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Oxford Properties & Finance Limited

(Incorporated in Hong Kong with limited liability)

Financial adviser to Oxford Properties & Finance Limited

Deloitte & Touche Corporate Finance Ltd

REVISION OF THE BASIS FOR THE OPEN OFFER AND DELAY IN DISPATCH OF THE OPEN OFFER CIRCULAR

The Directors hereby announce that there will be a revised basis for the Open Offer and a revised timetable for the despatch of the Circular. It is expected that the Circular will be despatched on 2 July 2002.

A further extension is required as, despite the fact that the Company and their financial advisers were in the process of moving forward with the Open Offer, parties are taken to understand that the Open Offer could not proceed without securing the necessary undertaking from Mr. James Smith Lee and the Eleven Major Shareholders, substantial time and efforts are diverted to achieve the same with little progress made on completing the Circular during this time. The recent letter from the Represented Independent Qualifying Shareholders, as highlighted below, further complicates the matter.

The Board has proposed that the basis of the Open Offer should be revised to 9 new Shares for every 4 Shares held by an Independent Qualifying Shareholder. The number of new Shares to be issued on full subscription of the Open Offer as so revised would amount to 15,046,920, in which upon full subscription of the Open Offer will result in a public float of 26.25%.

The Company received a letter dated 27 May 2002 from the legal advisers representing a group of minority shareholders purportedly holding in aggregate 3,967,780 Shares putting the Company on notice that they will decline to sanction the proposed Open Offer at the EGM. The Company is in the process of verifying the identities of these dissenting shareholders to enable it to properly assess the impact of their position on the proposed Open Offer. If it is verified that the identities and the respective shareholdings of the Represented Independent Qualifying Shareholders are indeed true, then the Company will face a possibility that the Open Offer will be voted down by these Shareholders and the Open Offer may not be able to proceed. Should the Open Offer not be completed, and the Company is unable to find a viable alternative to restore Rule 8.08, the Exchange will consider appropriate actions, including but not limited to a suspension of trading of the Shares of the Company.

Trading in Shares were suspended from 9:30 a.m. on 10 June 2002, at the request of the Company pending the issue of this announcement. The Company has made an application to the Stock Exchange for the resumption of trading in the Shares of the Company at 9:30 a.m. on Tuesday 25 June 2002. Investors should exercise caution when dealing in the Shares of the Company.

The Company has requested the Stock Exchange for a further delay in the dispatch of the EGM Circular (the "Circular"). Details of the Open Offer were published in the announcement dated 18 April 2002 (the "Announcement"). Unless otherwise stated, capitalized terms used herein shall have the same meanings as defined in the Announcement. The Company made a further announcement on 21 May 2002 for an extension of time for the dispatch of the Circular to the Shareholders to be extended to 7 June 2002 as extra time was required for the Company to compile the information in the Circular, including the financial information such as the preparation of the indebtedness statement, working capital and also the property valuation report in respect of the Guam properties.

A further extension is required as, despite the fact that the Company and their financial advisers were in the process of moving forward with the Open Offer, parties are taken to understand that the Open Offer could not proceed without securing the necessary undertaking from Mr. James Smith Lee and the Eleven Major Shareholders, substantial time and efforts are diverted to achieve the same with little progress made on completing the Circular during this time. The recent letter from the Represented Independent Qualifying Shareholders, as highlighted below, further complicates the matter.

All parties, to the extent possible, have tried to ensure that this is the true holding of Mr James Smith Lee by checking the Shareholders register and confirming in the inspection report published on 21 December 2001. The Shareholders' register will be checked once again, as at Latest Practicable Date prior to dispatch of the Circular to ensure, to the extent possible, that Mr James Smith Lee and the Eleven Major Shareholders shares held will not be entitled to participate in the Open Offer.

Reasons for revising the basis of the Open Offer are as follows:

1. In the review of the necessary mechanics for the exclusion of Shares for determining entitlements to the Open Offer, it came to the Company's attention that Mr. James Smith Lee personally holds 90,118 Shares ("Personal Shares"), apart from the 60,415,962 Shares held by the Eleven Major Shareholders in aggregate. Existence of the Personal Shares were overlooked when the Announcement was processed. Two issues have arisen as a result of these Personal Shares:
 - As the objective of the Open Offer is to restore public float of the Company's Shares, these Personal Shares should not entitle Mr. James Smith Lee to the Open Offer, in the same manner the Eleven Major Shareholders are excluded from the Open Offer. The number of Offer Shares would thus be reduced from 13,555,276 to 13,375,040; and
 - Taking into account the Personal Shares, full subscription under the Open Offer would result in the Independent Qualifying Shareholders together holding a total of 24.7 % of the enlarged issued share capital after the Open Offer, still short of the minimum public float of 25% under the Listing Rules.
2. Under the circumstances, the Board has proposed that the basis of the Open Offer should be revised as follows:

...9 new Shares for every 4 Shares held by an Independent Qualifying Shareholder;

The number of new Shares to be issued on full subscription of the Open Offer as so revised would amount to 15,046,920, in which event the effect on the distribution of the enlarged shareholding structure of the Company will be as follows:

	Existing Shareholding		Upon Full Subscription of the Open Offer as Revised	
	No. of shares	%	No. of shares	%
James Smith Lee	90,118	0.13	90,118	0.11
Eleven Major Shareholders	60,415,962	89.16	60,415,962	72.96
Lee The Yee, William	33,000	0.05	33,000	0.04
Modern Aspac	533,400	0.79	533,400	0.64
Sub Total	<u>61,072,480</u>	<u>90.13</u>	<u>61,072,480</u>	<u>73.75</u>
Public Shareholders	<u>6,687,520</u>	<u>9.87</u>	<u>21,734,440</u>	<u>26.25</u>
Total	<u><u>67,760,000</u></u>	<u><u>100.00</u></u>	<u><u>82,806,920</u></u>	<u><u>100.00</u></u>

The Open Offer is not underwritten. Excess application, however, can be made by an Independent Qualifying Shareholder who opts to subscribe for more Shares than his assured entitlement calculated on the basis of the Open Offer, provided that each of the Independent Qualifying Shareholder's shareholdings will be below 10% of the enlarged share capital of the Company upon completion of the Open Offer. Accordingly, even if not all Independent Qualifying Shareholders subscribe to the Open Offer there is still a possibility that sufficient public float after the Open Offer will be restored. Nonetheless, if there is a substantial under-subscription of the overall Open Offer after taking into account of the excess applications, the public float after the Open Offer, albeit improved, could still fall short of the required 25% minimum.

In the event that, taking into account excess applications, less than 13,669,974 Shares are subscribed under the Open Offer, the public float of 25% required under the Listing Rules would not be restored and the Company will have to resort to other alternatives to further enhance the public float. However, the Company is left with very limited alternatives to resolve the public float requirement unless with the active co-operation and participation of James Smith Lee and the Eleven Major Shareholders. Although indication was previously given by Mr. James Smith Lee for alternatives to address the breach, the Company has not been advised of any concrete proposal in that respect. Latest communications have been made via telephone conversations to their representing lawyers between the Company and their financial advisers. No progress has been made so far. As the Company is unable to obtain any form of pro-active co-operation from Mr James Smith Lee and the Eleven Major Shareholders as to date of this announcement, the Company having been advised by its financial advisers, believes that Open Offer is still the most feasible initiative to help restore the public float under the current circumstances where neither co-operation from Mr. James Smith Lee and the Eleven Major Shareholders nor underwriting of the Open Offer are secured.

Reasons for the delay of the dispatch of the Circular

As required under the Listing Rules, the Company and its auditors are in the process of reviewing the working capital adequacy and indebtedness position of the Company, information of which will be incorporated into the Circular.

Furthermore, the Company received a letter dated 27 May 2002, from the legal advisers representing a group of minority shareholders purportedly holding in aggregate 3,967,780 Shares (representing approximately 59% of the Independent Qualifying Shareholders who are purportedly entitled to vote at the EGM convened for approving the proposed Open Offer) (the "Represented Independent Qualifying Shareholders") putting the Company on notice that they will decline to sanction the proposed Open Offer at the EGM. The Company is now in the course of verifying the identities and the respective shareholdings of the Represented Independent Qualifying Shareholders against the records maintained at the register of members of the Company with a

view to properly assess the impact of their position upon the proposed Open Offer. The Company is advised by the legal advisers of the Represented Independent Qualifying Shareholders that some of the Represented Independent Qualifying Shareholders are holding their Shares through their respective nominees. The Company further wrote on 7 June 2002 to the legal advisers of the Represented Independent Qualifying Shareholders requesting for documentary proof that those Shares registered in the names of those nominees are in fact held for the benefits of those Represented Independent Qualifying Shareholders. On 21 June 2002, the legal advisers of the Represented Independent Qualifying Shareholders provided the requested documentary proof to the Company's legal advisers and the Company is now in the process of verifying the same.

The Company has, through its legal advisers, on 7 June 2002, wrote to the legal advisers acting for the Represented Independent Qualifying Shareholders urging them to reconsider their position on the proposed Open Offer. No deadline has been imposed for a reply to be made as the Company will still proceed with dispatching the Open Offer Circular and conducting the EGM so as not to prejudice the opportunity of those minority Shareholders other than the Represented Independent Qualifying Shareholders from participating in the proposed Open Offer. **If it is verified that the identities and the respective shareholdings of the Represented Independent Qualifying Shareholders are indeed true, then the Company will face a possibility that the Open Offer will be voted down by these Shareholders and the Open Offer may not be able to proceed.** Nevertheless, the Company believes that the proposed Open Offer is, for the time being, the most feasible solution to address the public float issue without resorting to active participation of Mr. James Smith Lee and the Eleven Major Shareholders.

Should the Open Offer not be completed, and the Company is unable to find a viable alternative to restore Rule 8.08, the Exchange will consider appropriate actions, including but not limited to a suspension of trading of the Shares of the Company.

The Circular will contain, apart from other relevant information, an advice letter from the independent financial adviser to the independent board committee, and the independent board committee's recommendation to the Independent Qualifying Shareholders on the proposed Open Offer, so as to facilitate the Independent Qualifying Shareholders, including the Represented Independent Qualifying Shareholders, to form an informed view and decide on their final position vis-a-vis the proposed Open Offer.

Current Status of the Open Offer

As stated in the Announcement, the Stock Exchange has advised that the Eleven Major Shareholders shall have to abstain from voting at the EGM on the resolution approving the Open Offer as it takes the view that the Eleven Major Shareholders seem to have conflicts of interest in the proposed Open Offer. Mr. James Smith Lee and the Eleven Major Shareholders have indicated their willingness to undertake to abstain from voting at the EGM on the resolution approving the Open Offer, by way of a letter from their legal advisers dated 31 May 2002. As such Mr. Lee Teh Yee William, Modern Aspac, Mr. James Smith Lee and the Eleven Major Shareholders have now all undertaken to abstain from voting on the resolution approving the proposed Open Offer at the EGM.

The draft Open Offer Circular is still under progress pending:

- a. the incorporation of the latest audited financial results;
- b. independent financial advisers to the independent board committee are in the process of finalizing its advice to the independent board committee upon review of the latest audited annual results;
- c. auditors will commence the process of reviewing the working capital and the indebtedness position of the Company; and
- d. the inclusion of the property valuation schedule

In light of the above circumstances, the Company has applied to the Stock Exchange for an extension of time to dispatch the Circular on 2nd July 2002.

Revised timetable

The following is the revised timetable for the Open Offer.

2002

Despatch of circular to Shareholders and notice of EGM	Tuesday, 2 July
Latest time for return of proxy form for EGM	4:00 p.m. on Tuesday, 30 July
EGM	4:00 p.m. on Thursday, 1 August
Last day of dealing in Shares on a cum-entitlement basis	Friday, 2 August
First day of dealing in Shares on an ex-entitlement basis	Monday, 5 August
Latest time for lodging transfers of Shares in order to qualify for the Revised Open Offer	4:00 p.m. on Tuesday, 6 August
Book closure period to determine eligibility for the Open Offer (both days inclusive)	Wednesday, 7 August to Tuesday, 13 August
Record Date	Tuesday, 13 August
Prospectus and application forms expected to be dispatched	Friday, 16 August
Latest time for application for Offer Shares and payment	4:00 p.m. Monday, 2 September
Open Offer expected to become unconditional on	Friday, 6 September
Announcement of the results of the Open Offer to be published	Monday, 9 September
Share certificates for Offer Shares to be posted	Monday, 9 September
Commencement of trading in the Offer Shares	Wednesday, 11 September

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

Hong Kong, 24 June 2002

Please also refer to the published version of this announcement in The Standard.