

OXFORD PROPERTIES & FINANCE LIMITED

(incorporated in Hong Kong with limited liability)

PROPOSED OPEN OFFER OF NOT LESS THAN 13,555,276 OFFER SHARES TO INDEPENDENT QUALIFYING SHAREHOLDERS AT A SUBSCRIPTION PRICE OF \$8 PER OFFER SHARE ON THE BASIS OF TWO OFFER SHARES FOR EVERY EXISTING SHARE HELD PAYABLE IN FULL ON ACCEPTANCE

FINANCIAL ADVISER TO THE COMPANY DELOITTE & TOUCHE CORPORATE FINANCE LTD.

OPEN OFFER

- The Company will offer not less than 13,555,276 Offer Shares at a subscription price of \$8 per Offer Share, with two Offer Shares for every existing Share held by the Independent Qualifying Shareholders. The Open Offer is not available to the Eleven Major Shareholders and Overseas Shareholders.
- The Open Offer is subject to the conditions set out below under the section headed “Conditions of the Open Offer”. In particular, it is conditional upon, inter alia, Shareholders approving at the EGM for the Open Offer.
- The Open Offer is being undertaken to assist the Company to comply with Rule 8.08 of the Listing Rules which stipulates that 25% of the Company’s shares must be held in public hands.
- The Company is seeking the Eleven Major Shareholders’ undertakings to abstain from voting at the EGM.
- The Stock Exchange has advised that the Eleven Major Shareholders shall have to abstain from voting at the EGM as it takes the view that the Eleven Major Shareholders seem to have a conflict of interest in the proposed Open Offer. In the event that no such undertaking is given by or no response are obtained from the Eleven Major Shareholders, it is still the Company’s intention to proceed with the EGM and proposed Open Offer.
- The Board intends to use the proceeds to repay outstanding bank debts of the Group.
- The Company and its Financial Adviser are in the process of selecting an appropriate underwriter. In the event that no agreement can be reached, the proposed Open Offer will not be underwritten.
- The Open Offer is subject to conditions which may or may not be fulfilled and it may not be fully underwritten. Therefore, the Open Offer may not be proceeded or even if it is proceeded, the objective of restoring the minimum public float requirement of the Company may not be achieved and the Company may need to address the issue thereafter.
- Trading in the Shares was suspended from 9:30 a.m. on 28th March, 2002 at the request of the Company pending the issue of this announcement. Application has been made for trading in the Shares to resume at 9:30 a.m. on 19th April, 2002. **Investors should exercise caution when dealing in the shares of the Company.**

OPEN OFFER

The Company proposes an issue of not less than 13,555,276 Offer Shares, representing about 20.01% of the existing issued share capital of the Company, at a subscription price of \$8 per share by way of an Open Offer to Independent Qualifying Shareholders.

Issue statistics:

Basis of the Open Offer	:	The Company will offer for subscription two Offer Shares for every existing Share held by the Independent Qualifying Shareholders as at the Record Date. The Open Offer is not available to the Directors, the Eleven Major Shareholders and Overseas Shareholders and their associates.
Number of existing Shares in issue	:	67,760,000 Shares as at the date of this announcement
Number of existing Shares held by Independent Qualifying Shareholders	:	6,777,638 Shares as at the date of this announcement
Number of Offer Shares	:	Not less than 13,555,276 Offer Shares
Subscription price per Offer Share	:	\$8

Independent Qualifying Shareholders:

The Company will send the Prospectus Documents to the Independent Qualifying Shareholders only.

To qualify for the Open Offer, Shareholders must:

- not be one of the Eleven Major Shareholders or their associates;
- not be Mr. James Smith Lee or his associates;
- not be one of the Directors or their associates;
- not be one of the Connected Shareholders or their associates;
- be registered as a member of the Company on the Record Date; and
- have an address in Hong Kong on the register of members of the Company on that day.

The invitation to apply for the Offer Shares is not transferable or capable of renunciation and there will not be any trading in nil-paid entitlements on the Stock Exchange.

TERMS OF THE OPEN OFFER

Subscription price:

\$8 per Offer Share, payable in full upon acceptance by the Independent Qualifying Shareholders.

The subscription price payable under the Open Offer represents (i) a discount of about 67.08% to the closing price of \$24.30 per Share as quoted on the Stock Exchange on 27 March, 2002, the last day on which the Shares were traded immediately preceding the publication of this announcement; (ii) a discount of about 67.08% to the average closing price of \$24.30 per Share as quoted on the Stock Exchange on the last ten trading days up to and including 2 April, 2002; (iii) a discount of about 62.93% to the theoretical ex-entitlements price of \$21.58 per Share based on the closing price as quoted on the Stock Exchange on 27 March, 2002; and (iv) a discount of about 50.34% to the unaudited net assets value per Share of \$16.11 each as at 31st July, 2001.

The Board considers that since the trading of the Shares has been thin, the subscription price, though represents a substantial discount, is not unreasonable in light of the existing circumstances. However, given that (1) the discount of the subscription price is relatively substantial; (2) the primary purpose of the Open Offer is not to raise fund but to increase the public float of the Company (3) the authority given to the Company under the General Mandate cannot be exercised other than for a justifiable purpose; and (4) the Company can at most allot Shares of not more than 20% of its share capital under the General Mandate (the Offer Shares represent 20.01% of the issued share capital of the Company), the Board considers that it is necessary to convene an EGM to approve the Open Offer at such a level of discount.

Confirmation by the Independent Qualifying Shareholders

Upon acceptance of the Offer Shares, an Independent Qualifying Shareholder will be required to confirm to the Company in the application form that it, together with parties under its control, will not upon completion of the Open Offer hold more than 10% of the issued share capital of the Company as enlarged by the Open Offer.

Status of the Offer Shares:

When fully paid and allotted, the Offer Shares will rank pari passu in all respects with the existing Shares. Holders of the Offer Shares will be entitled to receive all future dividends and distributions which are declared, made or paid after the date on which the Offer Shares are allotted.

Share certificates:

Subject to the fulfillment of the conditions of the Open Offer, certificates for the Offer Shares are expected to be posted to the Independent Qualifying Shareholders who accept and pay for the Offer Shares at their own risks.

Overseas Shareholders:

As the Prospectus Documents will not be registered under any applicable securities legislation in any jurisdiction other than Hong Kong, the Overseas Shareholders will not be entitled to take part in the Open Offer. The Company will send the Prospectus (but not the Application Form) to the Overseas Shareholders for their information only.

Connected Shareholders:

As the primary purpose of the Open Offer is to increase the public float of the Company, the Open Offer will not be available for subscription by (1) the Eleven Major Shareholders who together hold approximately 89.16% of the issued share capital of the Company (2) Lee Teh Yee, William, who is a Director of the Company and personally has beneficially interested in 0.05% of the issued share capital of the Company and (3) Modern Aspac, owned as to 50% by the Company and 50% by Lee Teh Yee, William and James Smith Lee through two private companies, is beneficially interested in 0.79% of the issued share capital of the Company. The Open Offer will also not be available for subscription by any other Connected Shareholders although the Company is not aware of the existence of any Connected Shareholders (other than the Eleven Major Shareholders, James Smith Lee, Lee Teh Yee, William and Modern Aspac) as at the date of this announcement. The Company will send the Prospectus (but not the Application Form) to the Eleven Major Shareholders for their information only.

Application for excess Offer Shares:

Under the Open Offer, an Independent Qualifying Shareholder is entitled to apply for Offer Shares in excess of its entitlements provided that its shareholding together with the shareholding of any of its associates following the completion of the Open Offer will not be equal to or more than 10% of the issued share capital of the Company as enlarged by the Open Offer.

Application for listing:

The Company will apply to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Offer Shares.

Dealings in the Offer Shares will be subject to the payment of stamp duty in Hong Kong.

POTENTIAL UNDERWRITERS

The Company and its Financial Adviser are in the process of selecting an appropriate underwriter. In the event that no agreement can be reached, the proposed Open Offer will not be underwritten. According to Rule 7.19(1) of the Listing Rules, the Open Offer is required to be fully underwritten. If the Open Offer is not underwritten, the Company will proceed with the Open Offer and comply with the Rule 7.24(2) of the Listing Rules. The Company is not subject to any statutory requirements which require a minimum subscription level for its issue of Shares.

The Prospectus Documents will contain full disclosure of whether an underwriter has been appointed and the minimum amount, if any, which must be raised in order for the issue to proceed.

Conditions of the Open Offer

Completion of the Open Offer is conditional upon:

- (a) Shareholders approving the Open Offer at the EGM;
- (b) the Listing Committee of the Stock Exchange granting (subject only to the allotment of the Offer Shares, the posting of the Prospectus Documents and dispatch of certificates in respect of the Offer Shares and any other matters which are agreed by the Company) the listing of and permission to deal in the Offer Shares on the Stock Exchange;
- (c) the registration of the Prospectus Documents (with all the documents required to be attached thereto by Section 38D of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong)) (all having been duly authorised for registration by the Stock Exchange and signed by or on behalf of two Directors) by the Registrar of Companies in Hong Kong in compliance with the Companies Ordinance;
- (d) the filing of the Prospectus Documents with the Registrar of Companies in Hong Kong; and
- (e) the compliance with all legal and regulatory requirements (including but not limited to approval of Shareholders), if any, in respect of the Open Offer.

Mr. Lee Teh Yee, William, a Director of the Company, personally had beneficial interests in 33,000 Shares. In addition, Mr. Lee Teh Yee, William and James Smith Lee, through two private companies controlled by them, are beneficially interested in 50% of the issued share capital of Modern Aspac Development Company Limited ("Modern Aspac"). The remaining 50% of the issued share capital of Modern Aspac is owned by the Company. Modern Aspac is beneficially interested in 533,400 Shares. Mr. Lee Teh Yee, William and Modern Aspac together hold 0.84% of the issued share capital of the Company.

Mr. Lee Teh Yee, William and Modern Aspac have undertaken to abstain from voting at the EGM.

The Stock Exchange has advised that the Eleven Major Shareholders shall have to abstain from voting at the EGM as it takes the view that the Eleven Major Shareholders seem to have a conflict of interest in the proposed Open Offer. To ascertain whether the Open Offer could proceed as proposed, the Company has relayed the Stock Exchange's view to the Eleven Major Shareholders through their legal advisers, Messrs. Lau, Wong & Chan and sought their indication whether they would undertake to abstain from voting at the EGM. Up to the date of this announcement, the Company has not received any written reply from the Eleven Major Shareholders. In the event that no such undertaking is given by or no response are obtained from the Eleven Major Shareholders, it is still the Company's intention to proceed with the EGM and proposed Open Offer.

REASONS FOR THE PROPOSED OPEN OFFER AND USE OF PROCEEDS

As detailed in the previous announcement of the Company dated 21 February, the Eleven Major Shareholders who together hold 60,415,962 Shares, representing 89.16% of the existing issued share capital of the Company, are regarded by the authorities as being under the same control of a single person. Accordingly, there is a breach of Rule 8.08 of the Listing Rules, which stipulates that 25% of the Company's shares must be held in public hands. The Board is informed by Messrs. Lau, Wong & Chan, the legal adviser to the Eleven Major Shareholders, that they are seeking independent financial advice relating to other alternatives to restore the minimum public float requirement. However, they have not provided any concrete plan and timetable relating to these alternatives. As such, the Company has decided to proceed with the Open Offer to Independent Qualifying Shareholders. It should be noted that no underwriting agreement has yet been entered into by the Company, it is uncertain as to whether the Offer Shares would be fully subscribed and whether following completion of the Open Offer there would be sufficient public float.

The Board intends to use the proceeds of up to \$108 million to repay outstanding bank debts of the Group, which had outstanding balance of approximately \$157.5 million as at 31 July 2001 according to its unaudited consolidated balance sheet as at that date.

The Directors also consider that as the Open Offer will enlarge the capital base of the Company and enable it to comply with the public float requirement, it is in the interest of the Company to proceed with the Open Offer.

EFFECTS OF THE OPEN OFFER

It is anticipated that upon completion of the Open Offer and based on the assumption that the Offer Shares will be fully subscribed, the shareholding structure of the Company will be as follows:

	Existing Shareholding		Upon Completion of the Open Offer	
	No. of shares	%	No. of shares	%
Eleven Major Shareholders	60,415,962	89.16	60,415,962	74.3
Lee Teh Yee, William	33,000	0.05	33,000	0.04
Modern Aspac	533,400	0.79	533,400	0.66
Public Shareholders	6,777,638	10.00	20,332,914	25.00
	<u>67,760,000</u>	<u>100.00</u>	<u>81,315,276</u>	<u>100.00</u>

The Open Offer is subject to conditions which may or may not be fulfilled and it may not be fully underwritten. Therefore, the Open Offer may not be proceeded or even if it is proceeded, the objective of restoring the minimum public float requirement of the Company may not be achieved and the Company may need to address the issue thereafter.

EXPECTED TIMETABLE

The below timetable is based on the expectation that the valuation report for the Company's properties in Guam and Hong Kong will be completed at the end of April. If there are any delays, the timetable may need to be modified accordingly.

<i>Event</i>	Date
	2002
Despatch of circular and notice of EGM	Wednesday, 22 May
Last day of dealings in Shares on a cum offer basis	Monday, 17 June
First day of dealings in Shares on an ex offer basis	Tuesday, 18 June
Latest time for lodging transfer of Shares	4:00 p.m., Wednesday 19 June
Register of members closes	Thursday, 20 June to Wednesday, 26 June
Latest time for return of proxy form for the EGM	Monday, 24 June 4:00 p.m.
Record Date	Wednesday, 26 June
The EGM	Wednesday, 26 June 4:00 p.m.
Despatch of the Prospectus Documents	Friday, 28 June
Latest time for acceptance of and payment for the Offer Shares	Monday, 15 July 4:00 p.m.
Open offer expected to become unconditional on	Thursday, 18 July
Announcement of the results of the Open Offer	Monday, 22 July
Certificates for Offer Shares expected to be dispatched on or before	Monday, 22 July
Dealings in the Offer Shares expected to commence	Wednesday, 24 July

GENERAL

An independent board committee comprising Mr Alfred Cheung and Mr Lau Hak Lap, who are independent non-executive directors of the Company, have been appointed to advise the minority shareholders of the Company on the terms of the Open Offer. An independent financial adviser will be appointed to advise the independent board committee on the terms of the Open Offer.

Trading in the Shares was suspended from 9:30 a.m. on 28 March, 2002 at the request of the Company pending issue of this announcement. Trading in the Shares will resume at 9:30 a.m. on 19th April, 2002. **Investors should exercise caution when dealing in the shares of the Company.**

DEFINITIONS USED

“AGM”	Annual General Meeting of the Company
“Application Form”	The form of application for the Offer Shares
“associates”	Shall have the same meaning ascribed to it under the Listing Rules
“Board”	The board of directors of the Company
“Business Day”	a day, other than Saturday, on which banks in Hong Kong are generally open for business
“Company”	Oxford Properties & Finance Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Connected Person”	A director, chief executive or substantial shareholder of the Company or any of its subsidiaries or an associate of any of them
“Connected Shareholders”	Shareholders who are Connected Persons, any person whose acquisition of Shares has been financed directly or indirectly by a Connected Person and any person who is accustomed to take instructions from a Connected Person in relation to the acquisition, disposal, voting or other disposition of Shares registered in his name or otherwise held by him
“Directors”	The directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened and held to consider, inter alia, the Open Offer.
“EGM Circular”	a circular containing details of the Open Offer, letters from the independent board committee and the independent financial adviser and a notice convening the EGM to consider, amongst other matters, the Open Offer
“Eleven Major Shareholders”	as defined in the inspection report published on 21 December 2001 by Inspector Mr Stephen Man-Tak Suen appointed by the Financial Secretary, those being: Peaceful Investment Inc Barkston Investment Ltd Lotus Real Estate Inc Development & Trust Inc Good America Inc S Yamamoto for Hong Kong Kln First Stock Exchange Co San Ting Enterprise Inc Californian Enterprise Inc Peaceful Corporation Legal (Nominees) Ltd Gyna Incorporated

“Financial Adviser”	Deloitte & Touche Corporate Finance Limited
“General Mandate”	A general mandate to issue up to 20% of the issued share capital of the Company granted to the Board approved at the Company’s last AGM held on 6 July 2001
“Group”	The Company and its subsidiaries
“Hong Kong”	The Hong Kong Special Administrative Region of the People’s Republic of China
“Independent Qualifying Shareholder(s)”	Shareholder(s), other than the Eleven Major Shareholders, whose name(s) appear on the register of members of the Company on the Record Date and whose address as shown on the register of members of the Company on that day, is in Hong Kong
“Listing Rules”	The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Offer Shares”	13,555,276 new Shares to be issued under the Open Offer
“Open Offer”	the proposed Open Offer of the Offer Shares at a subscription price of \$8 per Offer Share
“Overseas Shareholder(s)”	Shareholder(s) whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date and whose address(es) as shown in the register of members of the Company on that date is/are outside Hong Kong.
“Prospectus”	a prospectus containing details of the Open Offer
“Prospectus Documents”	the Prospectus and the Application Form
“Record Date”	the date by reference to which entitlements to the Open Offer will be determined
“Share(s)”	ordinary shares of \$1 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“\$”	Hong Kong dollars

By order of the Board
Oxford Properties & Finance Limited
Wong Shu Yuen
Director

Hong Kong, 18 April 2002

Please also refer to the published version of this announcement in the Hong Kong iMail.