

CHAIRMAN'S STATEMENT

I am pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 31st July, 2003.

The profit attributable to shareholders for the six months ended 31st July, 2003 decreased by approximately 22% to HK\$12,516,000 when compared with the profit of HK\$16,016,000 (as restated) for the corresponding six months period in 2002.

Earnings per share for the period were HK18 cents, a decrease of approximately 25% over the earnings per share for the corresponding period in 2002 of HK24 cents (as restated).

In view of the possible privatisation of the Company by Smart Extra Holdings Limited by means of a scheme of arrangement, the directors do not recommend the payment of an interim dividend for the six months ended 31st July, 2003 (2002: HK8 cents).

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 period were 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.

The local economy was severely affected by the impact of SARS during the first half of the year. The turnover from the Group's long term property portfolio decreased by approximately 13% due to further falls in office rentals and soft demand in the 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 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 few years, the directors have decided to continue to delay the commencement of the Oxford Road, Kowloon Tong project, so as to maximise the benefit to shareholders.

OXFORD PROPERTIES & FINANCE LIMITED

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

In connection with the Offer and the Scheme Proposal made by Smart Extra Holdings Limited, the Company's largest shareholder, and in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, special valuations of all of the Company's land and property in Hong Kong and Guam, USA were conducted on 31st July, 2003 by independent valuers, namely: Messrs DTZ Debenham Tie Leung Limited and Micronesia Appraisal Associates Inc., respectively. The revaluation of the Group's investment properties gave rise to a net deficit of HK\$85,792,000 which has been charged to reserves.

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

The Group has a total of 25 (2002: 23) staff. Staff costs incurred during the period amounted to approximately HK\$2,653,000 (2002: HK\$1,785,000).

On 1st April, 2003, trading in the shares of the Company was suspended as a result of the receipt by the Company of an Offer by Smart Extra Holdings Limited ("Smart Extra") for all of the shares of the Company not already owned by Smart Extra and parties acting in concert with it. The suspension was subsequently lifted and trading in the shares resumed on 8th September, 2003.

FINANCIAL ACTIVITIES

Shareholders' funds at 31st July, 2003 amounted to HK\$697 million (31st January, 2003: HK\$769 million). At 31st July, 2003, total borrowings of the group were HK\$118 million (31st January, 2003: HK\$120 million) which bear interest at floating rates and are substantially repayable in Hong Kong dollars. Bank loans to the extent of HK\$3 million (31st January, 2003: HK\$38 million) were repayable within one year. Accordingly, the Group's gearing ratio at 31st July, 2003 was 16.9% (31st January, 2003: 15.6%). The Group's available undrawn banking facilities at 31st July 2003 amounted to HK\$63 million (31st January, 2003: HK\$63 million).

At 31st July, 2003, properties of the Group with an aggregate book value of approximately HK\$587 million (31st January, 2003: HK\$659 million) were mortgaged or charged to banks for credit facilities granted to the Group.

At 31st July, 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 (31st January, 2003: HK\$281 million) of which approximately HK\$110 million (31st January, 2003: HK\$110 million) was utilised.

PROSPECTS

The property leasing market in Hong Kong remains very soft and the economic situation has yet to show improvement. It is hoped that the stimulus package recently announced by the Hong Kong Government will help to stabilise the property market and lead to renewed confidence during 2004. A return of the SARS outbreak would, however, significantly dampen economic sentiment. The Board of Directors does not see improvement to the economy of Guam in the short term. The recession there is expected to continue for a further few years.

POST BALANCE SHEET EVENT

The Offer by Smart Extra for all the Shares of the Company not already owned by it and parties acting in concert with it closed at 4:00 p.m. on 17th October, 2003. Smart Extra has also indicated its wish to privatise the Company by a scheme of arrangement (the “Scheme Proposal”) and has requested the Company to put forward the Scheme Proposal to Shareholders to which the Company has agreed. A Composite Document setting out, inter alia, details of the Scheme Proposal, was despatched to Shareholders on 3rd October, 2003.

On behalf of the Board, I should like to thank our bankers, auditors, shareholders and staff for their continued support of the Company.

Michael Seto Chak Wah

Chairman

Hong Kong, 22nd October, 2003