

**Letters from Kowloon-Canton Railway Corporation
to Lands Department**

1. Letter of 6 December 2010
2. Letter of 13 December 2010 (and Letter dated 9 December 2010 from Cheung Kong Property Development Limited (“CKPD”) attached thereto)
3. Letter of 22 December 2010
4. Letter of 4 January 2011 (and Letter dated 21 December 2010 to East City Investments Limited c/o CKPD, Letter dated 17 December 2010 from Lands Department and Letter dated 21 December 2010 from CKPD attached thereto)
5. Letter of 18 January 2011
6. Letter of 21 January 2011 (and Letter dated 15 January 2011 from CKPD attached thereto)
7. Letter of 1 February 2011
8. Letter of 11 February 2011 (and Letter dated 31 January 2011 to East City Investments Limited c/o CKPD attached thereto)
9. Letter of 23 February 2011
10. Letter of 9 March 2011 (and a copy of media report of 20 November 2010 attached thereto)
11. Letter of 24 March 2011
12. Letter of 14 April 2011
13. First Letter of 27 April 2011
14. Second Letter of 27 April 2011
15. Letter of 29 April 2011
16. First Letter of 3 May 2011
17. Second Letter of 3 May 2011
18. Letter of 4 May 2011

MTR Corporation Limited
香港鐵路有限公司

www.mtr.com.hk



Our Ref. : S&L/MC/104/10/TWMC-PS
Your Ref. : LACO/RD 4/580/2010 Pt.2

Date : 6 December 2010

By Fax (2119 0754) and By Hand

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 3918
Direct Fax : 2993 7736
E-mail: maychang@mtr.com.hk

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

Attention: Ms. Monica Lo

Dear Sirs,

**Sha Tin Town Lot No. 529 ("the Development")
Phase 2 of the Development**

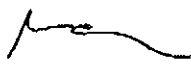
We refer to your letter of 30 November 2010 to KCRC, to which we are replying.

We refer to the "Statement" referred to in your letter (which we assume to be "今天 (i.e. 19 November 2010) 買盛薈絕對不受新的政府措施影響!"). We do not consider it appropriate to comment on the Statement.

We have no knowledge of the Statement and the date and time when it was first published. We do not know whether any purchaser has been affected by the Statement.

Our record shows that a total of 157 units in Phase 2 of the Development were sold for the whole day of 19 November 2010.

Yours faithfully,


May Chang
Legal Advisor - Property
MTR Corporation Limited
for and on behalf of
Kowloon-Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司

www.mtr.com.hk



Our Ref. : S&L/MC/106/10/TWMC-PS

Your Ref.: LACO/RD 4/580/2010 Pt.2

13 December 2010

By Fax (2119 0754) and By Hand

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

Attention: Ms. Monica Lo

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 3918
Direct Fax : 2993 7736
E-mail: maychang@mtr.com.hk

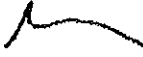
Dear Sirs,

Re: Sha Tin Town Lot No. 529 ("the Development")
Phase 2 of the Development

I refer to your letter of 8 December 2010.

I enclose a copy letter from Cheung Kong Property Development Limited ("CKPD") of 9 December 2010 which is self-explanatory for your attention. As confirmed by CKPD, the "Statement" was only a personal statement of Mr. Kwok made in his private and personal blog expressing his personal understanding of the announcement of the Government's new anti-property speculation measures.

Yours faithfully,


May Chang
Legal Advisor - Property
MTR Corporation Limited
for and on behalf of
Kowloon-Canton Railway Corporation

Encl.

MTR Tower, Telford Plaza, Kowloon Bay,
Kowloon, Hong Kong. GPO Box 9916, Hong Kong
Tel (852) 2993 2111 Fax (852) 2798 8822

香港九龍彌敦道禧街地產大樓
香港郵政總局信箱9916號
電話 (852) 2993 2111 傳真 (852) 2798 8822



長江實業地產發展有限公司
CHEUNG KONG PROPERTY DEVELOPMENT LIMITED

BY FAX NO 2993 7736 & BY POST

Your Ref : S&LMC/104/10/TWMC-PS.

Our Ref : YKM/C0096/10-pw

December 09, 2010

MTR Corporation Limited
MTR Headquarters Building
Telford Plaza Kowloon Bay
Kowloon Hong Kong SAR

ATTENTION : Ms May CHANG

Dear Sirs

Re : Sho Tin Town Lot No 529 ("the Lot")
Festival City Phase 2 ("the Development")

We refer to the letter from Lands Department to you dated December 08, 2010 regarding the Statement (as defined therein) made by Mr. Kwok Tso-wai ("Mr. Kwok").

According to Mr. Kwok:

1. He cannot recall the exact time when he made the Statement in his private and personal blog that night; and
2. He further explains that the Statement was only a personal statement in his private and personal blog expressing his personal understanding of the announcement of the Government's new anti-property speculation measures shortly after the same was released and was induced and triggered by the Financial Secretary's remarks at the press conference on 19 November 2010, which is extracted in the below:

“記者：另外，關於明天起生效方面，早前簽署了臨時合約的都會包括在內，還是由明天起才計算？”

財政司司長：明天起才計算。”

CONT'D.../P.2

7-12/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong Tel: (852) 2128 8888 / (852) 2526 6911 Fax: (852) 2845 2940

09-DEC-2010 16:31
14-DEC-2010 11:49

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98%

P.01
P.02

CHEUNG KONG PROPERTY DEVELOPMENT LIMITED

CONTINUATION

.../P.2

Your Ref: S&L/MC/104/10/TWMC-PS

Our Ref: YKM/C0096/10-pw

December 09, 2010

MTR Corporation Limited

Hong Kong SAR

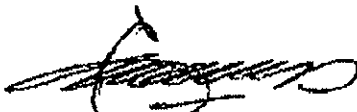
In the absence of information about the exact time that the Statement was made by Mr. Kwok, the exact number of sales which took place thereafter and just before mid-night of November 19, 2010 cannot be ascertained.

Yours faithfully

CHEUNG KONG PROPERTY DEVELOPMENT LTD

as agent for and on behalf of

EAST CITY INVESTMENTS LTD



Emmanuel K M YIP

Chief Manager - Legal

/pw

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/113/10/TWMC-PS
Your Ref: LACO/RD 4/580/2010 Pt.2
Date : 22 December 2010

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 3918
Direct Fax : 2993 7736
E-mail: maychang@mtr.com.hk

By Fax (2119 0754) and By Hand

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attention: Ms. Monica Lo

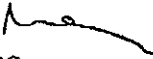
Dear Sirs,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City**

We refer to your letter of 17 December 2010.

As a few of the key personnel involved in the present case are on leave and we need more time to gather the information requested by you, we should be grateful if you could extend the latest time required to respond to your letter to 6:00pm on 4th January 2011.

Yours faithfully,


May Chang
Legal Advisor - Property

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/2/11/TWMC-P2-PS
Your Ref: LACO/RD 4/580/2010 Pt.2

Date : 4 January 2011

By Fax (2119 0754) and By Hand

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: lindali@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attention: Ms. Monica Lo

Dear Sirs,

Re: **Sha Tin Town Lot No. 529 ("the Lot")**
Phase 2, Festival City ("the Development")

We refer to your letter of 17 December 2010 in respect of the Development.

We would opine that comments relating to newly announced Government policies, which effect may not be clear at the material time, should not be made until after clarification from the Government has been sought.

We have already advised our sales agent to be cautious when making any statement and where it is necessary or appropriate, to clarify the policy intent with the Government on any newly announced Government policies which may impact on the Development before making any comments thereon.

Pursuant to your said letter, we have obtained further clarification from our sales agent. We enclose our letter to the sales agent and their reply both dated 21 December 2010 for your attention.

Since the letter dated 21 December 2010 from our sales agent, we have made further enquiries with them. They confirmed again that they do not have record of the number of sales which took place between 5:00pm and mid-night of 19 November 2010. Nevertheless, they estimated (which is their best estimate but cannot be guaranteed for accuracy) that according to the stock taken at around 9:00pm on 19 November 2010, there were about 152 committed



sales. Thereafter, there were about another 5 committed sales until mid-night of 19 November 2010. I hope this estimate is helpful.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager -- Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

Encl.

MTR Corporation Limited
香港地鐵有限公司
www.mtr.com.hk



Our Ref. : S&LMC/111/10/TWMC

Date : 21 December 2010

East City Investments Limited
c/o Cheung Kong Property Development Limited
8th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

Secretarial & Legal Department - Property
22/F, MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 3918
Direct Fax : 2993 7736
E-mail: maychang@mtr.com.hk

Attn: Mr. Emmanuel Yip

By fax (2845 2940) and by hand

Dear Sirs,

Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")

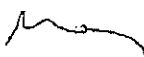
I attach a copy letter from LACO dated 17 December 2010 in respect of the Development for your urgent attention.

In view of the queries raised by LACO, please let me have your replies to the following:

1. In relation to the "Statement" made by Mr. Kwok, please confirm:-
 - (a) whether in your view as the sales agent the making of the Statement by Mr. Kwok is appropriate, bearing in mind that Mr. Kwok is the senior executive of Cheung Kong Property Development Limited; and
 - (b) whether it was appropriate for such a statement to have been made by Mr. Kwok in the tone that it was made in regard to the Development at that particular time.
2. You have previously mentioned that Mr. Kwok could not recall the exact time of when he made the Statement. Please confirm the number of sales which took place from 5:00pm on 19th November 2010 to mid-night of 19th November 2010; the number of those sales which have been cancelled (if any); and on what terms and conditions those sales (if any) were cancelled.

Please let me have your replies to the above by no later than 5:00 pm on 22 December 2010.

Yours faithfully,


May Chang
Legal Advisor - Property

Encl.

MTR Tower, Telford Plaza, Kowloon Bay,
Kowloon, Hong Kong. GPO Box 9916, Hong Kong
Tel (852) 2993 2111 Fax (852) 2798 8822

香港九龍灣德輔道中匯豐銀行大樓
香港郵政總局信箱9916號
電話 (852) 2993 2111 傳真 (852) 2798 8822

Please quote our reference in your reply



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 3535
圖文傳真 Fax: 2119 0754
電郵地址 Email: monicalo_laco@landsd.gov.hk
本署相號 Our Ref: LACO/RD 4/580/2010 Pt. 2
來函編號 Your Ref: S&L/MC/106/10/TWMC-PS

我們矢志努力不懈，提供優質高效的土地行政服務。
We strive to achieve excellence in land administration.
香港北角望平街三三三號北角政府合署十八樓
18/F, NORTH POINT GOVERNMENT OFFICES
333 JAVA ROAD, NORTH POINT, HONG KONG

網址 Website: www.landsd.gov.hk

17 December 2010

Kowloon-Canton Railway Corporation
c/o MTR Corporation Limited
MTR Headquarters Building
Telford Plaza
Kowloon Bay
Kowloon
Attn: Ms May Chang

By Fax (2993 7736) & By Post

Dear Sirs,

**Sha Tin Town Lot No. 529 ("the Lot")
Festival City Phase 2 ("the Development")**

I refer to your letter dated 13 December 2010 which was received by me on 14 December 2010.

You have conveyed the confirmation by the Cheung Kong Property Development Limited (CKPD) that the "Statement" was "only a personal statement of Mr Kwok made in his private and personal blog expressing his personal understanding of the announcement of the Government's new anti-property speculation measures". We note that Mr Kwok is a senior executive of CKPD which acts as your sales agent in respect of the Development and that Mr Kwok is reported to have been closely related to the sale of the units thereof. As the grantee of the Lot to whom my presale consent was given on 20 October 2010, you have the full responsibility for the Development including all matters relating to the sale of the units thereof. Please let me have your comments (as requested in my letters of 30 November 2010 and 8 December 2010) as to whether in your view the making of the Statement is appropriate, and in particular whether it was appropriate for such a statement to have been made by Mr Kwok in the tone that it was made in regard to the Development at that particular time.

I note it was claimed that Mr. Kwok could not recall the exact time when he made the Statement, but I take it that you should not have great difficulty in finding out from him or other sources the rough time when the Statement was made, and on that basis let me know the number of sales which took place from around the time of the making of the Statement to the

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準時繳納地稅 - 以免累獲受罰
Don't put your property at risk - make sure the Government rent is paid!

17-DEC-2010 15:11

LACO/PARD

P.01

time just before mid-night of 19 November 2010; the number of those sales which have been cancelled (if any); and on what terms and conditions those sales (if any) were cancelled.

Please let me have your reply in writing by noon 23 December 2010.

All Government's rights in this matter, including those under my consent letter dated 20 October 2010, are reserved.

Yours faithfully,

Monica Lo

(Ms. Monica LO)
Senior Solicitor
for Director of Lands

ML/yy



BY FAX NO 2993 7736 & BY HAND

Your Ref : S&L/MC/111/10/TWMC

Our Ref : YKM/C0107/10-pw

December 21, 2010

MTR Corporation Limited
MTR Headquarters Building
Telford Plaza Kowloon Bay
Kowloon Hong Kong SAR

ATTENTION : Ms May CHANG

Dear Sirs

Re : Sha Tin Town Lot No 529 ("the Lot")
Festival City Phase 2 ("the Development")

We refer to your letter dated 21 December 2010.

1 (a)+(b) Mr. Kwok has declared that it was in his own rest time whilst surfing the internet that he made this private statement in his personal blog expressing his understanding of the remarks made by Mr. John Tsang at the press conference held on 19 November 2010. We do not wish to comment the making of the statement by Mr. Kwok and/or the tone thereof as we would not wish to be seen to interfere with Mr. Kwok's freedom of expression in his own rest time.

2. We do not have record of the number of sales that took place from 5:00 pm on 19 November 2010 to mid-night of 19 November 2010. There is no cancellation of sales too.

Yours faithfully

CHEUNG KONG PROPERTY DEVELOPMENT LTD

as agent for and on behalf of

EAST CITY INVESTMENTS LTD



Emmanuel K M YIP

Chief Manager - Legal

7-12/F Cheung Kong Center, 2 Queen's Road Central, Hong Kong Tel : (852) 2128 8888 / (852) 2526 6911 Fax : (852) 2845 2940

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/TWMC-P2- PS
Your Ref: LACO/RD 4/580/2010 Pt.3
Date : 18 January 2011
By Fax (2119 0754) and By Hand

Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: lindali@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attention: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")**

We refer to your letter of 12 January 2011 in respect of the above.

As we need more time to review the matter, we should be grateful if you could extend the time required to respond to your letter to 6:00pm on 21 January 2011.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/07/11/TWMC-pt2-PS
Your Ref: LACO/RD 4/580/2010 Pt.3

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
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Direct Tel : 2993 7661
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E-mail: landali@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Date : 21 January 2011

**By Fax (2119 0754) and
By Hand**

Attention: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")**

We refer to your letter of 12 January 2011 ("your Letter") in respect of the Development.

Our opinion expressed in the second paragraph of our letter dated 4 January 2011 was our general view and not an opinion on Mr. Kwok's Statement. The last sentence in the 2nd paragraph of your Letter is not what we say in our said letter. We did not consider the "appropriateness" or the "tone" of Mr. Kwok's Statement.

As mentioned in our last letter of 4 January 2011, we have already advised our sales agent to be cautious when making any statement. Further, assurance has been given by our sales agent to us that they would continue to comply with the terms of the pre-sale consent for the Development dated 20 October 2010. Copy of the letter from our sales agent dated 15th January 2011 is enclosed for your reference.



With regard to the fourth paragraph of your Letter, we have already replied to you in our letter of 6th December 2010 that we do not know whether any purchaser has been "affected" by the Statement.

I am afraid there is no further information that we can give you in this matter.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Li', written over a vertical line.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

Encl.



長江實業地產發展有限公司
CHEUNG KONG PROPERTY DEVELOPMENT LIMITED

Ref: YKM/C0003/11-pw

January 15, 2011

MTR Corporation Limited
MTR Headquarters Building
Telford Plaza Kowloon Bay
Kowloon
Hong Kong SAR

ATTENTION: Ms Linda LI

Dear Sirs

Re: **Sha Tin Town Lot No 529 ("the Lot")**
Festival City Phase 2 ("the Development")

We refer to the letter from LACO to you dated January 12, 2011 and have the following comments:-

1. The statement made by Mr Kwok is accurate and appropriate. According to Mr Kwok, he was in gist replicating Mr John Tsang's remarks at the press conference held on November 19, 2010. He recalled that Mr Tsang in reply to a reporter's question maintained that SSD would not apply to those Preliminary Agreements for Sale and Purchase signed before November 20, 2010.
2. The statement of Mr Kwok was made in his private and personal blog to share with his blog-mates. Unless there is cogent evidence to substantiate that all the 157 purchasers are his blog-mates and have actually read and relied on Mr Kwok's statement before entering into the relevant Preliminary Agreements for Sale and Purchase, it is wrong to assume that all the purchasers of the 157 sales committed on that day had been affected by Mr Kwok's statement.

Would it be more correct and realistic to say that all the flat purchasers on that day had been affected and confused by those government officials in charge of the implementation of the SSD? It is utmost unfortunate that such confusion has still not yet been clarified after numerous adverse comments having been voiced out these days.

CONT'D.../P.2

CHEUNG KONG PROPERTY DEVELOPMENT LIMITED

CONTINUATION

.../P.2

Ref : YKM/C0003/11-pw

January 13, 2011

MTR Corporation Limited
MTR Headquarters Building
Telford Plaza Kowloon Bay
Kowloon
Hong Kong SAR

3. We, as the sales agent of the Development, have all along been acting in an appropriate manner (even taking into account of Mr Kwok's incident). We can assure you that we will continue to do so and will continue to comply with the terms of the pre-sale consent for the Development dated October 20, 2010.

Yours faithfully

CHEUNG KONG PROPERTY DEVELOPMENT LTD

as agent for and on behalf of

EAST CITY INVESTMENTS LTD



Authorized Signature

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/TWMC-P2- PS
Your Ref: LACO/RD 4/580/2010 Pt.3
Date : 1 February 2011

Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: lindali@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

**By Fax (2119 0754) and
By Post**

Attention: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")**

We refer to your letter of 26 January 2011 in respect of the above.

In view of the approaching Chinese New Year and some of our colleagues and those in our developer company are on leave, we need more time to review the matter. We would therefore be grateful if you could extend the time for us to respond to your letter to 6:00 pm on 11 February 2011. Thank you.

Yours faithfully,

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/12/11/TWMC-pt2-PS
Your Ref: LACO/RD 4/580/2010 Pt.3

Date : 11 February 2011

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
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Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

By Fax (2119 0754) and by
Post

Attn: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")**

We refer to your letter of 26 January 2011 in respect of the Development.

As previously stated, we have no views on the "appropriateness" or the "tone" of Mr. Kwok's Statement. We understand that Mr. Kwok's "Statement" was a personal statement in his private and personal blog which, in gist, followed the Financial Secretary's remarks made at the press conference on 19 November 2010, and we do not see how issues can relate to the "appropriateness" or "tone" of Mr. Kwok's "Statement".

If any of the 157 purchasers were to make a claim that they had been "affected" by the "Statement" and asked for rescission of the Agreement for Sale and Purchase ("ASP"), it would depend on whether such a claim is justified in law, and would be a matter for the court to decide.



According to our records, all of the 157 purchasers who signed their Preliminary Agreements for Sale and Purchase on 19 November 2010 have executed their respective ASPs, and none of the 157 purchasers who have executed their respective ASPs have requested to rescind their respective ASPs.

As requested, please find attached our letter to our sales agent dated 31 January 2011 for your reference.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon – Canton Railway Corporation

Encl.

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&LMC/11/11/TWMC-pt2-PS

Date : 31 January 2011

East City Investments Limited
c/o Cheung Kong Property Development Limited
8th Floor, Cheung Kong Center,
2 Queen's Road Central, Hong Kong

Property Development Department
21/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 3683
Direct Fax : 2993 7742
E-mail: jameshor@amrc.com.hk

By fax 2121 2326 and by post

Atn: Mr. Justin Chiu

Dear Sirs,

Re: **Sha Tin Town Lot No. 529 ("the Lot")**
Phase 2, Festival City ("the Development")

We write to record that at the meeting held between your Mr. Kwok Tse-wai and our Mr. Steven Li on 23 December 2010, our Mr. Steven Li has advised you, being the sales agent of the Development, to be cautious when making any statement on newly announced Government policies, and where it was necessary or appropriate, to clarify the policy intent with the Government on any newly announced Government policies which might impact on the Development before making any comments thereon.

Please acknowledge receipt of this letter by signing and returning a copy of this letter to us by urgent return, and in any event no later than noon on 31st January 2011 (Monday).

Yours faithfully,

James Hor
Head of Property Development

We hereby acknowledge receipt of the above letter

Mr. Justin Chiu, Director
East City Investments Limited

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&LMC/21/11/TWMC-P2- PS
Your Ref: LACO/RD 4/580/2010 Pt.3
Date : 23 February 2011
By Fax (2119 0754) and By Hand

Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: lindali@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attention: Ms. Monica Lo

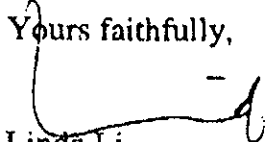
Dear Sirs,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")**

We refer to your letter of 17 February 2011 in respect of the above.

As we need more time to review the matter, we should be grateful if you could extend the time required to respond to your letter to 6:00pm on 9 March 2011.

Yours faithfully,


Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/023/11/TWMC-pt2-PS
Your Ref: LACO/RD 4/580/2010 Pt.3

Date : 9th March 2011

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: lindali@mtr.com.hk

By Fax (2119 0754) and by
Post

Attn: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 (“the Lot”)
Phase 2, Festival City (“the Development”)**

We refer to your letter of 17 February 2011 in respect of the Development.

We reiterate our view as set out in the second paragraph of our letter to you dated 11 February 2011.

You made reference to the third paragraph of our letter dated 21 January 2011 wherein we stated that we had advised our sales agent to be cautious when making any statement. You have requested for copy of the relevant correspondence with our sales agent on this point for your reference. We confirm that our letter dated 31 January 2011 to East City Investments Limited (a copy of which was attached to our letter to you of 11 February 2011) constitutes all the relevant correspondence between ourselves and our sales agent on this point. There is no record of the meeting held between our Mr. Steven Li and Mr. Kwok of Cheung Kong Property Development Limited on 23 December 2010 other than the said letter dated 31 January 2011.

On the clarifications sought under the third paragraph on page 2 of your letter dated 17 February 2011, our requirement to our sales agent is that they should



observe and perform all the conditions under the pre-sale consent letter issued by your office on 20 October 2010 in respect of the Development.

We note you referred to a media report in the first paragraph on P. 3 of your letter dated 17 February 2011. We do not consider it appropriate to rest presumption on such media reports, for instance, attached is a contrary media report at that time. In any case, as advised by our sales agent, none of the 157 purchasers who entered into the PASPs on 19 November 2010 has made any enquiries in relation to Mr. Kwok's "Statement" and none of them has ever requested to rescind his PASP or the subsequent formal agreement for sale and purchase he has entered into.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon – Canton Railway Corporation

Encl

20 NOV 2010

盛薈 216 伙近沽清

未受影響

市場無視政府逼着出招越炒越強，當局最終

再出「辣招」痛擊短炒。昨日開賣真正政府出招的長實(00001)大圍盛薈，臨時變陣只推首兩批單位合共216伙，市傳今晚幾近沽清，錯愕屬市場預期。

前晚收緊「發水」比例與政府隔空開火的長實，執行董事胡建雄認爲，政策出招雖遲，但依然有用。他表示，大量資金湧入亞洲，東南亞早已出招调控，無奈香港受制於美元外幣的防禦力有限，是次措施只針對打擊短炒，對整體大市沒有大影響，樓市長遠發展仍強勁，加上QE2藥力未必足夠，QE3及QE4有極高推出台，仍看好中長期三線樓市，料明年樓市比今年更熾熱。

趙國建依然看好樓市之舉，認爲有關措施對旗下開發中的盛薈無影響，集團備盤一向以買家為主，短炒買家比例少於5%。

不會因新措施減價

盛薈開賣即發現時調動，首批連兩度加價合計發放3伙共335個單位，趙國建維持七旬的銷售目標，只推首兩批及首度加推共216伙，儘管不會因政府舉動調減售價。在所有準買家有到場下，首批108伙在1小時內沽清，並於半個鐘後簽約作實，套現近10億元，買家以本地客居多，每客1間，未見有大手掃貨，普通買家認爲新措施對其影響不大，多數買入單位自住非短炒，另超過90%買家採用即供。

趙國建續說，第二批108伙於九時開始預標，其間有客表示意欲洽購第三批價單內單位，集團已向相關買家發出賣單，可於今日優先認購。

長實地產投資董事鄧子聰表示，針對政府收緊按揭成數，早前修訂的長實對盛薈提供的10%二按，或增加至



趙國建(右)稱新措施無影響盛薈銷售，身爲「炒手」

20%，但暫時未有買家提出要求。

市場消息指，政府出招消息昨早已傳出，讓昨昨晚開賣的盛薈受影響而延遲，由晚上七時改爲早上十時，並將推售單位總數由原先可供發售的335伙減少至216伙，同時集中資深大手成交，據經紀表示，下午時段已售出百多伙單位，銷情理想顯未受波及，當中更不乏大手掃貨，消息指1名買家動用近億購入約8至10伙，乃最大手成交，據經紀表示10點半216個單位近沽清。

傳蔚然預留單位「甩單」

昨午三時許現場所見，厚盤已完成部分預選程序，場內水靜無聲，至五時許買家及經紀陸續到場，情況轉爲熱鬧。

政府突然出招似乎無礙買家入市意欲，問內地客的

觀察周先生及Kevin異口同聲指消息對其無影響，不擔心樓價下跌，周先生本身是名樓買家，之前斥800萬元購入1單位作投資移民用途，今次再動用800萬買入單位或轉讓兒子；至於Kevin則購入2伙分別800萬及700萬元。

上海投資客周先生購入第2座中層C室，面積約1000平方呎，望內園景，以約860萬元成交，呎價約8350元，屬好上址交通進入市。

盛薈昨日開賣仍趕及免徵稅及收緊按揭措施，但即場開賣的新盤卻深受當頭棒喝，今日開賣的太古半山固然，無可避免受政府新措施的影響，消息指雖然該盤之前已有約60伙獲預留，但據悉部分買家打算轉帳，已預留的單位有被「甩單」，銷情如何今日將見真章。

另新地(00016)透露，樓下跌水橋及香港業主場，新措施不影響該盤銷情，無意推展開賣進度。

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&LMC/21/11/TWMC-P2- PS
Your Ref: LACO/RD 4/580/2010 Pt.3
Date : 24 March 2011
By Fax (2119 0754) and By Hand

Secretarial & Legal Department - Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: lindali@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attention: Ms. Monica Lo


Dear Sirs,

Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")

We refer to your letter of 18 March 2011 in respect of the above.

As some of our colleagues are on leave, we need more time to review the matter.
We should be grateful if you could extend the time to respond to your letter to
6:00pm on 14 April 2011.

Yours faithfully,


Linda Li
Legal Manager - Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司

www.mtr.com.hk

Our Ref. : S&L/MC/42/11/TWMC-pt2-PS

Your Ref: LACO/RD 4/580/2010 Pt.3

Date : 14 April 2011

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong



Secretarial & Legal Department – Property

22/F, MTR Headquarters Building,

Telford Plaza, Kowloon Bay

Kowloon, Hong Kong

Direct Tel : 2993 7661

Direct Fax : 3993 7736

E-mail: lindali@mtr.com.hk

By Fax (2119 0754) and by

Post

Attn: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 (“the Lot”)
Phase 2, Festival City (“the Development”)**

We refer to your letter of 18 March 2011 in respect of the Development.

Our responses to your queries raised in relation to Mr. Kwok’s “Statement” have been set out in our correspondence with you and we do not consider it appropriate for you to refer to your own “summaries” thereof which contain your own assumptions, perception and judgments. The “summaries” set out in your said letter of 18 March 2011 are not agreed.

We have no objection for you to disclose to LegCo all of our correspondences (and all attachments thereto) on Mr. Kwok’s

MTR Headquarters Building, Telford Plaza, Kowloon Bay,
Kowloon, Hong Kong. GPO Box 9916, Hong Kong
Tel (852) 2993 2111 Fax (852) 2798 9822

香港九龍灣德輔道中匯豐銀行大樓
香港郵政總局信箱9916號
電話 (852) 2993 2111 傳真 (852) 2798 9822



"Statement" commencing from your letter to us dated 30 November 2010 up to and including this reply to your said letter of 18 March 2011. As regards any subsequent letters on the same subject, we consider it pre-mature at this stage to agree to their disclosure as we do not even know the contents thereof.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Li', written over a faint rectangular box.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon – Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/44/11/TWMC-P2- PS
Your Ref: LACO/RD 4/580/2010 Pt.3
Date : 27 April 2011

Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: linda.li@mtr.com.hk

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

By Fax (2119 0754) and By
Hand

Attention: Ms. Monica Lo

Dear Sirs,

Re: **Sha Tin Town Lot No. 529 ("the Lot")**
Phase 2, Festival City ("the Development")

We refer to your letter of 21 April 2011 in respect of the above.

As we need more time to review the matter, we would be grateful if you could extend the time to respond to your letter to 3:30pm on 27 April 2011.

Yours faithfully,

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon- Canton Railway Corporation

Our Ref. : S&L/MC/45/11/TWMC-pt2-PS
Your Ref: LACO/RD 4/580/2010 Pt.3

Date : 27th April 2011

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
Telford Plaza, Kowloon Bay
Kowloon, Hong Kong
Direct Tel : 2993 7661
Direct Fax : 2993 7736
E-mail: linda.li@mtr.com.hk

By Fax (2119 0754) and by Post

Attn: Ms. Monica Lo

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 (“the Lot”)
Phase 2, Festival City (“the Development”)**

We refer to your letter of 21 April 2011 in respect of the Development.

As we have made clear in our previous correspondence, Mr. Kwok’s “Statement” was a personal statement in his private and personal blog which, in gist, we understand, followed the Financial Secretary’s remarks made at the press conference on 19 November 2010. As pointed out in our letter to you of 21 January 2011, assurance has been given by our sales agent to us that they would continue to comply with the terms of the pre-sale consent for the Development issued on 20 October 2010.

We note that the views expressed by you in your said letter of 21 April 2011 are your own conclusions of, and judgments on, the issues raised by you.



If you wish to disclose this letter and the previous correspondence on this issue (as set out in your letter of 21 April 2011), we would have no objection.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon – Canton Railway Corporation

MTR Corporation Limited
香港鐵路有限公司
www.mtr.com.hk



Our Ref. : S&L/MC/046/11/TWMC-pt2-PS
Your Ref.: LACO/RD 4/580/2010 Pt.3

Lands Department
Legal Advisory & Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

By Fax & By Hand
(Fax: 2119-0754)

29th April 2011

Attention: Ms. Monica Lo

Dear Ms. Lo,

**Re: Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")**

I refer to our recent correspondence in relation to the above matter and am writing to clarify MTR Corporation Limited (MTR)'s role in relation to the Festival City property development at Sha Tin Town Lot No.529 as this question has recently been raised and thereby to explain, for the avoidance of doubt, why MTR has been dealing directly with your correspondence.

At the time of the merger between MTR and Kowloon-Canton Railway Corporation (KCRC) in late 2007, the entire economic interest in Sha Tin Town Lot No.529 and the associated Festival City property development was purchased by MTR, which was appointed as KCRC's agent with authority to exercise the rights and perform the obligations of KCRC in relation to such development.

Indeed, in order to assist MTR in performing its agency functions, MTR is specifically authorised, inter alia, to "manage and respond to queries, enquiries, objections and appeals of third parties (including, without limitation, Government departments, utility companies, developers, developers' sub-contractors, tenderers and the public)" and to "take any steps and do any thing which [MTR] in its absolute discretion considers desirable in connection therewith or incidental thereto." MTR therefore has full power and authority (and indeed a duty) to deal with issues such as those arising as a result of Mr Kwok's statement and to respond to Lands Department's queries.

1 of 2



Further, as well as acting as KCRC's agent, MTR has the right to give KCRC instructions in respect of any action or matter relating to the Festival City development, and KCRC has undertaken not to take any action in relation to the development which is not carried out by MTR (acting as KCRC's agent) or according to MTR's instructions. KCRC does not therefore have the authority to deal with this issue and would be acting in breach of the agreements entered into at the time of the merger if it attempts to do so without receiving instructions in this regard from MTR.

I hope the above serves to clarify the position but please do not hesitate to contact me if you have any queries.

I confirm, for the avoidance of doubt, that we have no objection to the disclosure of this letter to LegCo.

Yours sincerely,

A handwritten signature in black ink, appearing to be "Linda Li", written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited
for and on behalf of
Kowloon – Canton Railway Corporation

c.c.: Mr. James Blake (By Fax: 2688-0183)

GM/fh



九廣鐵路公司
Kowloon-Canton Railway Corporation

總裁
Chief Officer

Our Ref.: KCRC/CO/WR/FC-01

03 May 2011
BY HAND & BY FAX
(Fax No. 2119 0754)
URGENT

Lands Department,
Legal Advisory and Conveyancing Office,
Railway Development Section,
18th Floor, North Point Government Offices,
333 Java Road, North Point,
HONG KONG

Attn.: Ms Monica Lo

Dear Sirs,

Sha Tin Town Lot No. 529 ("the Lot")
Phase 2, Festival City ("the Development")

MTRCL's letter to you, ref. S&L/MC/046/11/TWMC-pt2-PS, dated 29 April 2011, refers.

As part of the rail merger package, MTRCL purchased KCRC's property development rights for eight sites along East Rail, Ma On Shan Rail, Light Rail and Kowloon Southern Link. These included the property development situated at the podium of the Tai Wai Maintenance Centre, now called Festival City, the joint venture for which had been signed between KCRC and Cheung Kong prior to the rail network merger on 2 December 2007.

Under the merger agreement for this site, KCRC remains the original grantee for the maintenance centre site, which comprises both railway and non-railway portions. MTRCL assumed full and absolute responsibility for all day-to-day matters in respect of the non-railway portion of the site occupied by the Festival City residential development. Accordingly, KCRC has no power to intervene in or to direct MTRCL's actions in this regard.

香港新界火炭樂景街九號 火炭鐵路大樓八樓

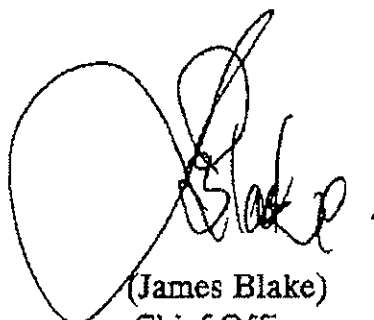
8/F, Fo Tan Railway House, No.9 Lok King Street, Fo Tan, N.T., Hong Kong Telephone: (852) 2688 1873 Facsimile: (852) 2688 0183 Website: www.kcrc.com

- 2 -

KCRC understands that the arrangements in respect of the property package have been made public and the Legislative Council briefed.

KCRC has no objection to the disclosure of this letter to the Legislative Council.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'James Blake', is written over a large, empty oval shape.

(James Blake)
Chief Officer

Kowloon-Canton Railway Corporation

c.c. MTRCL (Attn.: Ms Linda Li)

JB/1 (13MAY2011-1)

MTR Corporation Limited
香港鐵路有限公司

www.mtr.com.hk

Our Ref. : S&LMC/047/11/TWMC-pt2-PS

Your Ref: LACO/RD 4/580/2010 Pt.3

Date : 3rd May 2011

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attn: Ms. Monica Lo



Secretarial & Legal Department – Property

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Kowloon, Hong Kong

Direct Tel : 2993 7661

Direct Fax : 2993 7736

E-mail: lindali@mtr.com.hk

By Fax (2119 0754) and by Post

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 (“the Lot”)
Phase 2, Festival City (“the Development”)**

We refer to your letter of 29th April 2011. I hope to be in a position to give you a reply tomorrow.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited

MTR Corporation Limited
香港鐵路有限公司

www.mtr.com.hk

Our Ref. : S&L/MC/048/11/TWMC-pt2-PS
Your Ref: LACO/RD 4/580/2010 Pt.3

Date : 4th May 2011

Lands Department
Legal Advisory and Conveyancing Office
Railway Development Section
18th Floor, North Point Government Offices
333 Java Road
North Point
Hong Kong

Attn: Ms. Monica Lo



Secretarial & Legal Department – Property
22/F., MTR Headquarters Building,
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Direct Tel : 2993 7661
Direct Fax 2993 7736
E-mail: lindali@mtr.com.hk

By Fax (2119 0754) and
by Hand

Dear Sirs,

**Re: Sha Tin Town Lot No. 529 (“the Lot”)
Phase 2, Festival City (“the Development”)**

We write further to your letter of 29 April 2011 in respect of the Development.

As we have mentioned in our previous correspondence, Mr. Kwok’s “Statement” was a personal statement in his private and personal blog.

However, we have taken the opportunity to review your continuing comments, particularly as expressed in your letter of 21 April 2011, and in order to alleviate your concerns, we are prepared to issue guidelines to our developers in future sales of our property developments to observe and perform the following:-

1. to fully observe and comply with all the terms and conditions of the pre-sale consent issued by the Government;



2. to be cautious when making any statement on newly announced Government policies, and where it is necessary or appropriate, to clarify the policy intent with the Government on any newly announced Government policies which might impact upon the development before making any comments thereon; and
3. to avoid any practice which may bring discredit/disrepute to the development concerned.

As a reputable listed company, you can be assured that we shall always take our responsibilities seriously and strive to do our best. The Corporation is determined to fully comply with all applicable rules, regulations and guidelines in the sale of its property developments and would always observe and perform its obligations responsibly.

We have no objection for you to disclose this letter to LegCo.

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Linda Li', written over a horizontal line.

Linda Li
Legal Manager – Property
MTR Corporation Limited