

# OXFORD PROPERTIES & FINANCE LIMITED

(Incorporated in Hong Kong with limited liability)

The Directors of Oxford Properties & Finance Limited (the "Company") are pleased to announce the audited consolidated results of the Company and its subsidiaries (the "Group") for the year ended 31st January, 2003 together with the comparative figures for the previous year as follows:

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST JANUARY, 2003

	Notes	2003 HK\$	2002 HK\$
Turnover	2	67,714,791	75,552,009
Cost of rental operations		(14,972,225)	(17,733,587)
		<b>52,742,566</b>	57,818,422
Other operating income	3	1,300,995	4,937,377
Administrative expenses		(6,558,924)	(6,218,803)
Other operating expenses	4	(4,228,306)	–
Impairment loss on properties		(2,896,000)	(58,000,000)
Profit (loss) from operations		<b>40,360,331</b>	(1,463,004)
Finance costs	6	(4,997,649)	(8,903,465)
Share of results of associates		87,502	(119,983)
Profit (loss) before taxation	2	<b>35,450,184</b>	(10,486,452)
Taxation	7	(5,097,718)	(5,262,523)
Profit (loss) before minority interests		<b>30,352,466</b>	(15,748,975)
Minority interests		(2,943,102)	4,558,785
Net profit (loss) for the year		<b>27,409,364</b>	(11,190,190)
Dividends	8	<b>5,420,800</b>	20,328,000
		<i>HK cents</i>	<i>HK cents</i>
Earnings (loss) per share	9		
Basic		<b>40.5</b>	(16.5)

Notes:

### 1. ADOPTION OF NEW/REVISED STATEMENTS OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, a number of new and revised Statements of Standard Accounting Practices ("SSAP(s)") issued by the Hong Kong Society of Accountants. The adoption of these SSAPs has resulted in a change in the format of presentation of the consolidated cash flow statement and the introduction of the consolidated statement of changes in equity but has had no material effect on the results for the current or prior accounting periods.

Details of the adoption of the new and revised SSAPs are contained in the annual report of the Company to be dispatched to shareholders.

### 2. SEGMENT INFORMATION

#### Revenue and Results

For the year ended 31st January, 2003

	Property letting HK\$	Land investment HK\$	Other operations HK\$	Consolidated HK\$
Segment revenue	65,452,696	–	2,262,095	67,714,791
Segment results	51,108,030	(2,896,000)	1,915,350	50,127,380
Interest and other income				1,020,181
Unallocated corporate expenses				(10,787,230)
Finance costs				(4,997,649)
Share of results of associates	–	(267,240)	354,742	87,502
Profit before taxation				<b>35,450,184</b>

#### Revenue and Results

For the year ended 31st January, 2002

	Property letting HK\$	Land investment HK\$	Other operations HK\$	Consolidated HK\$
Segment revenue	72,133,284	–	3,418,725	75,552,009
Segment results	55,092,663	(58,000,000)	2,983,921	76,584
Interest and other income				4,679,215
Unallocated corporate expenses				(6,218,803)
Finance costs				(8,903,465)
Share of results of associates	–	(275,653)	155,670	(119,983)
Loss before taxation				<b>(10,486,452)</b>

**3. OTHER OPERATING INCOME**

Included in other operating income is interest on bank deposits of HK\$813,480 (2002: HK\$2,517,343).

**4. OTHER OPERATING EXPENSES**

	2003 HK\$	2002 HK\$
Legal, professional and other fees in relation to:		
Proposed open offer of new shares in the Company	1,586,269	–
Other corporate and legal consultancy services rendered	2,642,037	–
	<u>4,228,306</u>	<u>–</u>

**5. DEPRECIATION AND AMORTISATION**

Depreciation and amortisation charged to the income statement in respect of the year amounted to HK\$385,991 (2002: HK\$341,393).

**6. FINANCE COSTS**

	2003 HK\$	2002 HK\$
Interests on:		
Bank loans and overdrafts		
Wholly repayable within five years	4,411,770	8,291,303
Not wholly repayable within five years	558,719	585,002
Finance leases	27,160	27,160
	<u>4,997,649</u>	<u>8,903,465</u>

**7. TAXATION**

	2003 HK\$	2002 HK\$
The charge comprises:		
Company and subsidiaries		
Hong Kong Profits Tax	4,774,162	4,890,264
Overseas tax	132,000	204,000
Deferred taxation	105,580	168,259
	<u>5,011,742</u>	<u>5,262,523</u>
Associates		
Hong Kong Profits Tax	85,976	–
	<u>5,097,718</u>	<u>5,262,523</u>

Hong Kong Profits Tax is calculated at 16% (2002: 16%) on the estimated assessable profit for the year. Overseas tax is calculated at the rates prevailing in the jurisdictions in which the Group operates.

**8. DIVIDENDS**

	2003 HK\$	2002 HK\$
Interim dividend paid:		
HK 8 cents (2002: 10 HK cents) per ordinary share	5,420,800	6,776,000
Final dividend proposed:		
Nil (2002: 20 HK cents) per ordinary share	–	13,552,000
	<u>5,420,800</u>	<u>20,328,000</u>

**9. EARNINGS (LOSS) PER SHARE**

The calculation of the basic earnings (loss) per share is based on the net profit for the year of HK\$27,409,364 (2002: net loss of HK\$11,190,190) and on 67,760,000 (2002: 67,760,000) ordinary shares in issue during the year.

**DIVIDENDS**

An interim dividend of HK\$0.08 per share was paid on 12th December, 2002. In view of an announcement issued by Smart Extra Holdings Limited dated 21st May, 2003 in relation to the Offer and the Scheme Proposal (each of which is defined in the said announcement), the Board of Directors does not recommend any final dividend to be approved by shareholders at the forthcoming annual general meeting.

**REVIEW OF OPERATIONS**

The principal activities of the Group continue to be investment holding, property investment, property development and the provision of property agency services. The Group's activities during the year are substantially based in Hong Kong and more than 90% of the Group's turnover and profit from operations were derived from the lease of properties in Hong Kong.

During the year under review, the property leasing market remained very soft and the economy has not only not improved but has continued to shrink. Since the end of our financial year, the economic situation has become even worse as the outbreak of SARS caused companies to hold back on property leasing deals. As a result, the retail property market was adversely affected and office and residential rentals further fell after the outbreak of SARS. The turnover from the Group's long term property portfolio decreased by approximately 10% due to the persistent falls in office rentals and the soft demand in the property market during the year.

For the financial year ended 31st January, 2003, the Group reported a net profit of HK\$27 million after taxation and minority interests (2002: a net loss of HK\$11.2 million) and this has been arrived at after taking into account an impairment loss on properties of HK\$2.9 million (2002: HK\$58 million). If the respective impairment losses on properties for this and the preceding financial year were both disregarded, the net profit of the Company has suffered a decrease for the year under review. This decrease was mainly attributable to further falls in office rentals and soft demand in property leasing market.

The savings in interest expenses on borrowings were more than offset by the fall in office rentals. In the present sluggish property market, new leases have to be negotiated at the prevailing lower rentals. With existing leases coming due for renewal, the Group has to offer a moderate reduction of rental or a rent free period to retain existing tenants.

In view of the possibility that plot ratios and height restrictions may be eased in the Kowloon Tong area in the next two or three years, the Board of Directors has decided to continue to delay the commencement of the Oxford Road project at Kowloon Tong, so as to be in a position to maximum the benefit to shareholders.

The Group's major Guam investment property – Aspac Industrial Park Phase I – recorded a moderate decline in rental income owing to the protracted economic downturn in Guam and Japan, where most tourists to Guam come from. For this reason, the development of Lot No. 5148-3 and 5148-4, Tamuning, Guam will continue to be postponed.

No material acquisitions or disposals of subsidiaries and associates were transacted during the year.

The Group has a total of 23 (2002: 23) staff. Staff costs incurred during the year amounted to HK\$6,604,000 (2002: HK\$5,026,000).

#### **FINANCE ACTIVITIES**

Shareholders funds at 31st January, 2003 amounted to HK\$773 million (31st January, 2002: HK\$951 million). At 31st January, 2003, total borrowings of the Group were HK\$119 million (2002: HK\$138 million) which bear interest at floating rates and are substantially repayable in Hong Kong dollars. Bank borrowings to the extent of HK\$38 million (2002: HK\$33 million) were repayable within one year. The Group's gearing ratio at 31st January, 2003 was 15.4% (2002: 14.5%). The Group's available undrawn bank facilities at 31st January, 2003 amounted to HK\$63 million (2002: HK\$63 million).

At 31st January, 2003, properties of the Group with an aggregate book value of approximately HK\$659 million (2002: HK\$823 million) were mortgaged or charged to banks for credit facilities granted to the Group.

At 31st January, 2003 the Company had issued guarantees for banking facilities granted to certain subsidiaries to secure the banking facilities granted to these subsidiaries to the extent of HK\$281 million (2002: HK\$281 million) of which approximately HK\$119 million (2002: HK\$138 million) was utilised.

#### **PROSPECTS**

The Board of Directors expects that the economy of Guam will continue to be depressed. The recession there is expected to last for at least the short to medium term. Moreover, as the weak world global economy, coupled with the outbreak of SARS, continues to adversely affect Hong Kong, the office rental market is expected to remain soft. The Board of Directors is therefore conservative about the business prospects in the coming year. However, the Board of Directors is still confident that the Group will maintain a sound financial foundation and continue its cautious business strategy in identifying investment opportunities in Hong Kong and elsewhere.

#### **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES**

During the year, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

#### **CLOSURE OF REGISTRATION**

The Register of Members will be closed from Monday, 23rd June, 2003 to Thursday, 3rd July, 2003, both dates inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Sums Limited, 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong not later than 4:00 p.m. on Friday, 20th June, 2003.

#### **PUBLICATION OF RESULTS ON THE WEBSITE OF THE STOCK EXCHANGE**

All the information required by paragraphs 45(1) to 45(3) of Appendix 16 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") will be published on the Stock Exchange's website in due course.

By Order of the Board of  
**Oxford Properties & Finance Limited**  
**Michael Seto Chak Wah**  
*Chairman*

Hong Kong, 22nd May, 2003

# OXFORD PROPERTIES & FINANCE LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at Gloucester Room II, 3/F, The Excelsior, Hong Kong, 281 Gloucester Road, Causeway Bay, Hong Kong on Thursday, 3rd July, 2003 at 9:30 a.m. for the following purposes:

- (1) To receive and adopt the Audited Financial Statements and the Reports of the Directors and Auditors for the year ended 31st January, 2003.
- (2) To re-elect retiring Directors and to fix the Directors' remuneration.
- (3) To re-appoint Auditors for the ensuing year and authorise the Directors to fix their remuneration.
- (4) As special business to consider and, if thought fit, pass with or without amendments, the following resolution as Ordinary Resolution:

### Ordinary Resolution

“**THAT:**

a general mandate be and is hereby unconditionally given to the Directors of the Company to issue, allot and dispose of and to make or grant offers, agreements or options which might require the allotment, issue or disposal of shares not exceeding 20% of the issued share capital of the Company as at the date of the passing of this Resolution during the Relevant Period.

For the purpose of this Resolution, “Relevant Period” means the period from the passing of this Resolution until whichever is the earlier of:

- (a) the conclusion of the next annual general meeting of the Company;
- (b) the revocation or variation of the authority given under this Resolution by ordinary resolution of the shareholders in general meeting; or
- (c) the expiration of the period within which the next annual general meeting of the Company is required, by the Memorandum and Articles of Association of the Company, the Companies Ordinance, Chapter 32 of the Laws of Hong Kong or other applicable law of Hong Kong, to be held.”

By order of the Board of  
**Oxford Properties & Finance Limited**  
**Ho Kwok Kuen**  
*Secretary*

Hong Kong, 22nd May, 2003

*Notes:*

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on his behalf. A proxy need not be a member of the Company. All proxies must be lodged with the Company's registered office at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong, not less than 48 hours before the time fixed for the meeting.
2. The Register of Members will be closed from Monday, 23rd June, 2003 to Thursday, 3rd July, 2003, both days inclusive, during which period no transfer of shares will be effected. All transfers accompanied by the relevant share certificates must be lodged with the Company's Registrars, Sums Limited, 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong not later than 4:00 p.m. on Friday, 20th June, 2003.
3. Concerning the Ordinary Resolution in item 4 above, approval is being sought from Members as a general mandate in compliance with Section 57B of the Companies Ordinance and the Listing Rules of The Stock Exchange of Hong Kong Limited.

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