

FIRST STAR DEVELOPMENT LIMITED

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

1 (C)(i)-(C)

專責委員會(2)文件編號 R25

SC(2) Paper No. R25

23rd December 2002

Director of Lands,
Lands Department,
Land Supply and Redevelopment Section,
19th Floor, North Point Government Offices,
333 Java Road, North Point,
Hong Kong.

Subject to Contract and Negotiation
Without Prejudice

Attention : Mr. YU Kin-man, Simon (Chief Estate Surveyor/
Land Supply and Redevelopment Section)

Dear Sirs,

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

We refer to your letter of 16th December 2002 enclosing the draft document containing the proposed lease modification.

Having carefully considered the draft document, we wish to inform you that the basic terms of the proposed lease modification (save and except those parts hereinafter more particularly mentioned) are agreeable to us in principle but subject nevertheless to the followings :-

1. S.C.(36)(1)(i) and (ii) of Second Schedule (concerning restriction on alienation of Residential Parking Spaces) of the proposed Modification.

The content of sub-clause (i) of this Special Condition has already been covered by S.C.(36)(a), and thus, this sub-clause can be deleted;

We would request the restriction on alienation contained in sub-clause (ii) of this Special Condition shall only be applicable for a certain period commencing from the date of first assignment of residential flat(s) to purchaser(s). Accordingly, this sub-clause has been amended as per the attached.

2. S.C.(67)(a) of Second Schedule (concerning Deed of Mutual Covenant incorporating Management Agreement) of the proposed Modification

It appears that the words "and flats" in the 8th line of this clause should read as "and/or units" to cover other part(s) of the building, e.g. shops etc. Please refer to the attached amended page.

3. S.C.(67)(a)(vii) and (viii) of Second Schedule (concerning Deed of Mutual Covenant incorporating Management Agreement) of the proposed Modification

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It appears that the words "and the whole of the undivided shares in the Car Park Common Areas (if the same shall have been already allocated in accordance with Special Condition No.(36)(1)(i) hereof)" should be inserted in the above 2 sub-clauses as shown in the attached amended page.

4. Addition of a New S.C.(69) to Second Schedule of the proposed Modification (concerning provision of recreational facilities)

Whilst we await your reply to our earlier further application concerning the proposed inclusion of "recreational facilities" as mentioned in our letter of 11th December 2002, and on the assumption that the same is acceptable to the Government, we have attempted to include a new S.C.(69) to the Second Schedule (as per the attached page) for your consideration.

5. S.C.(36)(a) to Second Schedule of the proposed Modification (concerning ratio of the residential car parking spaces)

Again, whilst we await your reply to our earlier further application concerning the ratio of the residential car parking spaces as mentioned in our letter of 11th December 2002, and on the assumption that the same is acceptable to the Government, we have amended S.C.(36)(a) to the Second Schedule to the effect that the ratio shall be "not more than one vehicle space for every 5 residential flats and not less than 1 vehicle space for every 7 residential flats" (as per the attached page) for your consideration.

6. Consequential amendments of clause numbering/references as a result of the above revisions

As a result of the above revisions,

- I. the clause numbering and/or references of the following clauses have been amended (as per the attached pages) :-

S.C.(36)(j) of the First Schedule;
S.C.(36)(1)(iii), (iv), (vi), (vii) and (viii) of the Second Schedule;

- II. S.C.(36)(v) of the Second Schedule has been deleted.

Kindly consider the above revisions.

Meanwhile, we would stress that it is not intended in any way that any legal obligations are to be created or arisen between us and the Government in the proposed modification by virtue of this letter or otherwise, and that our comments/proposals herein are not exhaustive. The proposed modification is still subject to contract and further negotiation, and a premium of such figure which shall be acceptable to us.

FIRST STAR DEVELOPMENT LIMITED

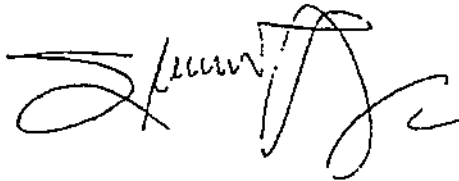
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We hereby expressly reserve our rights to make further proposals to the proposed modification.

Finally, we would also like to stress that time is of the essence. The longer it takes to conclude the matter, the more fees and expenses we will have to incur and therefore bigger losses we might suffer in the project; bearing in mind that such matter arises only because of the change in the Government's housing policy. We therefore sincerely hope that you will work expeditiously on the matter and let us have your reply in relation thereto as soon as possible.

All our rights are hereby expressly reserved.

Yours faithfully,
For and on behalf of
First Star Development Ltd.



Leung Chi Kin Stewart

Encl.

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.

** not more than

@@ or less than
one vehicle
space for every
seven resi-
dential flats
or part
thereof

satisfaction of the Director for the parking of private cars at the rate of ~~one~~^{one} vehicle space for every five residential flats or part thereof ~~of~~^{of} 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 belonging to the residents of the building or buildings erected or to be erected on the lot and their bona fide visitors or invitees and in particular the said spaces shall not be used for the storage, sale or exhibiting of motor vehicles.

(ii)

(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) ~~(a)~~⁽ⁱ⁾ 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.

(36) (k)(ii) 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,

~~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 belonging to the residents of the residential flats in the building or buildings erected or to be erected on the lot and shall be designated as such on the approved car park layout plan referred to in sub-clause (j) ~~of this Special Condition.~~

~~(i)~~ (ii) The Residential Parking Spaces shall not be:

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During a period of six months commencing from the date at which the Purchaser shall first assign any residential flat(s) in the building or buildings erected or to be erected on the lot to purchaser(s), the

- (I) assigned except
 - (a) together with undivided shares in the lot giving the right of exclusive use and possession of a residential flat or flats in the building or buildings erected or to be erected on the lot; or
 - (b) to a person who is already the owner of undivided shares in the lot with the right of exclusive use and possession of a residential flat or flats in the building or buildings erected or to be erected on the lot; or
- (II) underlet except to the residents of the residential flats in the building or buildings erected or to be erected on the lot,

provided that in any event not more than three of the Residential Parking Spaces shall be assigned or underlet to the owner or resident of any one residential flat.

Allocation of undivided
 shares to the Car Park
 Common Areas

~~(ii)~~ ~~(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 Car Park
 Common Areas

~~(iii)~~ ~~(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

- (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
- (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.
- (iv) ~~(iv)~~ Notwithstanding sub-clause (1)~~(iii)~~⁽ⁱ⁾ 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.
- (v) ~~(v)~~ Sub-clauses (1)~~(iii)~~⁽ⁱ⁾, (1)~~(iii)~~⁽ⁱⁱ⁾ and (1)~~(iii)~~⁽ⁱⁱⁱ⁾ of this Special Condition shall not apply to an assignment, underletting, mortgage or charge of the lot as a whole.
- (vi) ~~(vii)~~ Sub-clauses (1)~~(iii)~~⁽ⁱⁱ⁾ and (1)~~(iii)~~⁽ⁱⁱⁱ⁾ 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.
- (vii) ~~(viii)~~ Sub-clauses (1)~~(iii)~~⁽ⁱⁱ⁾ and (1)~~(iii)~~⁽ⁱⁱⁱ⁾ 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.

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

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- (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 flats~~ in any building or buildings erected thereon and even then such assignment or other disposal shall be subject to the following conditions:

** and/or units

- (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 007
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 ~~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.

the whole of the undivided shares
the Car Park Common Areas (if the
same shall have already been allocated
in accordance with Special Condition
No. (36)(1)(ii) hereof).

(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. 0073

(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 whatsoever.

(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 shall 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.