

FIRST STAR DEVELOPMENT LTD.

1(a)-1)

11th May, 2002

Director of Housing,
Housing Department,
Housing Authority Headquarters,
33, Fat Kwong Street,
Ho Man Tin,
Kowloon.

Dear Sir,

Our Ref. : 020511/02
Project : PSPS at K.L.L. No. 11076, Hung Hom Bay Reclamation Area, Kowloon.

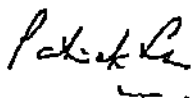
We refer to the initial meeting with the representatives of your esteemed department on 3rd April, 2002 and note that your esteemed department is preliminarily considering to include the captioned development into the sales programme for HOS/PSPS upon expiry of the moratorium of suspension of sales of HOS/PSPS in July, 2002. However, we also note from your esteemed department that your planning of sales would only include around 700 numbers of flats of the captioned development out of a total of 2470 numbers. As such, we would like to express the following:

- 1) We note from the usual and previous practice of arrangement of sales of PSPS, all residential units in the PSPS would be put on sale before the completion of the PSPS.
- 2) During the tendering stage for any PSPS, the same assumption was made by us when we considered the tender price as well as the financial arrangement for the project.
- 3) Should the actual sales arrangement is different from the aforesaid assumption and previous practice, our company will be suffering from loss of credibility to our bankers and there will also be an extensive financial loss to us.

We understand that the suspension of sales of HOS/PSPS may be beyond the jurisdiction of your esteemed department due to the recent economic situation of Hong Kong. However, we sincerely hope that your esteemed department would kindly take into consideration of the above and arrange for the sales of the entire 2470 residential units of the captioned development into the coming sales programme as under the control of your esteemed department after the expiry of the moratorium of suspension of sales of HOS/PSPS in July, 2002 and prior to the completion of the captioned development, tentatively in August, 2002 according to the Statement of Time of the project.

Thank you for your attention.

Yours faithfully,
First Star Development Ltd.



Patrick Lam

WML/WCL/awml