming that he has no objection to the proposed modification on the terms offered will be sent by 10 February 2004.

Dated the _____ day of _____.

Witness : _____
(Signed by _____) (Signed by : _____)

Holder of HKID Card No. _____
Holder of HKID Card No. _____
as * _____ /
Seal of _____ and
authorized signature(s) : _____

Name of Registered Owner : _____

Correspondence Address/
Address of Registered Office : _____

Contact Telephone No. : _____

Facsimile No. : _____

Encl

[N.B. You are required to note that pursuant to the provisions of the Land Registration Ordinance and the Regulations made thereunder the personal data contained in the basic terms offer and acceptance is registered to facilitate the orderly conduct of land transaction and to provide the most up-to-date information to searchers.]

"B"

[on the letterhead]

To : Lands Department Headquarters
(Attn : Mr J S Corrigan)

Date :

Dear Sir,

**Re : Kowloon Inland Lot No. 11076
Hung Hom Bay Reclamation Area, Kowloon
Proposed Modification**

We, as the Mortgagee/Chargee of the above property, hereby acknowledge that by your letter of 21 January 2004, you have made an offer to First Star Development Limited ("the Owner") in respect of the proposed transaction. We confirm that we have no objection to the Owner accepting your offer upon the terms and conditions as set out in your said letter to them.

Yours faithfully,

For and on behalf of

[N.B. You are required to note that pursuant to the provisions of the Land Registration Ordinance and the Regulations made thereunder the personal data contained in the basic terms offer and acceptance will appear in the land register(s)/record(s) against which the basic terms offer and acceptance is registered to facilitate the orderly conduct of land transaction and to provide the most up-to-date information to searchers.]

(118)



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 26th January 2004

OUR REF. PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

By Hand

Lands Department

20/F., North Point Government Offices

333, Java Road, North Point, H. K.

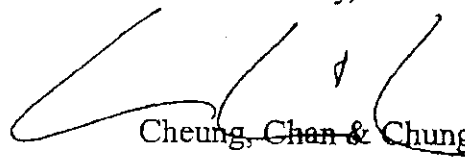
Attn.: Mr. John Corrigan

Dear Sirs,

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

We hereby return to you the original Acceptance Letter duly executed
by our client and a copy of the receipted demand note for HK\$86,400,000.00.

Yours faithfully,



Cheung, Chan & Chung

Encl.

PARTNERS:

Cheung King Poon, Derek	LL.B	張景端律師	2522 4986
Cheng Huen Ming, Leo	LL.B	鄭煊明律師	2530 5262
Leung Chun Kuen, Noel	LL.B	梁振權律師	2230 2033

ASSOCIATES:

Wong Siu Mei, Simce	LL.B	王少儀律師	2230 2013
Tam Chi Keung, Derick		譚志強律師	2230 2055
Tse Mun Hat, Mandy	LL.B	謝曼霞律師	2230 2038

SENIOR CONSULTANTS:

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Wan Chi Shing, Tony	LL.B	尹肇誠律師	2525 6634
* Susan Johnson	LL.B	莊素珊律師	2588 1002
David A. Fok	M.A., LL.B (CANTAB)	霍兆全律師	2588 1008

*Notary Public

CONSULTANTS:

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



"A"

"The Acceptance Letter"

To : Lands Department Headquarters
(Attn : Mr J S Corrigan)

**Kowloon Inland Lot No. 11076
Hung Hom Bay Reclamation Area, Kowloon
Proposed Modification**

I/We accept the offer and agree to all of the terms as stated in your offer letter dated 21 January 2004. I/We further accept and acknowledge that the foregoing acceptance shall constitute a binding contract between the Government and myself/ourselves with effect from the date of receipt of this acceptance by you.

We enclose the receipted demand note for the Deposit. The letter from my/our mortgagee confirming that he has no objection to the proposed modification on the terms offered will be sent by 10 February 2004.

Dated the 26 day of January 2004.

Witness :

(Signed by NG TIK HONG)

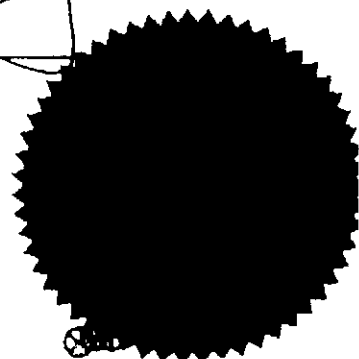
Holder of HKID Card No. 6709131 (2)

(Signed by : Mr. Cheng Chi Pang Leslie and

Mr. Fong Shiu Leung Keter
Holder of HKID Card No. D339116(8) and E7409
as * the Directors /

Seal of First Star Development Limited
authorized signature(s) :

(Signature) (Signature)



Name of Registered Owner : First Star Development Limited

Correspondence Address/
Address of Registered Office : C/O Cheung, Chan & Chung
Unit 5505, 55/F, Hopewell Centre,
No. 183 Queen's Road East, Wanchai, Hong Kong
2868 2082

Contact Telephone No. : 2868 2082

Facsimile No. : 2845 3467

Encl

[N.B. You are required to note that pursuant to the provisions of the Land Registration Ordinance and the Regulations made thereunder the personal data contained in the basic terms offer and acceptance is registered to facilitate the orderly conduct of land transaction and to provide the most up-to-date information to searchers.]





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 31st January 2004

OUR REF

PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

By Hand & By Fax: 2845 1017 (04 pages)

Legal Advisory and Conveyancing Office

Lands Department

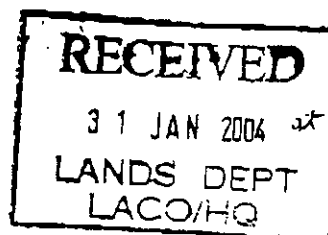
20/F., North Point Government Offices

333 Java Road, North Point,

Hong Kong

URGENT

Attn.: Mr. A. L. Robertson. JP



Dear Sirs,

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

We refer to your basic terms offer dated 17th January 2004 supplemented by the revised basic terms offer dated 21st January 2004 in respect of the proposed modification to Conditions of Sale No.12547 under which Kowloon Inland Lot No.11076 is held ("Basic Terms Offer").

We also refer to the telephone conversation between Mr. Stewart Leung of our client and Mr. A.L. Robertson of your Office yesterday morning during which it was agreed that further modification to the Conditions of Sale No.12547 would be necessary in order that all provisions relating or incidental

.../2.

PARTNERS:

Cheung King Poon, Derek LL.B
Cheng Huen Ming, Leo LL.B
Leung Chun Kuen, Noel LL.B

張景端律師 2522 4986
鄭達明律師 2530 5262
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張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 2 -

to PSPS scheme be removed as they will no longer be relevant or applicable anymore in a private development and that such further modification should be included in the current proposed modification exercise. We also take the respectful view that it may result in unnecessary waste of time and delay if the Director's approval has to be sought before some improvement works etc. are undertaken.

In this connection, the existing Conditions of Sale No.12547 has been re-examined in detail again and it is proposed that, in addition to the proposed modification to the Development Conditions as contained in the Basic Terms Offer, the following Special Conditions shall also be deleted or modified:

- (i) Special Condition No.(3)(a) shall be deleted.
- (ii) The last sentence "A record of any approved amendment, ... shall be deposited in each case with the Director." in Special Condition No.(3)(c)(ii) shall be deleted.
- (iii) Paragraphs 16 and 17 of the Tender Notice are no longer relevant or applicable. Therefore, Special Condition No.(3)(e) shall be deleted, instead of being as substituted as in the proposed modification in the Basic Terms Offer.
- (iv) Special Condition No.(6)(b) shall be deleted.
- (v) Special Condition No.(11)(a) and (b) shall be deleted.
- (vi) The last two sentences "The said open space shall be so formed, ...for active recreational purposes. The remaining area ... for passive recreational purposes." in Special Condition No.(16) shall be deleted.
- (vii) The most up-date version of provision in relation to the determination of GFA shall be used. In this connection, Special Condition No.(61)(b) shall be deleted and substituted and a new Special Condition No.(61)(c) shall be added as per attached sheet.

.../3.



張 陳 鍾 律 師 行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 3 -

We trust that you will give favourable consideration to the above further modification for inclusion into the current proposed modification. We look forward to receiving from you the revised basic terms offer, the revised draft modification letter including the revised First Schedule and Second Schedule thereto.

Yours faithfully,



Cheung, Chan & Chung

Encl.



地政總署
法律諮詢及田土專員處
LEGAL ADVISORY AND CONVEYANCING OFFICE
LANDS DEPARTMENT

電話 Tel: 2231 3725
圖文傳真 Fax: 2845 1017
本署檔號 Our Ref: LACO 1/316/2003 SF4 Pt 2
來函檔號 Your Ref:

3 February 2004

Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Bv Post & Bv Fax (28453467)

Dear Sirs,

**Proposed Lease Modification –
Hunghom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076**

I refer to your letter dated 31 January 2004.

I am afraid that your letter does not accurately record the conversation on 30 January between Mr Stewart Leung and the undersigned. During that conversation Mr Leung asserted that the modification did not get rid of all the PSPS aspects [in the Conditions] such as the Technical Schedule. As to the Schedule the undersigned referred him to the first page of the offer dated 21 January 2004. Mr Leung appeared still to be unhappy. The undersigned then invited him to provide a list of the terms and conditions which he considers require further modification.

For the record, I want to make it absolutely clear that the undersigned did not agree to any further modification or that further modification was required. By your client's acceptance of the offer dated 21 January 2004 a contract binding both your client and the Government was created.

I shall consider your letter under reply further and revert once I have instructions.

Yours faithfully,

(A.L. Robertson)
Assistant Director/Legal
for Director of Lands

c.c. D of J (Attn: Mr Greg Payne) – 28690062
D of H (Attn: Mr Vincent Tong) – 27621110



地政總署

法律諮詢及田土轉易處

LEGAL ADVISORY AND CONVEYANCING OFFICE

LANDS DEPARTMENT

電話 Tel: 2231 3725
圖文傳真 Fax: 2845 1017
本署編號 Our Ref: LACO 1/316/2003 SF4 Pt 2
來函檔號 Your Ref:

4 February 2004

By Fax (28453467)

Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Dear Sirs,

**Proposed Lease Modification –
Hung Hom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076**

I refer to your letter dated 31 January 2004 and my reply of yesterday.

One further point. I am instructed to request that you ask your client to refrain from communicating directly with the Government and HA concerning the modification.

Yours faithfully,

(A.L. Robertson)
Assistant Director/Legal
for Director of Lands

c.c. D of J (Attn : Mr Greg Payne) – 28690062
D of H (Attn : Mr Vincent Tong) - 27621110
DD/G

12/11



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

OUR REF

PC/LC/37000/03

DATE 10th February 2004

PLEASE REPLY TO Mr. Leo Cheng

By Hand

Lands Department

20/F., North Point Government Offices

333, Java Road, North Point, H. K.

Attn.: Mr. John Corrigan

Dear Sirs,

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

We refer to the captioned matter and enclose herewith the
Mortgagee/Chargee's letter of consent dated 9th February 2004 in its original.

Yours faithfully,


Cheung, Chan & Chung

Encl.

PARTNERS:

Cheung King Poon, Derek LL.B
Cheng Huen Ming, Leo LL.B
Leung Chun Kuen, Noel LL.B

張景培律師 2522 4986
鄭煥明律師 2530 5262
梁振權律師 2230 2033

ASSOCIATES:

Wong Siu Mei, Simce LL.B
Tam Chi Keung, Derick
Tse Mun Har, Mandy LL.B

王少薇律師 2230 2013
譚志強律師 2230 2055
謝曼蓮律師 2230 2038

SENIOR CONSULTANTS:

* Chung Kwok Cheong M.A.L.L.B. 鍾國昌律師 2522 2904
Wan Chi Shing, Tony LL.B 尹榮強律師 2525 6634
* Susan Johnson LL.B 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 LL.B 何世嫻律師 2230 2062
Charles Alexander Williams 威廉施律師 2230 2099



Ref: CORPORATE & INSTITUTIONAL BANKING
PROPERTY DIVISION

CONFIDENTIAL

Lands Department Headquarters

9 February 2004

Attention : Mr J S Corrigan

Dear Sir,

Re : Kowloon Inland Lot No. 11076
Hung Hom Bay Reclamation Area, Kowloon
Proposed Modification

We, as the Mortgagee/Chargee of the above property, hereby acknowledge that by your letter of 21 January 2004, you have made an offer to First Star Development Limited ("the Owner") in respect of the proposed transaction. We confirm that we have no objection to the Owner accepting your offer upon the terms and conditions as set out in your said letter to them.

Yours faithfully

Anita P K Ou
Global Relationship Manager

/jl

The Hongkong and Shanghai Banking Corporation Limited
Hong Kong Main Office: 1 Queen's Road Central, Hong Kong
Tel: 2822 1111 Fax:
Telex: 73205 HSBC HK Telegrams: Hongbank Hongkong
Web: www.hsbc.com.hk

Page _____ / _____
TOTAL P.03

TOTAL P.05
P.05



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

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No.163 Queen's Road East, Wanchai, Hong Kong.
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Fax 傳真: (852) 2845 3467
E-mail: office@ccandc.com.hk

YOUR REF.

DATE 11th February 2004

OUR REF. PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

By Hand & Bv Fax: 2845 1017 (03 pages)

Lands Department

Legal Advisory and Conveyancing Office

20/F., North Point Government Offices

333 Java Road, North Point,

HONG KONG

URGENT

Attn.: Mr. A. L. Robertson, JP

Dear Sirs,

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

We refer to your letter of 3rd February 2004.

Our client does not dispute the fact that there is a binding contract created between the Government and our client on the modification of the Conditions of Sale No.12547 ("Conditions") at a premium of HK\$864 Million which is on the understanding and fundamental principle that all the provisions relating or incidental to PSPS be removed from the Conditions so that the lot in question, Kowloon Inland Lot No.11076 ("Lot") shall become a conventional private development lot.

.../2.

PARTNERS:

Cheung King Poon, Derek LL.B
Cheng Huen Ming, Leo LL.B
Leung Chun Kuen, Noel LL.B

張景燭律師 2522 4986
鄭煥明律師 2530 5262
梁振權律師 2230 2033

ASSOCIATES:

Wong Siu Mei, Simee LL.B
Tam Chi Keung, Denick
Tse Mun Har, Mandy LL.B

王少薇律師 2230 2013
譚志強律師 2230 2055
謝文蕙律師 2230 2038

SENIOR CONSULTANTS:

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* Susan Johnson LL.B 莊素珊律師 2586 1002
David A. Fok MAILL(B(CANTAB)) 霍兆全律師 2568 1008
*Notary Public

CONSULTANTS:

Ho Sai Han, Patsy LL.B 何世嫻律師 2230 2062
Charles Alexander Williams 威廉亞歷山大律師 2230 2099

99%

P.17



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 2 -

It is on this basis that we requested in our letter dated 31st January 2004 your consideration to the removal/deletion of further provisions from the current Conditions in addition to the proposed modifications now contained in your basic terms offers dated 17th January 2004 and 21st January 2004.

Apart from our proposed deletion/modification in our letter dated 31st January 2004, we are instructed that the following further deletion/modification are necessary to reflect the spirit of the parties to convert the Lot into a private development lot:

- (i) Apart from the proposed deletion of SC(3)(a) and SC(6)(b), our client considers that SC(3)(c) and SC(6)(a), SC(6)(c) and SC(7)(b) should also be deleted since the obligations under these SCs have all been complied with. Our client will have no objection if Government wants to replace these SCs with the usual standard design, disposition and height, landscaping, compliance with Buildings Ordinance and compliance with Town Planning Ordinance provisions which will normally be found in the conventional private development land grants. Our client would also like to draw Government's attention to the maintenance provision in GC(7) which in our client's view has offered Government adequate and necessary control over the development and redevelopment of the Lot already.
- (ii) SC(36)(a) governing the number of residential parking spaces within the Lot may be applicable to PSPS project only but not private development. A more flexible ratio shall be allowed and thus modification to this SC is required. In accordance with the new Hong

.../3.



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

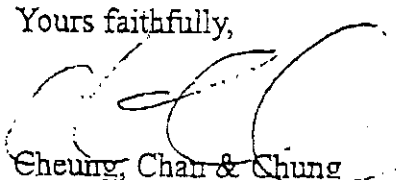
- 3 -

Kong Planning Standard and Guideline, our client proposes that the ratio should be either between one space for every 4 flats and one space for every 2 flats, or it should make reference to and be dependent on the total gross floor areas of the residential flats: for example one space for every 100 square metres or part thereof of gross floor area of residential flats. Currently in the development, a total of 498 residential parking spaces have been provided in the Lot. The revised SC should allow no less than this number.

- (iii) Government please consider and re-examine whether the current SCs regarding the office accommodation for watchmen and caretakers, quarters for watchmen and caretakers, recreational facilities, "Green" features, Owners' Corporation/Owners' Committee Office are the current standard provisions for a conventional private development lot.

We sincerely hope that you will consider/reconsider our client's request as above.

Yours faithfully,


Cheung, Chan & Chung



地政總署
法律諮詢及田土轉易處
LEGAL ADVISORY AND CONVEYANCING OFFICE
LANDS DEPARTMENT

電話 Tel: 2231 3725
圖文傳真 Fax: 2845 1017
本署檔號 Our Ref: LACO 1/316/2003 SF4 Pt 3
來函檔號 Your Ref:

Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

URGENT 12 February 2004
By Hand

Dear Sirs,

**Proposed Lease Modification –
Hung Hom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076**

With reference to the above, I enclose herewith the following:

- (a) The Modification Letter (in duplicate) for your execution in the manner stated in paragraph 2 thereof;
- (b) A demand note for the balance of premium in the sum of \$777,600,000.00 to be duly settled at the Treasury, on or before 26 February 2004;
- (c) A demand note for the registration fee of \$210.00 for the Modification Letter to be duly settled at the Treasury on or before 26 February 2004.

Please return the Modification Letter (in duplicate) to me duly executed on or before 26 February 2004 together with the following:

- (a) if required by the Memorandum and Articles of Association, a certified copy of the resolution of the Board of Directors of your client duly certified by either a Director or a Solicitor, whereby authority to affix the seal to the Modification Letter is given. Please note that the premises affected should be mentioned in the resolution;
- (b) a copy of the Memorandum and Articles of Association of your client duly **certified** by either a Director or a Solicitor;
- (c) a copy of the latest Annual Return and Form D2, if any, showing the names of current directors of your client duly **certified** by either a Director or a Solicitor;

- (d) a letter (a sample attached) supplying me with the ID Card Number of the witness for my record purposes to facilitate the tracing of the witness, if necessary; and
- (e) a copy each of the two receipted demand notes mentioned above.

Subject to your return of the Modification Letter (in duplicate) executed to my satisfaction together with the above documents, I shall arrange execution of the Modification Letter by the Deputy Director/General and its registration in the Land Registry by memorial. On completion I shall forward the original Modification Letter to you for retention.

Yours faithfully,



(A.L. Robertson)
Assistant Director/Legal
for Director of Lands

2/11

b.c.c. DD/G (w/o encl)
LACO/K 39/582/94 V



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 12th February 2004

OUR REF.

PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng**By Post & By Fax: 2845 1017 (01 page)**

Lands Department

Legal Advisory and Conveyancing Office

20/F., North Point Government Offices

333 Java Road, North Point,

HONG KONG

URGENT**Attn.: Mr. A. L. Robertson. JP**

Dear Sirs,

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

We refer to our previous 2 letters respectively dated 31st January and 11th February 2004 which set out our client's requests for further modifications so as to accurately reflect the present position. The Modification Letter attached to your letter of today's date does not seem to have incorporated the said further modifications. Please oblige us by advising your stance in this connection by return.

Yours faithfully,

Cheung, Chan & Chung

PARTNERS:

Cheung King Poon, Derek LL.B
Cheng Huen Ming, Leo LL.B
Leung Chun Kuen, Noel LL.B

張景坤律師 2522 4986
鄭煥明律師 2530 5262
梁振權律師 2230 2033

ASSOCIATES:

Wong Siu Mei, Simae LL.B
Tam Chi Keung, Derick
Tse Mun Hoi, Mandy LL.B

王少儀律師 2230 2013
譚志強律師 2230 2055
謝曼蕙律師 2230 2038

SENIOR CONSULTANTS:

*Chung Kwok Cheong M.A., LL.B 鍾國昌律師 2522 2904
Wan Chi Shing, Tony LL.B 尹榮城律師 2525 6634
*Susan Johnson LL.B 莊素珊律師 2588 1002
David A. Fok MALLB(CANTAB) 霍兆全律師 2588 1008
*Notary Public

CONSULTANTS:

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



地政總署
法律諮詢及田土轉易處
LEGAL ADVISORY AND CONVEYANCING OFFICE
LANDS DEPARTMENT

電話 Tel: 2231 3725
圖文傳真 Fax: 2845 1017
本署檔號 Our Ref: LACO 1/316/2003 SF4 Pt 2
來函檔號 Your Ref:

26
FAXED

12 February 2004

Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

By Fax : 2845 3467

Dear Sirs,

Mediation

I am instructed to reply to your letter of even date as follows.

The stance of the Lands Department and of Government as to the request for further modifications is self evident from their non-inclusion in the Modification Letter. The further modifications are not necessary to achieve the mutual aim of modifying the Conditions to allow your client to sell the residential units into the private market.

Yours faithfully,

(A.L. Robertson)
Assistant Director/Legal
for Director of Lands

b.c.c. D of H (Attn : Mr Vincent Tong) - 27621110
AA to SHPL (Attn : Ms Mable Chan) - 25375139
D of J (Attn : Mr Gregory Payne) - 28690062
DD/G - 21160859

2/21



張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

Unit 5505, 55th Floor, Hopewell Centre,
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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 LACO11/316/2002 SF4Pt3

DATE 26th February 2004

OUR REF PC/LC/37000/03

PLEASE REPLY TO Mr. Leo Cheng

Bv Hand

Lands Department
Legal Advisory and Conveyancing Office
20/F., North Point Government Offices
333 Java Road, North Point, Hong Kong

Attn.: Mr. A. L. Robertson. JP

Dear Sirs,

**Re : Hunghom Bay Reclamation Area, Kowloon
Kowloon Inland Lot No. 11076**

We hereby relay to you the following documents for your further handling:-

1. the Modification Letter (in duplicate), duly executed by our client;
2. certified copy of the resolution of the Board of Directors;
3. certified copy of the Power of Attorney for appointing Yuen Kwan Kuen as the lawful attorney of HSBC;
4. letter of Ng Tik Hong, the witness who attested the execution by our client;
5. letter of Tam Chi Wing, the witness who attested the execution by the lawful attorney of HSBC;

PARTNERS:

Cheung King Poon, Derek	LL.B	張景雄律師	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	王少薇律師	2230 2013
Tam Chi Keung, Derick		譚志強律師	2230 2055
Tse Mun Har, Mandy	LL.B	謝曼庭律師	2230 2038

SENIOR CONSULTANTS:

* Chung Kwok Cheong	M.A.LL.B	趙國昌律師	2522 2904
Wan Chi Shing, Tony	LL.B	尹榮旋律師	2525 6634
* Susan Johnson	LL.B	莊素珊律師	2588 1002
David A. Fok	M.A.LL.B(CANTAB)	霍兆全律師	2588 1008

**Notary Public*

CONSULTANTS:

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



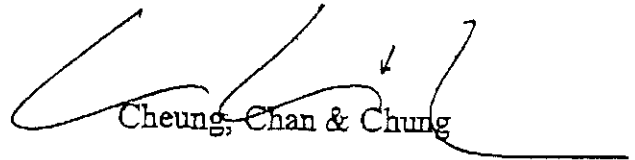
張陳鍾律師行
CHEUNG, CHAN & CHUNG

Solicitors & Notaries
Agents for Trade Marks and Patents

- 2 -

6. certified copy of the Memorandum and Articles of Association of our client;
7. certified copy of the latest Annual Return and certified copies of the 3 Form D2 of our client;
8. a copy of the receipted demand note for the balance of the premium of HK\$777,600,000.00; and
9. a copy of the receipted demand note for the registration fee of HK\$210.00.

Yours faithfully,



Cheung, Chan & Chung

Encl.



地政總署
法律諮詢及田土貿易處
LEGAL ADVISORY AND CONVEYANCING OFFICE
LANDS DEPARTMENT

電話 Tel: 2231 3725
圖文傳真 Fax: 2845 1017
本署機號 Our Ref: LACO 11/316/2002 SF4 Pt 4
來函檔號 Your Ref:

5 July 2004

Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

By Post & By Fax : 2845 3467

Dear Sirs,

KIL 11076

I am instructed to write to you as follows.

It has been noted from news media coverage that your client proposes to redevelop the above lot. In your letter of 31 January 2004, you sought further modifications to the Conditions for the lot above and beyond those which we had agreed on. We rejected your proposal. These further modifications were clearly geared to allowing redevelopment of the lot and included inter alia, Special Condition (11)(a). This Special Condition requires development and redevelopment to accord with the approved Master Layout Plans and the Approved Landscaping Proposals.

The Conditions of Grant as they currently stand mean that any redevelopment of the lot which does not accord with the Master Layout Plans and Approved Landscaping Proposals would require a modification. Should your client wish to proceed with a redevelopment which does not accord with the Master Layout Plans and Approved Landscaping Proposals or which is not to be constrained by your client having to provide the minimum active and passive recreational areas stipulated in Special Condition (16), parking spaces at a ratio of one space for every 5 to 7 flats (Special Condition (36)(a)) and your not being able to include "green features" which do not count for gross floor area (Special Condition (61)(b)), an application for lease modification should be made to the District Lands Officer, Kowloon West.

- 2 -

I also draw your attention to General Condition 7 of the Conditions.

Yours faithfully,



(A.L. Robertson)
Assistant Director/Legal
for Director of Lands

c.c. DD/G - 2116 0859
DLO/KW - 2782 5061

2/21



地政總署
法律諮詢及田土轉易處

LEGAL ADVISORY AND CONVEYANCING OFFICE
LANDS DEPARTMENT

電話 Tel:

2231 3725

圖文傳真 Fax:

2845 1017

本署檔號 Our Ref:

LACO 11/316/2002 SF4 Pt 4

來函檔號 Your Ref:

FAXED

7 December 2004

Messrs Cheung, Chan & Chung
Unit 5505, 55/F Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

By Post & By Fax : 2845 3467

Dear Sirs,

**KIL 11076 ("the Lot")
Hung Hom Peninsula**

I refer to my letters dated 12 February 2004 and 5 July 2004.

From media reports and statements during the last week made by your client and Sun Hung Kai Properties Limited it is apparent that First Star Development Limited intends to demolish the residential flats presently erected on the Lot and to redevelop into a development which would not be in accordance with the Master Layout Plans and which may require modification of other Special Conditions in the Conditions of Sale for the Lot.

Your attention is, in particular, drawn to Special Condition (11)(a). There can be no redevelopment of the Lot except in accordance with the Master Layout Plans being the Master Layout Plans submitted for the development of the Lot. Any redevelopment must also be in compliance with the other Special Conditions.

You are also again referred to General Condition 7(b) in the Conditions. Under that condition the consent of the Director of Lands must be obtained before the commencement of building works following demolition. It may also be that the approval of the Director will be required as provided for in that General Condition.

Please note that the Director of Lands reserves his position as to the giving of his consents or approvals as provided for in the Conditions of Sale and as to whether or not he would agree any modification which may be required for the proposed redevelopment. You should not proceed on the premise that such consents or approvals will be given or lease modifications agreed.

Yours faithfully,

(A.L. Robertson)
Assistant Director/Legal
for Director of Lands