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If you have sold or transferred all your Shares in Oxford Properties & Finance Limited, you should at once hand this document to the purchaser or transferee or the bank, or the licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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OXFORD PROPERTIES & FINANCE LIMITED

晉利地產金融有限公司

(incorporated in Hong Kong with limited liability)

(Stock code: 220)

**EXPLANATORY CIRCULAR
in respect of
PROPOSED PRIVATISATION**

by

SMART EXTRA HOLDINGS LIMITED

(incorporated in the British Virgin Islands with limited liability)

by way of

**A SCHEME OF ARRANGEMENT
Under section 166 of the Companies Ordinance
Involving the cancellation of all of the Scheme Shares
which are held by Scheme Shareholders
(as defined herein)**

A letter from the board of directors of Oxford Properties & Finance Limited is set out on pages 8 to 10 of this document. An Explanatory Statement regarding the Scheme Proposal (as defined herein) is set out on pages 11 to 25 of this document.

Notices convening the Court Meeting(s) (as defined herein) and the EGM (as defined herein) to be held on 28 April 2004 are set out on pages 141 to 144 of this document. Whether or not you are able to attend the Meetings (as defined herein) in person, you are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting(s) and the white form of proxy in respect of the EGM in accordance with the instructions respectively printed thereon and deposit both of them with the Share Registrar of Oxford Properties & Finance Limited, Sums Limited, at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong as soon as possible and, in any event, not less than 48 hours in the case of the Court Meetings (not less than 24 hours in the case of EGM) before the time appointed for the holding of the relevant Meeting(s). In the case of pink form of proxy, it may be handed to the Chairman of the Court Meeting at the Court Meeting if it is not so deposited.

29 March 2004

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(Note: The English text of this Explanatory Circular shall prevail over the Chinese text for the purpose of interpretation.)

EXPECTED TIMETABLE

2004

Giving notices of Court Meetings and the EGM Monday, 29 March

Latest time for lodging forms of proxy in respect of:

Court Meetings (*Notes 1 and 5*)

Class A 9:30 a.m. on Monday, 26 April

Class B 11:00 a.m. on Monday, 26 April

EGM (*Notes 1 and 5*) 11:30 a.m. on Tuesday, 27 April

Suspension of dealings in the Shares 9:30 a.m. on Wednesday, 28 April

Court Meetings (*Note 5*)

Class A (*Notes 3*) 9:30 a.m. on Wednesday, 28 April

Class B (*Note 4*) 11:00 a.m. on Wednesday, 28 April

EGM (*Note 5*) 11:30 a.m. on Wednesday, 28 April

Publication of press announcements of the results of the Meetings in

The Standard and the Hong Kong Economic Times Thursday, 29 April

The expected timetable set out below is prepared based on the assumption that the Scheme will be approved at the Court Meetings and the EGM:

Resumption of dealings in the Shares (*Note 6*) 9:30 a.m. on Thursday, 29 April

Last day for dealings in the Shares Thursday, 10 June

Latest time for lodging transfers of

the Shares in order to qualify for

the Cancellation Price under the Scheme 4:00 p.m. Tuesday, 15 June

High Court hearing of petition to sanction the Scheme Friday, 18 June

Record Date 4:00 p.m. on Friday, 18 June

Effective Date (*Note 2*) Monday, 21 June

Withdrawal of the Listing (*Note 2*) 4:00 p.m. on Monday, 21 June

Publication of press announcements of the Effective Date and

the withdrawal of the Listing in The Standard and

the Hong Kong Economic Times Wednesday, 23 June

EXPECTED TIMETABLE

2004

Cheques for payment of the Cancellation Price

to be despatched on or before Wednesday, 30 June

Shareholders should note that the above timetable, which is mainly dependent on the availability of the dates for the High Court to hear the proceedings relating to the Scheme, is subject to change. Further announcements will be made in the event that there is any change.

Notes:

1. Forms of proxy should be deposited with the Share Registrar, Sums Ltd., at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong as soon as possible and in any event by the times and dates stated above. In the case of the pink form of proxy in respect of the Court Meeting, it may be handed to the chairman of the Court Meeting at the Court Meeting if it is not so deposited. In order to be valid, the white form of proxy for the EGM must be deposited not later than the time and date stated above. Completion and return of a form of proxy for either of the Meetings will not preclude a Scheme Shareholder from attending the Court Meeting, or a Shareholder from attending the EGM, and voting in person if he so wishes. In such event, the returned form of proxy will be deemed to have been revoked.
2. The Scheme will become effective when it is sanctioned by the High Court of Hong Kong (with or without modification) and an office copy of the Court Order minutes containing the particulars required by section 166 of the Companies Ordinance are delivered to, and registered by, the Registrar of Companies in Hong Kong. An application will duly be made by the Company to the Stock Exchange for the withdrawal of the Listing.
3. Class A Shareholders comprise Mr. J. Lee and MADC.
4. Class B Shareholders comprise all Disinterested Shareholders.
5. **Reference is made to the Company's announcements dated 4 September 2003 and 4 November 2003 and the Composite Document dated 3 October 2003 whereby the Company repeatedly urged the Scheme Shareholders to have their names together with their shareholdings in the Company entered in the Register as soon as possible and in any event, no later than 4:00 p.m. on Wednesday, 19 November 2003 (the Register would be closed thereafter) to enable the Company to, inter alia, duly and definitively determine the composition of the members of the Company (and such members would thereby constitute members of the Scheme Shareholders, for all the purposes of the Court proceedings to be instituted thereafter by the Company in respect of the privatization of the Company as proposed by Smart Extra by way of a scheme of arrangement pursuant to section 166 of the Companies Ordinance). The Company hereby reminds Scheme Shareholders that Shareholders who have failed or neglected to have their names and particulars duly entered in the Register by 4:00 p.m. on Wednesday, 19 November 2003 would be excluded and therefore services of, inter alia, the Court proceedings as aforesaid would not be effected to them. Unregistered Shareholders will have to:**
 - (a) **regarding attending and casting votes in respect of Shares held by them, resort to duly obtaining the Court documents and proxies specifically prepared in respect of each of such meetings from those members who have disposed of the Shares in question; and**
 - (b) **regarding getting payment in respect of the Cancellation Price, either have their names together with their shareholdings in the Company entered in the Register as soon as possible and in any event, no later than 4:00 p.m. on Tuesday, 15 June 2004 (the Register would be closed thereafter) or resort to making due and prompt arrangements with those members who have disposed of the Shares in question**

by making appropriate arrangements with their respective brokers, nominees or agents, or otherwise, as the case may be.
6. In the event that the Scheme is not approved at the Court Meetings and the EGM, the trading of the Shares is subject to the normal requirements of the Listing Rules for suspensions until appropriate steps have been taken to restore the minimum percentage of securities in public hands as prescribed under Rule 8.08 of the Listing Rules.

DEFINITIONS

In this document, the following expressions have the following meanings, unless the context requires otherwise:

“Acquisition”	the acquisition by Smart Extra during the period from 31 March 2003 to 11 April 2003 (both dates inclusive) in respect of a total of 60,406,962 Shares from certain Shareholders, representing approximately 89.15% of the Shares in issue as at 13 June 2003, at an uniform agreed price of HK\$8.00 per Share and representing approximately 89.15% of the voting rights of Oxford
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Announcement”	the announcement dated 21 May 2003 issued by Smart Extra relating to the Offer and the Scheme Proposal and published in The Standard and Hong Kong Economic Journal on 22 May 2003
“Announcement Date”	21 May 2003, being the date of the Announcement
“Baron Capital”	Baron Capital Limited, a licensed corporation under the SFO, is one of the two agents of Smart Extra in respect of the Offer and is also one of the financial advisers to Smart Extra
“Board”	the board of Directors of the Company
“Cancellation Price”	the proposed cancellation price of HK\$15.00 per Share which will be payable by Smart Extra to the Scheme Shareholders in the event that the Scheme becomes effective
“Closing Date”	the closing date of the Offer, 17 October 2003
“Codes”	The Codes on Takeovers and Mergers and Share Repurchases
“Company” or “Oxford”	Oxford Properties & Finance Limited, a company incorporated in Hong Kong with limited liability, the Shares of which are listed on the Stock Exchange
“Companies Ordinance”	Companies Ordinance (Chapter 32 of the Laws of Hong Kong)
“Composite Document”	the Company’s circular in response to the Offer and the Company’s circular dated 3 October 2003 in respect of the Scheme Proposal and of the Scheme in a composite form in accordance with the provisions of the Takeovers Code
“Court Meeting”	the meeting of the Disinterested Shareholders to be convened at the direction of the Court of First Instance of Hong Kong for the approval of the Scheme
“Directors”	the directors of the Company

DEFINITIONS

“Disinterested Shareholder(s)”	holder(s) of Disinterested Shares
“Disinterested Shares”	Shares other than those which are already owned by Smart Extra, and its wholly-owned subsidiary company, Precise Dragon, and persons acting in concert with it in accordance with Note 6 to Rule 2 of the Takeovers Code and in this respect each of MADC and Mr. J. Lee is presumed to be a party acting in concert with Smart Extra by virtue of the meaning ascribed to “a party acting in concert” under the Takeovers Code
“Effective Date”	the day on which the Scheme becomes effective. According to Section 166(3) of the Companies Ordinance, the Court Order sanctioning the scheme of arrangement as already duly approved by members in meetings duly called and convened pursuant to the Court Order summoning the same and pursuant to the Memorandum and Articles of Association of the company in question shall have no effect until an office copy of such an order has been delivered to the Registrar for registration, and a copy of every such order shall be annexed to every copy of the memorandum of the company issued after the order had been made, or, in the case of a company not having a memorandum, of every copy so issued of the instrument constituting or defining the constitution of the company
“EGM”	the extraordinary general meeting of Oxford to be held on the same day as the Court Meeting is held and as soon as practicable after the Court Meeting shall have been concluded for the purpose of approving and giving effect to the Scheme (including the cancellation of the Scheme Shares)
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of the Executive Director
“Explanatory Statement”	a statement set out on pages 11 to 25 of this Explanation Circular which is to be sent to members of Oxford along with the notice summoning the meeting(s) stating, <i>inter alia</i> , the effect of the scheme of arrangement, in compliance with the requirements set forth in section 166A of the Companies Ordinance
“Group”	Oxford and any company which is for the time being a subsidiary of Oxford
“HK\$” and “Cents”	Hong Kong dollar(s) and cent(s), the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

DEFINITIONS

“Independent Board Committee”	an ad hoc independent committee comprising Messrs. Alfred Cheung Tze Fat and Lau Hak Lap (both of whom are Independent Non-executive Directors of Oxford), Messrs. Lai Man Leung and Clive William Oxley (both of whom are Non-executive Directors of Oxford), which has been established to advise Independent Shareholders as to whether the terms of the Scheme Proposal and therefore the Scheme are considered fair and reasonable
“Independent Shareholders”	Shareholders other than Smart Extra and its wholly-owned subsidiary, Precise Dragon, and/or parties acting in concert with it (and in this respect, each of MADC and Mr. J. Lee is presumed to be a party acting in concert with Smart Extra and are therefore excluded from this definition)
“Kim Eng”	Kim Eng Capital (Hong Kong) Limited and Kim Eng Corporate Finance (Hong Kong) Limited, both being licensed corporations under the SFO, are two of the financial advisers to Smart Extra
“Kim Eng Securities”	Kim Eng Securities (Hong Kong) Limited, a licensed corporation under the SFO, one of the two agents for Smart Extra in respect of the Offer
“Latest Practicable Date”	25 March 2004, being the latest practicable date prior to the posting of the Explanatory Circular for ascertaining certain information contained herein
“Listing”	the listing of the Shares on the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“MADC”	Modern Aspac Development Company Limited, a company incorporated in Hong Kong with limited liability which is an associated company of Oxford and in which Mr. W. Lee is deemed to have a 50% interest, and which is interested in 409,400 Shares, representing approximately 0.6% of the Shares in issue as at the Latest Practicable Date
“Meeting(s)”	the Court Meeting(s) and the EGM or either of these, as the case may be
“Mr. J. Lee”	Mr. James Lee, the father of Mr. W. Lee, is interested in 90,118 Shares, representing approximately 0.13% of the Shares in issue as at the date of this announcement
“Mr. W. Lee”	Mr. Lee William Teh Yee, an executive director of Oxford and the sole director of Smart Extra
“Offer”	the mandatory unconditional cash offer extended by Smart Extra through its agents Baron Capital and Kim Eng Securities for the Shares in issue (other than those already held by Smart Extra) at the price and on the terms and subject to the conditions of acceptance set out in the Offer Document despatched to Shareholders pursuant to the requirements of the Takeovers Code

DEFINITIONS

“Offer Document”	the document dated 17 June 2003 issued by Smart Extra, the Offeror, containing the Offer and its terms and the form of acceptance and transfer
“Pre-Announcement Date”	31 March 2003 (being the last day of trading of the Shares on the Stock Exchange prior to the date of the Announcement)
“Precise Dragon”	Precise Dragon Developments Limited, a company incorporated in the British Virgin Islands with limited liability and whose entire issued equity share capital is beneficially wholly-owned by Smart Extra. It is the holder and beneficial owner of 14,376,000 Shares.
“Record Date”	at 4:00 p.m. on the business day immediately preceding the Effective Date
“Register”	the register of members of the Company
“Registrar”	means the Registrar of Companies appointed under section 303 of the Companies Ordinance
“Scheme”	a scheme of arrangement formulated pursuant to the terms and conditions of the Scheme Proposal under s.166 of the Companies Ordinance
“Scheme Conditions”	the conditions to which the Scheme Proposal is subject, which are set out in the paragraph headed “Conditions of the Scheme Proposal” under the section headed “Scheme of Arrangement” in the Composite Document
“Scheme Proposal”	the proposal for the privatisation of Oxford by Smart Extra by way of the Scheme
“Scheme Shareholder(s)”	Shareholders other than Smart Extra and Precise Dragon but including MADC and Mr. J. Lee, who are qualified to participate in the Scheme
“Scheme Shares”	Shares held by the Scheme Shareholders
“SFO”	the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong
“Share(s)”	ordinary shares of HK\$1.00 each in the capital of Oxford
“Shareholders”	holders of Shares
“Share Registrar”	Sums Limited, the share Registrar of the Company whose office is situate at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong

DEFINITIONS

“Shenyin Wanguo” or “Independent Financial Advisers”	Shenyin Wanguo Capital (H.K.) Limited, a licensed corporation under the SFO engaged in the regulated activities of dealing in securities, advising on securities, advising on corporate finance and asset management, being the independent financial advisers to the Independent Board Committee
“Smart Extra”	Smart Extra Holdings Limited, a company incorporated in the British Virgin Islands with limited liability and whose entire issued equity share capital is beneficially wholly-owned by Mr. W. Lee
“Stock Exchange”	The Stock Exchange of Hong Kong Limited, a company with limited liability incorporated in Hong Kong and whose shares are listed on The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers
“trading day”	a day on which the Stock Exchange is open for trading in securities
“Trust Deed”	the trust deed dated 24 March 2004 entered into between Smart Extra and the Trustee, in relation to, among other things, the entitlements to the Cancellation Price which untraceable holders of Scheme Shares will have under the Scheme, a summary of which is set out in Appendix VII to this document
“Trustee”	HSBC Trustee (Hong Kong) Limited or the trustee for the time being of the Trust Deed
“Valuation Report”	the report of valuations of the Company’s landed properties in Hong Kong and Guam, U.S.A. (the summaries of which are set out as Appendix II of this document) prepared respectively by DTZ Debenham Tie Leung Limited and Micronesian Appraisal Associates, Inc.
“William Group”	General Clothing Group (Mfr.) Ltd. and Solid Capital Investment Company Ltd., which are controlled by and beneficially owned as to approximately 91% and approximately 51%, respectively, by Mr. W. Lee, which together have a 50% interest in MADC. Insofar as Oxford is aware, Mr. J. Lee, Ms. Lee An Fen (the sister of Mr. W. Lee) and Gyna Incorporated own a 9% interest in General Clothing Group (Mfr.) Ltd. while Alihs Corporation S.A. and Mr. J. Lee own the remaining interest of approximately 49% in Solid Capital Investment Company Ltd.
“%”	per cent

LETTER FROM THE BOARD

OXFORD PROPERTIES & FINANCE LIMITED 晉利地產金融有限公司

(incorporated in Hong Kong with limited liability)

Directors:

Executive Directors

Seto Chak Wah, Michael
alias Szeto Chak Wah, Michael (*Chairman*)
Lee Teh Yee, William
Kiang Chee Man, Robert
Wong Shu Yuen

Registered office:

1601 Wing On Centre,
111 Connaught Road,
Central,
Hong Kong

Non-executive Directors

Lai Man Leung
Oxley, Clive William, OBE, ED

Independent Non-executive Directors

Cheung Tze Fat, Alfred
Lau Hak Lap

29 March 2004

To Members

Dear Sir or Madam,

**PRIVATISATION OF
OXFORD PROPERTIES & FINANCE LIMITED
BY WAY OF
A SCHEME OF ARRANGEMENT
PURSUANT TO SECTION 166 OF THE COMPANIES ORDINANCE**

You are hereby cordially invited to the Court Meeting and to the EGM scheduled to be held immediately following the Court Meeting.

At the Court Meeting and the EGM, you will be asked to consider and vote upon the Scheme Proposal pursuant to which the Company will be privatised and become a wholly-owned subsidiary company of Smart Extra. Smart Extra is a company incorporated in the British Virgin Islands with limited liability and beneficially wholly-owned by Mr. W. Lee, an executive director of the Company and the sole director of Smart Extra. As of the Latest Practicable Date, Smart Extra by itself and through its wholly-owned subsidiary company, Precise Dragon, is the holder and beneficial owner of 60,456,796 Shares, representing 89.22% or thereabouts of the entire issued equity share capital of the Company and of the entire voting rights of the Company.

The Scheme Proposal will be implemented by means of the Scheme. The terms and conditions of the Scheme are set forth under the caption "Conditions of the Scheme Proposal" beginning at pages 19 to 20 of this Explanatory Circular. For further information about the Scheme, please see also the Explanatory Statement and the Scheme of Arrangement, which are set out on pages 11 to 25 and pages 26 to 31 of this Explanatory Circular respectively.

LETTER FROM THE BOARD

Under the Scheme Proposal, holders of 7,303,204 Shares, representing 10.78% or thereabouts of the entire issued equity share capital of the Company, not already currently owned by Smart Extra will receive HK\$15.00 in cash for each Share held. Upon completion of the Scheme, current holders of Shares other than Smart Extra and Precise Dragon will not participate in any future earnings, losses, growth or decline of the Company. Moreover, the Company intends to have the Shares delisted from the Stock Exchange following completion of the Scheme. As a result, public trading of the Shares will cease.

The implementation of this Scheme will require, *inter alia*, the approval of the Scheme by a majority in number of the Independent Shareholders present and voting (either in person or by proxy) at the Court Meeting(s) representing not less than three-fourths in value of the Shares that are voted by the Independent Shareholders (either in person or by proxy) at the Court Meeting(s), provided that the Scheme is not disapproved by the Independent Shareholders at the Court Meeting(s) holding more than 10% in value of all the Shares held by the Independent Shareholders, in each case by way of a poll and the approval of the Scheme by the passing of a special resolution (by way of poll) by Shareholders present and voting (either in person or by proxy) at the EGM. In order to become effective, the Scheme must be sanctioned by the Court at a hearing following the Court Meeting(s), and a copy of the order of the Court sanctioning the Scheme must be delivered to and duly registered with the Registrar of Companies in Hong Kong, SAR.

Shareholders will already be aware that Oxford's listing is only on the Stock Exchange and that it does not have an alternative listing on another regulated, regularly operating, open stock exchange recognised for these purposes by the Stock Exchange pursuant to Rule 6.11 of the Listing Rules.

According to Rule 6.12 of the Listing Rules, Oxford may not voluntarily withdraw its listing on the Stock Exchange without the permission of the Stock Exchange unless:

- (1) Oxford has obtained the prior approval of its Shareholders at a duly convened meeting of Shareholders at which the Directors, chief executive and any controlling Shareholder or their respective associates, do not vote and, at the Shareholders meeting, a majority in number representing three-fourths in value of the Shareholders present and voting either in person or by proxy at the meeting vote in favour; and
- (2) the Shareholders other than the Directors, chief executive and controlling Shareholders, are offered a reasonable cash alternative or other reasonable alternative.

IT IS IMPORTANT THAT YOUR SHARES BE REPRESENTED AND VOTED AT THE COURT MEETING AND THE EGM

You may vote your Shares by depositing your signed proxy card for each of the Court Meeting and the EGM in accordance with the instructions on the accompanying proxy form for the Court Meeting before 11:00 a.m., Hong Kong time on Monday, 26 April 2004 for Class B and before 9:30 a.m. Hong Kong time on Monday, 26 April 2004 for Class A (48 hours before the time appointed for the Court Meetings), and on the accompanying proxy form for the EGM before 11:30 a.m., Hong Kong time, on Tuesday, 27 April 2004 (24 hours before the time appointed for the EGM). If the completed proxy form for the Court Meeting is not returned, it may be handed to the Chairman of the Court Meeting at the start of that meeting. In addition, you may also vote in person at the Court Meeting and the EGM. The completion and return of a form of proxy for any of the Meetings will not preclude Scheme Shareholders from attending the relevant Meeting and voting in person if they so wish. In the event that they attend a Meeting after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked. If your Shares are not registered in your own name and you plan to attend the Court

LETTER FROM THE BOARD

Meeting and the EGM and vote your shares in person, you will need to ask the broker, trust company, bank or other nominee that holds your shares to provide you with evidence of your share ownership, and bring that evidence to the Court Meeting and the EGM.

Reference is made to the Company's announcements dated 4 September 2003 and 4 November 2003 and the Composite Document dated 3 October 2003 whereby the Company repeatedly urged the Scheme Shareholders to have their names together with their shareholdings in the Company entered in the Register as soon as possible and in any event, no later than 4:00 p.m. on Wednesday, 19 November 2003 (the Register would be closed thereafter) to enable the Company to, inter alia, duly and definitively determine the composition of the members of the Company (and such members would thereby constitute members of the Scheme Shareholders, for all the purposes of the Court proceedings to be instituted thereafter by the Company in respect of the privatization of the Company as proposed by Smart Extra by way of a scheme of arrangement pursuant to section 166 of the Companies Ordinance). The Company hereby reminds Scheme Shareholders that Shareholders who have failed or neglected to have their names and particulars duly entered in the Register by 4:00 p.m. on Wednesday, 19 November 2003 would be excluded and therefore services of, inter alia, the Court proceedings as aforesaid would not be effected to them. Unregistered Shareholders will have to:

- (a) regarding attending and casting votes in respect of Shares held by them, resort to duly obtaining the Court documents and proxies specifically prepared in respect of each of such meetings from those members who have disposed of the Shares in question; and
- (b) regarding getting payment in respect of the Cancellation Price, either have their names together with their shareholdings in the Company entered in the Register as soon as possible and in any event, no later than 4:00 p.m. on Tuesday, 15 June 2004 (the Register would be closed thereafter) or resort to making due and prompt arrangements with those members who have disposed of the Shares in question

by making appropriate arrangements with their respective brokers, nominees or agents, or otherwise, as the case may be.

The date, time and place of the Court Meetings are as follows:

On Wednesday, 28 April 2004 at 9:30 a.m. (for Class A only) and 11:00 a.m. (for Class B only) at Room 604, 6th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong

The date, time and place of the EGM are as follows:

On Wednesday, 28 April 2004 at 11:30 a.m. (or as soon immediately after the Meeting(s) of classes of holders of the ordinary Shares convened by direction of the High Court of the Hong Kong Special Administrative Region for the same place and day shall have concluded or adjourned) at Room 604, 6th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong

By order of the Board of Directors of
Oxford Properties & Finance Limited
Seto Chak Wah, Michael
Chairman of the Board of Directors

EXPLANATORY STATEMENT

**This Explanatory Statement constitutes the statement as required under
Section 166A of the Companies Ordinance**

**SCHEME OF ARRANGEMENT
FOR THE CANCELLATION OF THE SCHEME SHARES
IN CONSIDERATION OF
SMART EXTRA AGREEING TO PAY THE CANCELLATION PRICE THEREOF**

INTRODUCTION

Smart Extra announced its firm intentions

By an announcement published in the newspapers dated 21 May 2003, Smart Extra announced, *inter alia*, that:

- (1) by virtue of the Acquisition it had contracted and completed during the period from 31 March 2003 to 11 April 2003 (both dates inclusive) Smart Extra itself and/or through its wholly-owned subsidiary company, Precise Dragon, had bought and held 60,406,962 Shares together with, *inter alia*, the voting rights attached thereto at an uniform price of HK\$8.00 per Share, representing 89.15% or thereabouts of the entire issued equity share capital of Oxford and of the voting rights of Oxford;
- (2) it had the firm intention to extend and would extend an unconditional general offer to the holders of equity share capital of Oxford on the basis of Rule 26 of the Takeovers Code;
- (3) it was the express intention of Smart Extra that Oxford be privatised by way of either the Offer, to be extended by Smart Extra with a view to qualifying itself to avail itself of the compulsory provisions under section 168 of the Companies Ordinance, or the Scheme Proposal to be implemented by way of a scheme of arrangement pursuant to section 166 of the Companies Ordinance;
- (4) after consultation with the Executive, approaches were made by Smart Extra to a very restricted number of sophisticated investors who are Disinterested Shareholders with a view to gathering irrevocable commitments in support of Smart Extra's intended privatisation of Oxford by way of compulsory acquisition under section 168 of the Companies Ordinance. However, Smart Extra failed to obtain the required support as aforesaid. Up to the Announcement Date, Smart Extra had received letters of irrevocable undertaking all dated 21 May 2003 from 16 Disinterested Shareholders holding in aggregate approximately 3,866,040 Shares, representing approximately 5.71% of the issued share capital of Oxford or approximately 56.41% of the Disinterested Shares, whereby each and every one of them had confirmed on an irrevocable basis that they would not accept the Offer in respect of any of the Shares held by them on the terms and conditions as outlined in the Announcement;

EXPLANATORY STATEMENT

- (5) however, notices of intention to support the Scheme Proposal by voting in favour of the Scheme to be formulated pursuant to the Scheme Proposal both at the Court Meeting(s) and the EGM were also thereby given by each of the above 16 Disinterested Shareholders;
- (6) in the light of the aforesaid, Smart Extra had anticipated that it would not be able to qualify itself to avail itself of the compulsory acquisition provisions under section 168 of, and Ninth Schedule to, the Companies Ordinance. Accordingly, Smart Extra has had to resort to the Scheme Proposal, the implementation of which will be subject to, *inter alia*, compliance with section 166 of the Companies Ordinance, being a residual provision, and compliance with Rule 2.10 of the Takeovers Code, to carry out its intended privatisation in respect of Oxford by way of a scheme of arrangement; and
- (7) it had, on 6 May 2003, initiated a request to Oxford to put forward a proposal to the holders of equity share capital of Oxford in respect of the privatisation of Oxford by way of a scheme of arrangement under section 166 of the Companies Ordinance to be formulated in accordance with the terms and conditions of the Scheme Proposal but subject always to Rule 2.10 of the Takeovers Code.

Unconditional Offer formally made by Smart Extra

In advancing its announced firm intention as aforesaid, Smart Extra did extend the Offer to the holders of equity share capital of Oxford by way of causing the despatch of an Offer Document dated 17 June 2003 to the holders of equity share capital of Oxford. Such an Offer Document, with, *inter alia*, the Offer incorporated and containing the terms and relevant information thereof, together with the relevant forms of acceptance and renunciation in respect of the Offer, were despatched to the holders of the equity share capital of Oxford on 17 June 2003.

The Company announced its response in respect of the Offer and the Scheme Proposal

By an announcement published in the newspapers dated 4 September 2003, the Company announced, *inter alia*, that:

1. an ad hoc Independent Board Committee comprising Messrs. Alfred Cheung Tze Fat and Lau Hak Lap (both of whom are Independent Non-executive Directors of Oxford), Messrs. Lai Man Leung and Clive William Oxley (both of whom are Non-executive Directors of Oxford), had been established to advise Independent Shareholders as to whether the Offer and the Scheme were both considered fair and reasonable;
2. Shenyin Wanguo had been appointed as Independent Financial Advisers who are charged with the responsibility to advise the Independent Board Committee so as to enable members of the Independent Board Committee to properly discharge the functions for which it had been established as aforesaid;

EXPLANATORY STATEMENT

3. the Board had agreed, subject to Shareholders' approval in a general meeting, to the privatisation of the Company by way of the Scheme Proposal as it appeared to be beneficial to the Company and its Shareholders as a whole and accordingly has further agreed to accede to the said request of Smart Extra to put forward the Scheme Proposal to Shareholders by way of a scheme of arrangement under section 166 of the Companies Ordinance;
4. it wished to thereby urge Shareholders to have their names entered in the Register as soon as possible for, *inter alia*, the following reasons:
 - (a) to enable Shareholders to attend the meetings as required under section 166 of the Companies Ordinance in the capacity as members of the Company or to be represented by proxies to be appointed by them. Since the meeting(s) to be summoned, in the manner as the Court shall have directed pursuant to section 166 of the Companies Ordinance and any adjournment thereof, if any, in respect of the approval of the Scheme to be formulated in accordance with the Scheme Proposal shall be meeting(s) of members or meetings of classes of members of the Company (either in person or by proxy);
 - (b) to enable the Company to properly classify members of the Company for the purposes of section 166 of the Companies Ordinance; and
 - (c) to enable the Company and/or Smart Extra to make arrangements to effect payments by way of the delivery of cheques to the most appropriate person when the Scheme becomes effective. Since in consideration of the cancellation of the Scheme Shares, Smart Extra shall, pursuant to the Scheme Proposal, pay to the persons who at the close of business on the Record Date are the holders of the Shares cancelled pursuant to and under the terms and conditions of the Scheme the sum of HK\$15.00 in cash in respect of each Share held by them respectively at such close of business. All deliveries of cheques required for making payment in respect of the Share or Shares as aforesaid shall be effected by duly posting the same in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses as appearing in the Register at the close of business on the Record Date.

Composite Document despatched by the Company

A Composite Document dated 3 October 2003 was compiled by the Company and caused to be despatched on 3 October 2003 to members of the Company with a view to furnishing each and every one of them with relevant information in respect of the Group, of which Oxford forms part, and at the same time to inform them of the advice of the Independent Board Committee both in respect of the Offer and of the Scheme Proposal by way of a letter of advice addressed to the Independent Shareholders and of the advice of the Independent Financial Advisers to the Independent Board Committee by including in that response document a true and exact copy of their letter of advice to the Independent Board Committee issued by them as experts in respect of both the Offer and the Scheme Proposal. A true and exact copy in respect of each of the said letter of advice from the Independent Board Committee and the said letter of advice of the Independent Financial Advisers are attached hereto for your easy reference.

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The Offer closed

By an announcement published in the newspapers issued by Smart Extra dated 17 October 2003, Smart Extra announced that the Offer duly closed at 4:00 p.m. on Friday, 17 October 2003 as scheduled and as announced by Oxford by its announcement published in the newspaper dated 2 October 2003.

By the said announcement, Smart Extra also announced that Smart Extra had received valid acceptances of the Offer in respect of 49,834 Shares, representing 0.07% of the entire issued share capital of Oxford as at the date of announcement. After being aggregated with 49,834 Shares as aforementioned, Smart Extra held together with its wholly-owned subsidiary company, Precise Dragon, 60,456,796 Shares, representing approximately 89.22% of the entire issued share capital of Oxford as at the said date of Smart Extra's announcement.

Further information on Oxford

Subsequent to the despatch of the Composite Document, Oxford has issued the Interim Report for the six months ended 31 July 2003, and dated 22 October 2003, a copy of which is set out hereto on pages 33 to 46 in Appendix I of this Explanatory Circular.

The purpose for which this Explanatory Statement has been compiled

The purpose for which this Explanatory Statement has been compiled is to explain to you the effect of the arrangement and in particular to state any material interests of the Directors, whether as Directors or as members or as creditors of Oxford or otherwise, and the effect thereon of the arrangement, in so far as it is different from the effect on the like interests of other persons pursuant to section 166 A of the Companies Ordinance.

As shown on page 90 of the Composite Document, the Group had a surplus of approximately HK\$6.1 million on revaluation of its properties, based on the valuation reports prepared by DTZ Debenham Tie Leung (a corporate member of The Hong Kong Institute of Surveyors) and Micronesian Appraisal Associates, Inc. (a suitably qualified and experienced professional corporate valuer approved by the Executive) respectively and dated 31 July 2003, adjusted for the Group's attributable interest and taxation which would arise if the properties were to be sold at the amount of the valuation. Reference is made to pages 90 to 91 of the Composite Document for details of the above surplus and Appendix II of the Composite Document for the valuation reports as at 31 July 2003.

For the purposes of its annual results for the year ended 31 January 2004, the Group has caused all its landed properties to be revalued by independent professional appraisers both in Hong Kong and Guam, USA. As shown on page 104 of this Explanatory Circular, the Group had a surplus of approximately HK\$115.1 million on revaluation of its properties (which have no movements (additions or disposals) during the year ended 31 January 2004), based on the valuation reports prepared by DTZ Debenham Tie Leung and Micronesian Appraisal Association, Inc. respectively and dated 31 January 2004. For the convenience of Scheme Shareholders, a summary of such up-dated valuations of the Group's landed properties both in Hong Kong and in Guam, USA is set out in tabular form in Appendix II of this Explanatory Circular. Where the valuations are expressed in US dollars, the exchange rate for conversion to HK dollars is US\$1.00=HK\$7.80.

Shareholders are advised to read carefully and refer to the information other than the terms and conditions of the Scheme and their effects thereof as stated in the Composite Document.

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Compliance with Rule 8.5 of the Takeovers Code

Members' attention is hereby drawn to the fact that this Explanatory Circular constitutes a subsequent document to the Composite Document dated 3 October 2003 issued and despatched by the Company within the meanings of Rule 8.5 of the Takeovers Code. Accordingly, every reasonable effort has been made by the Company to ensure that information contained in the Composite Document which, owing to the effluxion of time, has become out-dated or been materially changed but is required to be up-dated under Rule 8.5 of the Takeovers Code, has been up-dated by this Explanatory Circular. Since the despatch of the Composite Document, the Company has announced its Interim Results and published its Interim Report for the six months ended 31 July 2003, a copy of which is set out in Appendix I of this Explanatory Circular. Financial information in respect of the Company as contained in the Composite Document should therefore be read in conjunction with that contained in the said Interim Report which now forms part of this Explanatory Circular.

Save for the Interim Results for the six months ended 31 July 2003 and the up-dated valuations of the Group's properties as mentioned aforesaid, the Company is of the view that there have been no material changes to any of the information as previously published by the Company by way of the Composite Document and is not aware of any such material changes in the financial position of the Group since 31 January 2003.

Should members require any information in respect of the Company, they may approach the Company for publication of the same and in this respect the Company will use its best endeavours to furnish members, with such information in so far as the law, regulations or codes permit so to do.

INTENDED PRIVATISATION OF OXFORD

Shareholding Structure of Oxford

At the Latest Practicable Date, the Scheme Shareholders were interested in 7,303,204 Shares, representing approximately 10.78% of the entire issued equity share capital of Oxford.

The shareholding structure of Oxford tabulated hereunder is in accordance with the information available to Oxford as at the Latest Practicable Date and on the presumption that the number of shares in issue as at the date upon which Smart Extra will have fully discharged its payment obligations under the Scheme Proposal and therefore the Scheme will be the same as at the Latest Practicable Date.

	As at the Latest Practicable Date		Immediately following completion of the Proposal		
	Number of Shares	%	Number of Scheme Shares	Number of Shares	%
Smart Extra ⁴	60,406,962	89.15	–	67,760,000	100
Smart Extra ⁵	49,834	0.07	–	–	–
MADC	409,400	0.6	409,400	–	–
Mr. J. Lee	90,118	0.13	90,118	–	–
Public	6,803,686	10.05	6,803,686	–	–
	<u>67,760,000</u>	<u>100</u>	<u>7,303,204</u>	<u>67,760,000</u>	<u>100</u>

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Notes:

1. % figures are approximations only.
2. Under the Scheme, the Scheme Shares (7,303,204 Shares) will be cancelled and 7,303,204 new Shares will be issued and allotted by Oxford to Smart Extra or its nominees, credited as full paid at par of HK\$1.00 each.
3. Mr. W. Lee is the sole director and sole legal and beneficial shareholder of Smart Extra.
4. Shareholdings in Oxford excluding Shares acquired by Smart Extra by virtue of the Offer.
5. Shares acquired by Smart Extra by virtue of the Offer.

Cancellation consideration

The cancellation consideration of HK\$15.00 per Scheme Share represents:

- a premium of approximately 59.57% over the closing price per Share of HK\$9.40 on the Stock Exchange on the Pre-Announcement Date;
- a premium of approximately 70.84% over the average closing price per Share of HK\$8.78 for the 30 trading days prior to and including the Pre-Announcement Date;
- a premium of approximately 6.91% over the audited consolidated net asset value per Share of HK\$14.03 as at 31 January 2002;
- a premium of approximately 6.61% over the unaudited consolidated net asset value per Share of HK\$14.07 as at 31 July 2002;
- a premium of approximately 31.58% over the audited consolidated net asset value per Share of approximately HK\$11.40 as at 31 January 2003;
- a premium of approximately 45.77% over the unaudited consolidated net asset value per Share of HK\$10.29 as at 31 July 2003;
- a premium of approximately 9.33% over the closing price per Share of HK\$13.60 on the Stock Exchange on 17 October 2003 (being the closing date of the Offer);
- a premium of approximately 13.29% over the pro-forma adjusted net tangible asset value per Share of approximately HK\$13.24 as set out on page 47 of this Explanatory Circular; and
- a premium of approximately 7.14% over the closing price per Share of HK\$14.00 on the Latest Practicable Date.

On the basis of the consideration of HK\$15.00 per Scheme Share, the Scheme Proposal values the entire issued share capital of Oxford at HK\$1,016.40 million.

Notes:

1. Scheme Shareholders will have already noted from the Offer Document and the Composite Document that the consideration of HK\$15.00 per Scheme Share was arrived at by Smart Extra after taking into account the premium on the first five occasions above.
2. Scheme Shareholders will have already noted from the Offer Document that Baron Capital and Kim Eng have confirmed that Smart Extra has produced evidence to the satisfaction of both Baron and Kim Eng that Smart Extra has made available sufficient financial resources to implement the Scheme in full.

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Future intentions

Smart Extra does not intend to dispose of its interest in Oxford, nor does it intend to discontinue any of the Group's businesses following the successful implementation of the Scheme. It is the intention of Smart Extra to maintain the existing businesses of Group upon privatisation of Oxford.

Mr. W. Lee, the sole director of Smart Extra, has confirmed that, upon the privatisation of Oxford, he does not intend to make any significant changes to the existing businesses or make any significant disposals of the assets or the associated companies of Oxford in the near future, or make any significant redeployment of its fixed assets, other than in the ordinary course of business.

Independent of the privatisation of Oxford, Mr. W. Lee does not have any intention to make any significant changes to the existing employment of the staff of the Group.

It is the intention of Mr. W. Lee that the Listing will be withdrawn upon the Scheme becoming effective and be maintained in the event that the Scheme is not approved or is withdrawn, or otherwise discontinued, or lapses.

Interests of the directors of Oxford in the Scheme and effects thereon

Save and except for Mr. W. Lee, being the sole director of Smart Extra and the sole beneficial owner of the entire issued share capital of Smart Extra, which is the ultimate parent company of Precise Dragon, and whose interests in the William Group are significant, the Board confirms that none of the members of the Board has any interest in the Shares.

Each and every member of the Board has severally confirmed with the Board that none of them is a creditor of Oxford.

Save and except for Mr. W. Lee, upon the successful implementation of the Scheme which will entail Oxford becoming a wholly-owned subsidiary company of Smart Extra, the Scheme will have no effect on the directors of Oxford other than Mr. W. Lee as aforesaid, whether as such directors or otherwise.

Share certificates, dealings and listing

Upon the Scheme becoming effective, all Scheme Shares will be cancelled and extinguished. Certificates in respect of the Scheme Shares will accordingly cease to have effect as documents or evidence of title. Oxford will apply to the Stock Exchange for the withdrawal of listing of the Shares on the Stock Exchange following the Effective Date. The Scheme Shareholders will be notified by way of a press announcement of the exact date on which the Scheme and the withdrawal of listing of the Shares on the Stock Exchange will become effective.

In the event that the Scheme fails to meet with the required approval, or is withdrawn or otherwise discontinued or lapses, subject to due compliance with the requirements of the Listing Rules, it is intended that the Listing will be maintained until otherwise announced.

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Registration and payment

If the Scheme becomes effective, cheques for the Cancellation Price will be sent to the members on record as holders of the Scheme Shares, that is to say, to those whose names appear on the Register on the Record Date. Such cheques will be posted within ten days after the Effective Date.

For the purposes of establishing entitlements to the Cancellation Price, it is proposed that the Register be closed at 4:00 p.m. on Tuesday, 15 June 2004. Scheme Shareholders and/or their respective successors in title should therefore ensure that their Shares are registered or lodged for registration in their names or in the names of their nominees by 4:00 p.m. on Tuesday, 15 June 2004. The Share Registrar is Sums Limited situate at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong.

Assuming that the Scheme becomes effective on Monday, 21 June 2004, cheques for the Cancellation Price are expected to be despatched to the holders of Scheme Shares or persons nominated by them on or before Wednesday, 30 June 2004. As provided in the Scheme, on or after the day being six calendar months after the posting of such cheques, Smart Extra shall have the right to cancel or countermand payment of any such cheques which have not then been cashed or have not been returned uncashed, and shall place all monies represented thereby in an interest bearing deposit account in Oxford's name with a licensed bank in Hong Kong selected by Oxford. Oxford shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums, together with interest which shall have accrued thereon, to persons who satisfy Oxford that they are entitled thereto and that the cheques of which they are payees have not been cashed. On the expiry of six years from the Effective Date, Smart Extra shall be released from any further obligation to make any payments under the Scheme and Oxford shall thereafter transfer to Smart Extra the balance (if any) of the sums then standing to the credit of the deposit account in its name, including accrued interest subject, if applicable, to the deduction of any interest or withholding or other tax or any other deduction required by law and subject to the deduction of any expenses.

In the absence of any specific instructions to the contrary received in writing by the Share Registrar, cheques will be sent to the holders of Scheme Shares (other than the untraceable Scheme Shareholders) whose names appear on the Register at the Record Date at their respective addresses or, in the case of joint holders, to the registered address of that joint holder whose name stands first in the Register in respect of the joint holding. All such cheques will be sent at the risk of the persons entitled thereto and neither Smart Extra nor Oxford shall be liable for any loss or delay in transmission.

Overseas holders of Scheme Shares

As a result of the Scheme Proposal and therefore the Scheme, those Scheme Shareholders who are not resident in Hong Kong may be subject to the laws of other jurisdictions. Such Scheme Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. It is the responsibility of those Scheme Shareholders not resident in Hong Kong to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental approval, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

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Untraceable holders of Scheme Shares

Under the Scheme, the Cancellation Price which would otherwise be payable to the holders of Scheme Shares who are untraceable will be paid to the Trustee to be held on trust for such persons. For this purpose a holder of Scheme Shares will be deemed to be untraceable if:

- (i) he has no registered address appearing on the Register at the Record Date; or
- (ii) on the last two consecutive occasions prior to the posting date of this document on which a dividend has been paid by Oxford a cheque for the cash dividend payable to such holder of Scheme Shares (or other person entitled) either:
 - (a) has been sent to such holder of Scheme Shares (or other person entitled) and has been returned undelivered or, in the case of such a cheque, has not been cashed; or
 - (b) has not been sent to such holder of Scheme Shares (or other person entitled) because on an earlier occasion a cheque for a dividend so payable has been returned undelivered, and in such case no valid claim in respect thereof has been communicated in writing to the Share Registrar.

The Trustee will hold the monies representing the Cancellation Price on the terms of the Trust Deed, a summary of which is set out in Appendix VII to this document, until the expiration of 12 years after the Effective Date during which time any person entitled thereto may claim such monies. During this period, the Cancellation Price remaining unclaimed or any part thereof may be invested by the Trustee in short term securities including debt obligations and certificates of deposit and bank deposits. All persons entitled thereto may claim such monies from the Trustee including interest less any costs, tax and other deductions required by law and expenses. On the expiration of 12 years after the Effective Date, the Trustee will, at the expense of Smart Extra, transfer to Smart Extra or Smart Extra's nominee(s) the balance of the trust assets in respect of which claims have not been made and accepted. There will be no right to obtain payment thereafter.

Taxation

The minority Shareholders, whether in Hong Kong or in other jurisdictions, are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of the Scheme Proposal and therefore the Scheme and, in particular, whether the receipt of the Cancellation Price would make such minority Shareholders liable to taxation in Hong Kong or in other jurisdictions.

Conditions of the Scheme Proposal

The Scheme Proposal will become effective and binding on Oxford and all Shareholders subject to the following conditions:

- (i) the approval of the Scheme by a majority in number of the Independent Shareholders present and voting (either in person or by proxy) at the Court Meeting(s) representing not less than three-fourths in value of the Shares that are voted by the Independent Shareholders (either in person or by proxy) at the Court Meeting(s), provided that the Scheme is not

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disapproved by the Independent Shareholders at the Court Meeting(s) holding more than 10% in value of all the Shares held by the Independent Shareholders, in each case by way of poll;

- (ii) the approval of the Scheme by the passing of a special resolution (by way of poll) by Shareholders present and voting (either in person or by proxy) at the EGM as required under the Company's Memorandum and Articles of Association;
- (iii) the sanction of the Scheme by the High Court of Hong Kong (with or without modification) and an office copy of the Court Order minutes containing the particulars required by section 166 of the Companies Ordinance are delivered to, and registered by, the Registrar of Companies in Hong Kong;
- (iv) all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Scheme Proposal having been obtained or made from, with or by (as the case may be) the relevant authorities, in Hong Kong and/or any other relevant jurisdictions;
- (v) all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Scheme Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Scheme Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective; and
- (vi) all bank and other necessary consents which may be required under any existing contractual obligations of Oxford being obtained.

Smart Extra reserves the right, if thought fit and proper in its sole and absolute discretion, to waive or cause to be waived any or all of the Scheme Conditions set out in (iv) to (vi) above. The Scheme Conditions set out in (i) to (iii) above cannot be waived in any event. All of the above Scheme Conditions will have to be satisfied or waived on or before 31 December 2004, otherwise the Scheme Proposal will lapse. An announcement will be made if the Scheme Proposal lapses.

The Scheme will automatically lapse and whereupon will, on an entirely without recourse whatsoever and howsoever against Oxford and/or Smart Extra and/or any of its and/or their respective agents and/or servants and each and every one of them basis, become null and void and have no effect and/or further effect, as if it were null, void and no effect *ab initio*, if the Scheme will not have become effective on or before 31 December 2004.

Scheme of arrangement under Section 166 of the Companies Ordinance and Court Meeting(s)

According to section 166 of the Companies Ordinance where an arrangement is proposed between the company and its members or any class of them, the court may, on the application in a summary way of the company or any member of the company, order a meeting of the members of the company or class of members, as the case may be, to be summoned in such a manner as the court directs.

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It is expressly provided in section 166 of the Companies Ordinance that if a majority in number representing three-fourths in value of the members or class of members, as the case may be, present and voting either in person or by proxy at the meeting or meetings, as the case may be, summoned as directed by the court as aforesaid, agree to any arrangement, the arrangement shall, if sanctioned by the court, be binding on all members or class of members, as the case may be, and also on the company.

The additional requirements as imposed by Rule 2.10 of the Takeovers Code

In addition to satisfying any requirements imposed by law as summarised above, but unless with the consent of the Executive to dispense with compliance or strict compliance thereof, Rule 2.10 of the Takeovers Code requires that the Scheme may only be implemented if:

- (a) the Scheme is approved by at least 75% of the votes attaching to the Disinterested Shares that are cast either in person or by proxy at a duly convened meeting of the holders of the Disinterested Shares; and
- (b) the number of votes cast against the resolution to approve the Scheme at such meeting is not more than 10% of the votes attaching to all Disinterested Shares.

The binding effect when the Scheme is approved

Notwithstanding the fact that there may be a dissenting minority, if the Scheme is approved at the meetings by a majority in number, representing three-fourths in value, of its members present and voting in person or by proxy, the Scheme becomes binding on Oxford and all its members, so long as it is sanctioned by the Court, Smart Extra will be entitled to, upon fulfilment of the requirements as set forth at Rule 2.10 of the Takeovers Code or with the consent of the Executive that the compliance or strict compliance in conformity with Rule 2.10 of the Takeovers Code be waived, exercise the legal rights vested in it, by virtue of the Scheme having been duly approved by members of Oxford at the meetings as aforesaid and sanctioned by the Court, and the order sanctioning the Scheme having taken effect within the meanings as ascribed thereto pursuant to section 166 (3) of the Companies Ordinance, to cause Oxford to: (1) cancel all Scheme Shares whereupon the entire share capital of Oxford shall be reduced from HK\$67,760,000.00 to HK\$60,456,796.00; (2) increase the entire issued share capital of Oxford to its former amount of HK\$67,760,000.00 by the creation of 7,303,204 new Shares; and (3) apply, on the Effective Date, the reserve of HK\$7,303,204.00 which will arise in its books of account as a result of the said reduction of capital in paying up in full at par the 7,303,204 new Shares which shall be allotted to Smart Extra or its nominees, credited as fully-up whereupon all Shares representing holdings of those Shares cancelled as aforesaid shall cease to have effect as document of title. Thereupon Oxford shall become a wholly-owned subsidiary company of Smart Extra.

Meetings Summoned by the Court

Shareholders should note that 2 class meetings have been called in compliance with the Order made by the Honourable Mr. Justice Barma dated 11 March 2004 to convene and to be held at Room 604, 6th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong at 9:30 a.m. (for Class A Shareholders, i.e. Mr. J. Lee and MADC, only) and 11:00 a.m. (for Class B Shareholders, i.e. all Disinterested Shareholders, only) respectively on 28 April 2004. At those meetings only votes cast by members of Oxford, either in person or by proxy, in respect of Disinterested Shares will be taken as validly cast and accordingly counted for the purposes of Rule 2.10 of the Takeovers Code.

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For the avoidance of doubt, votes cast by Smart Extra, Precise Dragon, Mr. J. Lee and/or MADC in respect of Shares held by any of them, if cast, will not be taken as validly cast for the purposes of Rule 2.10 of the Takeovers Code.

EGM

Immediately following the meeting(s) summoned by the Court, the EGM will be held for the purpose of considering and, if thought fit, passing a special resolution to approve and give effect to the Scheme. Votes validly cast by any members of Oxford, inclusive of Smart Extra, Mr. J. Lee and/or MADC, whether in person or by proxy, will be counted for the purposes of the Memorandum and Articles of Association of Oxford. It is the intention that the Shares held by Smart Extra be voted in favour of the special resolution to be proposed at the EGM to approve and give effect to the Scheme.

Important matters relating to meetings

Member of Oxford

“Member” is defined in section 29 of the Companies Ordinance as follows:

“Definition of member

- (1) The subscribers of the memorandum of a company shall be deemed to have agreed to become members of the company, and on its registration shall be entered as members in its register of members.
- (2) Every other person who agrees to become a member of a company, and whose name is entered in its register of members, shall be a member of the company.”

INFORMATION ON SMART EXTRA (INFORMATION CONTAINED IN THIS SECTION IS A DIGEST OF THE RELEVANT SECTION(S) OF THE OFFER DOCUMENT)

Constitution of Smart Extra

Smart Extra is a company incorporated in the British Virgin Islands with limited liability whose sole director, Mr. W. Lee, is also the legal and beneficial owner of the entire issued share capital of Smart Extra and is the ultimate parent company of Precise Dragon.

Mr. W. Lee, aged 48, has over 15 years of experience in corporate management and investment. He has been a director of Oxford since November 1978.

Reasons for making the Offer and the Scheme Proposal

Smart Extra is aware of the complaints which have been made from time to time by certain shareholders of Oxford, in respect of the comparatively thin liquidity of the Shares, since as early as 1998. Under the auspices of the Stock Exchange, Oxford has made a number of attempts and/or

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arrangements with a view to improving the public float of the Shares in an orderly manner through the facilities of the Stock Exchange and in this respect, reference is made to Oxford's announcement published in the newspapers dated 25 October 2002. Notwithstanding the fact that implementation of the said arrangements was on a daily and continuous basis from 25 October 2002 to the close of business on the Pre-Announcement Date, trading of the Shares continued to be thin, with an average daily trading volume of 10,700 Shares, representing approximately 0.016% of the entire issued equity share capital of Oxford, for the six months immediately prior to and including the Pre-Announcement Date. Having taken into consideration the aforesaid and the general market sentiment toward companies in similar, if not identical, lines of business as those of Oxford, and whose shares are listed in the Stock Exchange, and coupled with the fact that there is no clear prospect of improvement in the trading volume thereof in the foreseeable future, or otherwise, or at all, Smart Extra was and still is apprehensive of the situation as such. In the circumstances, Smart Extra was, and still is, of the view that it would be opportune to put forward a motion to Shareholders for their consideration to privatise Oxford, as it considered and still considers such to be beneficial to Shareholders. Each of the Offer and/or the Scheme Proposal would remain open for a reasonable period of time to give Shareholders the opportunity to make an informed decision as to whether or not to realise their respective investment in Oxford.

Intentions regarding Oxford and its employees

It is not the present intention of Smart Extra to cause significant changes, if any, to Oxford's existing businesses or to cause diversification of the same, including redeployment of the fixed assets of Oxford following its privatisation.

It is the present intention of Smart Extra that there should be no significant changes in the continued employment of the employees of the Group following the successful privatisation of Oxford.

RESPONSE OF THE BOARD WITH RESPECT TO THE REASONS FOR MAKING THE OFFER AND SCHEME PROPOSAL

The Board considers that Smart Extra's reasons for making the Offer and the Scheme Proposal are valid and acceptable. The Board also concurs with Smart Extra that the making of the Offer and/or putting the Scheme Proposal forward for consideration, if thought fit and approved, would be beneficial to the Company and its Shareholders as a whole by reason of the fact that the Board agrees with Smart Extra that an opportunity would thereby be created for Shareholders to make an informed decision as to whether or not to realise their respective investments in Oxford.

The Board would draw Shareholders' attention to the advice both from the Independent Board Committee and the Independent Financial Advisers. Both sets of advice form part of this document.

IMPORTANT NOTICE

Caution is hereby re-iterated to Shareholders and prospective investors that the success or failure of the Scheme Proposal is dependent, *inter alia*, upon:

- (a) compliance/fulfilment in conformity with the requirements as set forth in sections 166 and 166A of the Companies Ordinance, unless otherwise satisfied or waived;
- (b) compliance/fulfilment in conformity with Rule 2.10 of the Takeovers Code, unless otherwise satisfied or waived;

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- (c) the terms and conditions as modified and/or otherwise imposed by the Court, if any, being acceptable to and accepted by Smart Extra; and
- (d) compliance/fulfilment in conformity with all other terms and conditions, whether conditions precedent or subsequent, unless otherwise satisfied or waived.

The Scheme will automatically lapse whereupon it will, on an entirely without recourse whatsoever and howsoever against Oxford and/or Smart Extra and/or any of its and/or their respective agents and/or servants and each and every one of them basis, become null and void and have no effect and/or further effect, as if it were null, void and no effect *ab initio*, if the Scheme will not have become effective on or before 31 December 2004.

The Scheme Shareholders will be notified by way of an announcement to be published in the newspapers in respect of the respective dates on which the Scheme and/or the withdrawal of the Listing on the Stock Exchange become effective, if such is necessary and appropriate to do so.

Action to be taken by the Scheme Shareholders

A pink form of proxy for use at the Court Meeting(s) of classes of members and a white form of proxy for use at the EGM are enclosed herewith.

Whether or not they are able to attend the Meetings in person, the Scheme Shareholders are strongly urged to complete and sign the enclosed pink form of proxy in respect of the Court Meeting(s) and the white form of proxy in respect of the EGM in accordance with the instructions respectively printed thereon and deposit both of these with the Share Registrar, Sums Limited, at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong as soon as possible, but in any case not later than the following respective times:

- (a) in the case of the pink form of proxy for the use at the Court Meetings, the Scheme Shareholders are requested to deposit this form of proxy not later than 9:30 a.m. (for Class A) and 11:00 a.m. (for Class B) on Monday, 26 April 2004, but if it is not so deposited, it may be handed to the Chairman of the Court Meeting at the Court Meeting;
- (b) in order to be valid, the white form of proxy for use at the EGM must be deposited by any members of Oxford not later than 11:30 a.m. on Tuesday, 27 April 2004.

The completion and return of a form of proxy for any of the Meetings will not preclude Scheme Shareholders from attending the relevant Meeting and voting in person if they so wish. In the event that they attend a Meeting after having deposited the relevant form of proxy, that form of proxy will be deemed to have been revoked.

Reference is made to the Company's announcements dated 4 September 2003 and 4 November 2003 and the Composite Document dated 3 October 2003 whereby the Company repeatedly urged the Scheme Shareholders to have their names together with their shareholdings in the Company entered in the Register as soon as possible and in any event, no later than 4:00 p.m. on Wednesday, 19 November 2003 (the Register would be closed thereafter) to enable the Company to, inter alia, duly and definitively determine the composition of the members of the Company (and such members would thereby constitute members of the Scheme Shareholders, for all the purposes of the Court proceedings to be instituted thereafter by the Company in respect of the privatization of the Company as proposed by Smart Extra by way of a scheme of arrangement pursuant to section 166 of the

EXPLANATORY STATEMENT

Companies Ordinance). The Company hereby reminds Scheme Shareholders that Shareholders who have failed or neglected to have their names and particulars duly entered in the Register by 4:00 p.m. on Wednesday, 19 November 2003 would be excluded and therefore services of, inter alia, the Court proceedings as aforesaid would not be effected to them. Unregistered Shareholders will have to:

- (a) regarding attending and casting votes in respect of Shares held by them, resort to duly obtaining the Court documents and proxies specifically prepared in respect of each of such meetings from those members who have disposed of the Shares in question; and
- (b) regarding getting payment in respect of the Cancellation Price, either have their names together with their shareholdings in the Company entered in the Register as soon as possible and in any event, no later than 4:00 p.m. on Tuesday, 15 June 2004 (the Register would be closed thereafter) or resort to making due and prompt arrangements with those members who have disposed of the Shares in question

by making appropriate arrangements with their respective brokers, nominees or agents, or otherwise, as the case may be.

Assuming that the conditions of the Scheme are fulfilled or, where applicable, waived, the Scheme will become effective on the Effective Date, which is expected to be Monday, 21 June 2004. Further press announcements will be made giving details of the results of the Meetings and, if all the resolutions are passed at the Meetings, the last day for dealing in the Shares, the Record Date, the result of the hearing of the petition for the sanction of the Scheme by the High Court, the Effective Date and the date of the withdrawal of the Listing of the Shares.

Document on display

The following documents will be available for inspection at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong, between 9:30 a.m. to 4:30 p.m. each business day from the date on which the Explanatory Circular is posted till the date on which the Scheme becomes effective.

- (i) Trust Deed dated 24 March 2004;
- (ii) Offer Document issued by Smart Extra dated 17 June 2003;
- (iii) Composite Document issued by Oxford dated 3 October 2003;
- (iv) Letter from Shenying Wanguo dated 3 October 2003;
- (v) Letter from the Independent Board Committee dated 3 October 2003;
- (vi) Interim Report of Oxford for the 6 months ended 31 July 2003 and dated 22 October 2003;
- (vii) Letter from Shenying Wanguo dated 29 March 2004;
- (viii) Letter from the Independent Board Committee dated 29 March 2004;
- (ix) Valuation reports in respect of landed properties of the Company in Hong Kong prepared by Messrs. DTZ Debenham Tie Leung Limited as at 31 January 2004; and
- (x) Valuation reports in respect of landed properties of the Company in Guam, USA, prepared by Messrs. Micronesian Appraisal Associates, Inc. as at 31 January 2004.

SCHEME OF ARRANGEMENT

HCMP NO. 5522/2003

**IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 5522 OF 2003**

**In the Matter
of
Oxford Properties & Finance Limited
(晉利地產金融有限公司)**

and

**In the Matter of
the COMPANIES ORDINANCE,
Chapter 32 of the Laws of the Hong Kong Special Administrative Region**

SCHEME OF ARRANGEMENT

**(under Section 166 of the Companies Ordinance,
Chapter 32 of the Laws of the Hong Kong Special Administrative Region)**

between

**Oxford Properties & Finance Limited
(晉利地產金融有限公司)**

and

**the holders of its equity share capital of HK\$1.00 each
(other than those beneficially owned by Smart Extra Holdings Limited)**

and

**Smart Extra Holdings Limited
(as beneficial owner of 60,456,796 shares in the equity
share capital of Oxford Properties & Finance Limited)**

SCHEME OF ARRANGEMENT

PRELIMINARY

- A. In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

“Effective Date”	means the day on which the Scheme becomes effective in accordance with Clause 1 of this Scheme;
“Oxford”	means Oxford Properties & Finance Limited;
“HK\$”	Hong Kong dollars, the lawful currency of the Hong Kong Special Administrative Region;
“Precise Dragon”	means Precise Dragon Developments Limited, a company incorporated in the British Virgin Islands with limited liability whose entire issue equity share capital is beneficially wholly-owned by Smart Extra;
“Shares”	means ordinary shares of Oxford;
“Scheme Shareholders”	Shareholders other than Smart Extra and Precise Dragon but including MADC and Mr. J. Lee, who are qualified to participate in the Scheme;
“Scheme Shares”	Shares held by holders other than Smart Extra and Precise Dragon and which are to be cancelled and extinguished upon the Scheme becomes effective;
“Smart Extra”	means Smart Extra Holdings Limited;
“the holder”	includes a person entitled by transmission;
“the Record Date”	means at 4:00 p.m. on the business day immediately preceding the Effective Date;
“this Scheme”	means this Scheme in its present form or with any modification thereof or addition thereto or condition approved or imposed by the Court;
“Trust Deed”	the trust referred to in clause 3(a) of this Scheme as the same may from time to time be modify by a supplemental trust deed or otherwise;
“Trustee”	HSBC Trustee (Hong Kong) Limited or the trustee for the time being of the Trust Deed;
“untraceable”	in relation to a holder of Scheme Shares as at the Record Date means a holder:

SCHEME OF ARRANGEMENT

- (i) who has no registered address appearing on the register of members of Oxford at 4:00 p.m. on the Record Date; or
 - (ii) in respect of whose Scheme Shares on the last two consecutive occasions prior to the date of posting of this Scheme on which a dividend has been paid, a cheque for the cash dividend payable to such holder (for other person entitled) either:
 - (a) has been sent to such holder (or other person entitled) and has been returned undelivered or, in the case of such a cheque, has not been cashed; or
 - (b) has not been sent to such holder (or other person entitled) because on an earlier occasion a cheque for a dividend so payable has been returned undelivered, and in such case no valid claim in respect thereof has been communicated in writing to the share registrar of Oxford.
- B. The authorised capital of Oxford is HK\$100,000,000 divided into 100,000,000 Shares of HK\$1 each, of which 67,760,000 have been issued and duly paid up or deemed to have been fully paid up.
- C. At the date hereof Smart Extra by itself and through its wholly-owned subsidiary company, Precise Dragon, is the beneficial owner of an aggregate of 60,456,796 Shares in the equity share capital of Oxford, representing 89.22% or thereabouts of the entire issued share capital of Oxford and the remaining 7,303,204 Shares, the Scheme Shares, are held by Scheme Shareholders.
- D. The primary purpose of this Scheme is that all of the 7,303,204 Scheme Shares will be cancelled, as a result of which Oxford will become a subsidiary of Smart Extra.
- E. Smart Extra has agreed to appear by Counsel at the hearing of the Petition to sanction this Scheme, and to consent thereto, and to undertake to the Court to be bound thereby and to execute all such documents and do all such acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

THE SCHEME

- 1. On the Effective Date:
 - (a) The entire issued share capital of Oxford shall be reduced from HK\$67,760,000.00 to HK\$60,456,796.00 by the cancellation of the 7,303,204 Shares in the equity share capital of Oxford, being the equity share capital held by holders other than Smart Extra.

SCHEME OF ARRANGEMENT

- (b) Subject to and forthwith upon the said reduction of capital taking effect, the entire issued share capital of Oxford shall be increased to its former amount (i.e., HK\$67,760,000.00) by the creation of 7,303,204 new Shares.
- (c) Oxford shall apply the reserve of HK\$7,303,204.00 which will arise in its books of account as a result of the said reduction of capital in paying up in full at par the 7,303,204 new Shares which shall be allotted to Smart Extra or its nominees, credited as fully-paid.

Payments by Smart Extra

- 2. In consideration of the cancellation of the said 7,303,204 Shares, Smart Extra shall pay:
 - (i) to the persons who at the close of business on the Record Date are the holders of the Shares cancelled as aforesaid held by them respectively at such close of business; and
 - (ii) in the case of such holders of the Scheme Shares who are untraceable, to the Trustee or its nominee(s),the sum of HK\$15.00 in cash in respect of each Scheme Share.
- 3. (a) Not later than 10 days after the Effective Date, Smart Extra shall deliver the cheques for any sums payable in accordance with clause 2 above to the persons entitled thereto by sending such cheques through the post in pre-paid envelopes addressed to such persons:
 - (i) subject to paragraph (iii) below and unless indicated in writing to the share registrar of Oxford, in the case of each sole holder to the registered address of such holder as appearing on the register of members of Oxford at the Record Date; and
 - (ii) subject to paragraph (iii) below and unless indicated in writing to the share registrar of Oxford, in the case of joint holders to the registered address as appearing on the register of members of Oxford on the Record Date of the joint holder whose name then stands first in the register of members of Oxford in respect of the joint holding; and
 - (iii) in the case of the cash payments to be effected to the Trustee or its nominee(s) pursuant to sub-clause (ii) of clause 2 above, to the Trustee at its registered office or, if the Trustee so requests, to its nominee(s) at such address as the Trustee may specify, such cash payments to be held by the Trustee on the terms of a Trust Deed dated 24 March 2004 between Smart Extra and the Trustee and a copy of which is available for inspection at the registered office of the Trustee at Level 13, 1 Queen's Road, Central, Hong Kong from the date of this Scheme until the expiration of 12 years from the Effective Date.
- (b) Cheques shall be posted at the risk of the addressees and neither Oxford nor Smart Extra shall be responsible for any loss or delay in transmission.

SCHEME OF ARRANGEMENT

- (c) Each such cheque shall be payable to the order of the person to whom, in accordance with the provisions of sub-clause (a) of clause 3 above, the envelope containing the same is addressed and the encashment of any such cheque shall be a good discharge to Smart Extra for monies represented thereby.
- (d) On or after the day being six calendar months after the posting of the cheques pursuant to sub-clause (a) of this clause 3, Smart Extra shall have the right to cancel or countermand payment of any such cheque which has not then been cashed or has not been returned uncashed and shall place all monies represented thereby an interest bearing deposit account in Oxford's name with a licensed bank in Hong Kong selected by Oxford. Oxford shall hold such monies until the expiry of six years from the Effective Date and shall, prior to such date, make payments therefrom of the sums payable pursuant to clause 2 of this Scheme, together with interest which shall have accrued thereon, to persons who satisfy Oxford that they are entitled thereto and that the cheques referred to in sub-clause (a) of this clause 3 of which they are payees have not been cashed. Any payments made by Oxford hereunder shall include any interest accrued on the sums to which the respective persons are entitled pursuant to clause 2 of this Scheme, calculated at the annual rate prevailing from time to time at the licensed bank in which the monies are deposited, subject, if applicable, to deduction of any interest or withholding tax or any other deductions required by law. Oxford shall exercise its absolute discretion in determining whether or not it is satisfied that any person is so entitled or not so entitled, as the case may be, which shall be conclusive and binding upon all persons claiming an interest in the relevant monies.
- (e) On the expiration of six years from the Effective Date, Smart Extra shall be released from any further obligation to make any payments under this Scheme and Oxford shall transfer to Smart Extra the balance, if any, of the sums standing to the credit of the deposit account referred to in sub-clause (d) of this clause 3 including accrued interest subject, if applicable, to the deduction of any interest or withholding tax or any other deduction requires by law and any expenses incurred in effecting the transfer.
- (f) A holder of Scheme Shares in respect of whose Scheme Shares cash payments have been effected to the Trustee or its nominee(s) pursuant to paragraph (iii) of sub-clause (a) of this clause 3 (or any other persons entitled to the right of such holder under this Scheme by transmission or otherwise) shall, on written application to the Trustee accompanied by the certificates for or other documents of title to the relevant Scheme Shares delivered to the address which may from time to time be designated by the Trustee in accordance with the Trust Deed, be entitled (subject to the completion of such forms as the Trustee may require for the purpose) to the payment to him or to his nominee of:
 - (i) such cash payments as were effected to the Trustee or its nominee(s) in respect of the Scheme Shares held by such holder as at the Record Date, and

SCHEME OF ARRANGEMENT

- (ii) if applicable, such further monies as may have been paid or transferred to the Trustee or its nominee(s) in right (directly or indirectly) of or derived from the cash payment referred to in paragraph (i) of this sub-clause (f) provided that:
 - (1) the entitlement of a holder of Scheme Shares (or other person as aforesaid) under this sub-clause (f) shall be subject to the terms and provisions of the Trust Deed and in particular (but without prejudice to the generality of the foregoing) to the terms and provisions as to the payment out of the property to which such holder would otherwise have been entitled of liabilities and expenses (including liability to taxation) incurred by the Trustee and in certain circumstances the remuneration of the Trustee; and
 - (2) all payments of cash which fall to be made to the holders of Scheme Shares under this sub-clause (f) shall be made in accordance with and subject to the terms and provisions of the Trust Deed.
- (g) The preceding sub-clauses of this clause 3 shall take effect subject to any prohibition or condition imposed by law.
- (h) Nothing in this Scheme shall preclude any subsequent modification of the Trust Deed made in accordance with the terms of the Trust Deed for the time being in force.

Share certificates in respect of those Shares cancelled

Subject to sub-clause (f) of clause 3 of this Scheme, all share certificates representing holdings of those Shares cancelled as aforesaid shall cease to have effect as documents of title.

All mandates or relevant instructions in force on the Record Date relating to any of the Scheme Shares shall cease to be valid and effective mandates or instructions.

The Effective Date

This Scheme shall become effective as soon as all the conditions set out under the section headed “Conditions of the Scheme Proposal” are fulfilled and/or otherwise waived (as the case may be).

Unless this Scheme shall have become effective on or before 31 December 2004, the same shall lapse and never become effective.

Note: Smart Extra in this context shall mean Smart Extra and/or any of its duly authorised agent(s) and/or servant(s)

Consent to modifications

Smart Extra may, by its duly authorised agent(s)/servant(s), consent on behalf of all persons concerned to any modification of or addition to this Scheme or to any condition which the Court may approve or impose without any further Court Meeting to be held therefor.

Dated the 29 day of March 2004

1. SHARE CAPITAL

The authorised and issued share capital of the Company at the Latest Practicable Date are as follows:

<i>Authorised:</i>	<i>HK\$</i>
<u>100,000,000</u> ordinary Shares of HK\$1 each	<u>100,000,000</u>
<i>Issued and fully paid:</i>	
<u>67,760,000</u> ordinary Shares of HK\$1 each in issue as at the Latest Practicable Date	<u>67,760,000</u>

All of the Shares in issue rank pari passu, in all respects with each other, including in particular, rights as to dividends, voting and capital.

The Shares in issue are listed on the Stock Exchange. No part of the share capital or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

There were no other options, warrants, derivatives or conversion rights affecting the Shares outstanding as at the Latest Practicable Date.

No shares, options, warrants, derivatives or conversion rights affecting the Shares have been issued since 31 January 2003.

2. INTERIM REPORT OF OXFORD

Set out below is a reproduction of the Interim Report of Oxford for the 6 months ended 31 July 2003 and dated 22 October 2003:

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 31 July 2003.

The profit attributable to shareholders for the six months ended 31 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 31 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.

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 31 July 2003 by independent valuers, namely: Messrs DTZ Debenham Tie Leung Limited and Micronesian 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 1 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 8 September 2003.

FINANCIAL ACTIVITIES

Shareholders' funds at 31 July 2003 amounted to HK\$697 million (31 January 2003: HK\$769 million). At 31 July 2003, total borrowings of the group were HK\$118 million (31 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 (31 January 2003: HK\$38 million) were repayable within one year. Accordingly, the Group's gearing ratio at 31 July 2003 was 16.9% (31 January 2003: 15.6%). The Group's available undrawn banking facilities at 31 July 2003 amounted to HK\$63 million (31 January 2003: HK\$63 million).

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

At 31 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 (31 January 2003: HK\$281 million) of which approximately HK\$110 million (31 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 17 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 3 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, 22 October 2003

OTHER INFORMATION REQUIRED UNDER THE LISTING RULES**Purchase, Sale or redemption of the Company’s Listed Securities**

For the six months ended 31 July 2003, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities.

Directors’ interests in shares

At 31 July 2003, Mr. Lee Teh Yee, William (“Mr. W. Lee”) through two private companies controlled by him, was beneficially interested in 25,000 shares in Modern Aspac Development Company Limited (“Modern Aspac”), representing 50% of its issued share capital. Modern Aspac is a 50% owned associate of the Group which beneficially held 409,400 shares of the Company.

On 17 June 2003, Smart Extra Holdings Limited (“Smart Extra”), a company wholly owned by Mr. W. Lee made an unconditional cash general offer (the “Offer”) for all the shares of the Company not already owned by it or any of the parties acting in concert with it. The Offer closed at 4:00 p.m. on 17 October 2003, by which time Smart Extra had received valid acceptances of the Offer in respect of 49,834 shares. When aggregated together with the 60,406,962 shares it already held, at 17 October 2003, Smart Extra held 60,456,796 shares, representing approximately 89.22% of the issued share capital of the Company.

Save as disclosed above and except for shares in subsidiaries held by directors in trust for their immediate holding companies, at 31 July 2003, none of the directors nor their associates had any interests or short positions in any shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the “SFO”)) as recorded in the register required to be kept under Section 352 of the SFO, and none of the directors nor their spouses or children under the age of 18 had any right to subscribe for the securities of the Company, or had exercised any such right during the period.

Substantial shareholders

Save as disclosed in the section headed “Directors’ Interests in Shares”, as at 31 July 2003, no other person (other than the Directors of the Company) has an interest or a short position in the shares and underlying shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

Code of best practice

None of the directors is aware of information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 31 July 2003, in compliance with Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Audit Committee of the Company has reviewed the unaudited interim report of the Group for the six months ended 31 July 2003.

德勤·關黃陳方會計師行

Certified Public Accountants
26/F, Wing On Centre
111 Connaught Road Central
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香港中環干諾道中111號
永安中心26樓

**Deloitte
Touche
Tohmatsu**

**INDEPENDENT REVIEW REPORT
TO THE BOARD OF DIRECTORS OF OXFORD PROPERTIES & FINANCE LIMITED**

Introduction

We have been instructed by the Company to review the interim financial report set out on pages 8 to 18.

Directors' responsibilities

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of an interim financial report to be in compliance with Statement of Standard Accounting Practice No. 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants and the relevant provisions thereof. The interim financial report is the responsibility of, and has been approved by, the directors.

It is our responsibility to form an independent conclusion, based on our review, on the interim financial report and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Review work performed

We conducted our review in accordance with Statement of Auditing Standards No. 700 "Engagements to Review Interim Financial Reports" issued by the Hong Kong Society of Accountants. A review consists principally of making enquiries of group management and applying analytical procedures to the interim financial report and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the interim financial report.

Review conclusion

On the basis of our review which does not constitute an audit, we are not aware of any material modifications that should be made to the interim financial report for the six months ended 31 July 2003.

Deloitte Touche Tohmatsu
Certified Public Accountants

22 October 2003

CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2003

		Six months ended	
		31 July	
	<i>NOTES</i>	2003	2002
		<i>HK\$'000</i>	<i>HK\$'000</i>
		(unaudited)	(unaudited & restated)
Turnover	3	30,223	34,592
Cost of rental operations		<u>(5,755)</u>	<u>(5,922)</u>
		24,468	28,670
Other operating income	4	438	681
Administrative expenses		(5,778)	(3,808)
Other operating expenses	6	<u>(789)</u>	<u>(2,567)</u>
Profit from operations		18,339	22,976
Finance costs	7	(1,623)	(2,515)
Share of results of associates		<u>(62)</u>	<u>(152)</u>
Profit before taxation		16,654	20,309
Taxation	8	<u>(3,067)</u>	<u>(2,978)</u>
Profit before minority interests		13,587	17,331
Minority interests		<u>(1,071)</u>	<u>(1,315)</u>
Net profit for the period		<u><u>12,516</u></u>	<u><u>16,016</u></u>
Dividend (Interim)	9	<u><u>—</u></u>	<u><u>5,421</u></u>
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	10		
Basic		<u><u>18</u></u>	<u><u>24</u></u>

APPENDIX I**FINANCIAL INFORMATION OF THE GROUP****CONDENSED CONSOLIDATED BALANCE SHEET**

AT 31 JULY 2003

	<i>NOTES</i>	31 July 2003 <i>HK\$'000</i> (unaudited)	31 January 2003 <i>HK\$'000</i> (audited & restated)
Non-current Assets			
Investment properties	<i>11</i>	762,573	853,505
Other properties		97,529	97,544
Other fixed assets		1,109	1,253
Interests in associates		10,976	10,541
Investments in securities		6,473	5,832
Deferred tax assets		782	418
		<u>879,442</u>	<u>969,093</u>
Current Assets			
Properties for sale		6,348	6,348
Trade and other receivables	<i>12</i>	3,410	4,354
Deposits and prepayments		2,507	1,261
Bank balances and cash		86,604	72,839
		<u>98,869</u>	<u>84,802</u>
Current Liabilities			
Trade and other payables	<i>13</i>	46,671	45,591
Deposits and accrued expenses		13,709	14,350
Obligations under finance leases		–	158
Taxation		15,607	14,733
Bank loans due within one year, secured	<i>14</i>	3,314	37,792
Bank overdrafts, secured		–	8
		<u>79,301</u>	<u>112,632</u>
Net Current Assets (Liabilities)		<u>19,568</u>	<u>(27,830)</u>
		<u>899,010</u>	<u>941,263</u>
Capital and Reserves			
Share capital	<i>15</i>	67,760	67,760
Reserves	<i>16</i>	629,258	701,519
Shareholders' funds		<u>697,018</u>	<u>769,279</u>
Minority Interests		<u>79,595</u>	<u>83,665</u>
Non-current Liabilities			
Bank loans due after one year, secured	<i>14</i>	114,654	81,600
Deferred tax liabilities	<i>2</i>	6,903	5,923
Other deferred items		840	796
		<u>122,397</u>	<u>88,319</u>
		<u>899,010</u>	<u>941,263</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 31 JULY 2003

	Total equity <i>HK\$'000</i> (Unaudited)
At 1 February 2002	
– as originally stated	950,887
– prior period adjustments (<i>note 2</i>)	<u>(1,971)</u>
– as restated	<u>948,916</u>
Net decrease on revaluation of investment securities held by	
– subsidiaries, adjusted for minority interests	(183)
– associates	<u>(731)</u>
Net losses not recognised in the income statement	<u>(914)</u>
Net profit for the period	16,016
2002 final dividend paid	<u>(13,552)</u>
At 31 July 2002	<u><u>950,466</u></u>
At 1 February 2003	
– as originally stated	772,599
– prior period adjustments (<i>note 2</i>)	<u>(3,320)</u>
– as restated	<u>769,279</u>
Net increase on revaluation of investment securities held by	
– subsidiaries, adjusted for minority interests	642
– associates	373
Net decrease on revaluation of investment properties, adjusted for minority interests	<u>(85,792)</u>
Net losses not recognised in the income statement	<u>(84,777)</u>
Net profit for the period	<u>12,516</u>
At 31 July 2003	<u><u>697,018</u></u>

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 31 JULY 2003**

	Six months ended 31 July	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(unaudited)	(unaudited)
Net cash generated from operating activities	16,477	20,850
Net cash (used in) generated from investing activities	(146)	378
Net cash used in financing activities	<u>(2,558)</u>	<u>(12,795)</u>
Increase in cash and cash equivalents	13,773	8,433
Cash and cash equivalents at beginning of the period	<u>72,831</u>	<u>71,331</u>
Cash and cash equivalents at end of the period	<u><u>86,604</u></u>	<u><u>79,764</u></u>
Analysis of the balance of cash and cash equivalents:		
Bank balances and cash	86,604	79,775
Bank overdrafts	<u>—</u>	<u>(11)</u>
	<u><u>86,604</u></u>	<u><u>79,764</u></u>

**NOTES TO THE CONDENSED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 JULY 2003****1. BASIS OF PREPARATION**

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and with Statement of Standard Accounting Practice No. ("SSAP") 25 "Interim Financial Reporting" issued by the Hong Kong Society of Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention, as modified for the revaluation of certain properties and investments in securities.

The accounting policies adopted are consistent with those followed in the preparation of the Group's annual financial statements for the year ended 31 January 2003, except that in the current period, the Group has adopted SSAP 12 (Revised) "Income Taxes".

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method, whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts for the corresponding prior period have been restated accordingly.

The financial effects of the adoption of SSAP 12 (Revised) are summarised below:

	At 1 February 2003			At 1 February 2002		
	As originally stated HK\$'000	Prior period adjustments HK\$'000	As restated HK\$'000	As originally stated HK\$'000	Prior period adjustments HK\$'000	As restated HK\$'000
Retained profits	317,056	(2,668)	314,388	294,885	(1,319)	293,566
Other reserves	9,654	(652)	9,002	9,654	(652)	9,002
	<u>326,710</u>	<u>(3,320)</u>	<u>323,390</u>	<u>304,539</u>	<u>(1,971)</u>	<u>302,568</u>
Minority interests	83,977	(312)	83,665	91,060	(275)	90,785
Deferred tax liabilities	1,873	4,050	5,923	1,767	3,417	5,184
Deferred tax assets	<u>–</u>	<u>418</u>	<u>418</u>	<u>–</u>	<u>1,171</u>	<u>1,171</u>

The adoption of SSAP 12 (Revised) has resulted in a decrease in the profit of the Group for the six months ended 31 July 2003 by HK\$611,000 (2002: HK\$613,000).

3. SEGMENT INFORMATION

The businesses based upon which the Group reports its primary segment information are as follows:

- Property letting – lease of properties in Hong Kong and Guam, U.S.A.
- Land investment – investment in land for long term purposes

Six months ended 31 July 2003

	Property letting HK\$'000	Land investment HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Segment turnover	<u>30,223</u>	<u>–</u>	<u>–</u>	<u>30,223</u>
Segment results	<u>23,930</u>	<u>–</u>	<u>157</u>	<u>24,087</u>
Interest and other income				281
Unallocated corporate expenses				<u>(6,029)</u>
Profit from operations				18,339
Finance costs				(1,623)
Share of results of associates		9	(71)	<u>(62)</u>
Profit before taxation				16,654
Taxation				<u>(3,067)</u>
Profit before minority interests				13,587
Minority interests				<u>(1,071)</u>
Net profit for the period				<u>12,516</u>

Six months ended 31 July 2002

	Property letting HK\$'000	Land investment HK\$'000	Other operations HK\$'000	Consolidated HK\$'000
Segment turnover	<u>34,592</u>	<u>–</u>	<u>–</u>	<u>34,592</u>
Segment results	<u>28,670</u>	<u>–</u>	<u>148</u>	28,818
Interest and other income				533
Unallocated corporate expenses				<u>(6,375)</u>
Profit from operations				22,976
Finance costs				(2,515)
Share of results of associates		(13)	(139)	<u>(152)</u>
Profit before taxation				20,309
Taxation				<u>(2,978)</u>
Profit before minority interests				17,331
Minority interests				<u>(1,315)</u>
Net profit for the period				<u>16,016</u>

4. OTHER OPERATING INCOME

Included in other operating income is interest on bank deposits of HK\$236,000 (2002: HK\$374,000).

5. DEPRECIATION

Depreciation charges of the Group for the period amounted to a total of HK\$167,000 (2002: HK\$141,000).

6. OTHER OPERATING EXPENSES

Other operating expenses for the period ended 31 July 2003 comprised expenses incurred in connection with the proposed privatisation of the Company and related legal and financial advisory fees.

Other operating expenses for the period ended 31 July 2002 comprised expenses incurred in connection with the proposed open offer of new shares in the Company and legal and financial advisory fees.

7. FINANCE COSTS

Finance costs represent interest on bank and other borrowings wholly repayable within five years.

8. TAXATION

	Six months ended 31 July	
	2003	2002
	<i>HK\$'000</i>	<i>HK\$'000</i>
Current tax:		
Hong Kong	2,451	2,361
Deferred tax:		
Current year	179	617
Attributable to an increase in tax rate	437	–
	<u> </u>	<u> </u>
Taxation attributable to the Company and its subsidiaries	<u>3,067</u>	<u>2,978</u>

Hong Kong Profits Tax is calculated at 17.5% (2002: 16%) on the estimated assessable profit for the period.

During the period, the Hong Kong Profits Tax rate was increased from 16% to 17.5%. The effect of this increase has been accounted for in the financial statements.

9. DIVIDEND

The directors do not recommend the payment of an interim dividend. In respect of the previous period, an interim dividend of HK8 cents per ordinary share was paid to shareholders.

10. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the net profit for the period of HK\$12,516,000 (2002: HK\$16,016,000) and on 67,760,000 (2002: 67,760,000) ordinary shares in issue during the period.

Diluted earnings per share has not been presented for the current and the prior period because the Company does not have any potential ordinary shares.

11. INVESTMENT PROPERTIES

The Group's investment properties situated in Hong Kong and in Guam, U.S.A., were revalued on 31 July 2003 by Messrs. DTZ Debenham Tie Leung Limited and Micronesia Appraisal Associates, Inc., respectively.

The revaluation gave rise to a net deficit of HK\$85,792,000 which has been charged to reserves.

12. TRADE AND OTHER RECEIVABLES

The Group does not allow any credit period to its trade customers.

The following is an aged analysis of trade and other receivables at the reporting date:

	31 July 2003	31 January 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
0 – 60 days	2,447	2,906
61 – 90 days	350	289
Over 90 days	613	1,159
	<u> </u>	<u> </u>
	<u>3,410</u>	<u>4,354</u>

13. TRADE AND OTHER PAYABLES

The following is an analysis of trade and other payables at the reporting date:

	31 July 2003	31 January 2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Trade payables due between 0 – 60 days	3,679	2,560
Unclaimed dividends payable	42,992	43,031
	<u>46,671</u>	<u>45,591</u>

14. BANK LOANS, SECURED

During the period, a bank loan amounted to approximately HK\$63 million was renewed. Such bank loan to the extent of approximately HK\$60 million (31 January 2003: HK\$41 million) is repayable after one year and has been reclassified as a non-current liability.

15. SHARE CAPITAL

	Number of shares	Nominal value
		<i>HK\$'000</i>
Ordinary shares of HK\$1 each		
Authorised:		
At 31 July 2003 and 31 January 2003	<u>100,000,000</u>	<u>100,000</u>
Issued and fully paid:		
At 31 July 2003 and 31 January 2003	<u>67,760,000</u>	<u>67,760</u>

APPENDIX I

FINANCIAL INFORMATION OF THE GROUP

16. RESERVES

	Investment property revaluation reserve HK\$'000	Investment securities revaluation reserve HK\$'000	Negative goodwill HK\$'000	Exchange translation reserve HK\$'000	Other reserves HK\$'000	Dividend reserve HK\$'000	Retained profits HK\$'000	Total HK\$'000
At 1 February 2002								
– as originally stated	532,208	9,813	6,114	16,901	9,654	13,552	294,885	883,127
– adjustments on adoption of SSAP 12 (Revised) (Note 2)	–	–	–	–	(652)	–	(1,319)	(1,971)
– as restated	<u>532,208</u>	<u>9,813</u>	<u>6,114</u>	<u>16,901</u>	<u>9,002</u>	<u>13,552</u>	<u>293,566</u>	<u>881,156</u>
Net decrease on revaluation of investment properties adjusted for minority interests	(183,313)	–	–	–	–	–	–	(183,313)
Net decrease on revaluation of investments in securities held by								
– subsidiaries, adjusted for minority interests	–	(890)	–	–	–	–	–	(890)
– associates	–	(2,704)	–	–	–	–	–	(2,704)
Net profit for the year	–	–	–	–	–	–	26,060	26,060
2002 final dividend paid	–	–	–	–	–	(13,552)	–	(13,552)
Amount set aside for payment of dividend	–	–	–	–	–	5,421	(5,421)	–
Unclaimed dividends written back	–	–	–	–	–	–	183	183
Interim dividend paid	–	–	–	–	–	(5,421)	–	(5,421)
As 31 January 2003	<u>348,895</u>	<u>6,219</u>	<u>6,114</u>	<u>16,901</u>	<u>9,002</u>	<u>–</u>	<u>314,388</u>	<u>701,519</u>
At 1 February 2003								
– as originally stated	348,895	6,219	6,114	16,901	9,654	–	317,056	704,839
– adjustments on adoption of SSAP 12 (Revised) (Note 2)	–	–	–	–	(652)	–	(2,668)	(3,320)
– as restated	<u>348,895</u>	<u>6,219</u>	<u>6,114</u>	<u>16,901</u>	<u>9,002</u>	<u>–</u>	<u>314,388</u>	<u>701,519</u>
Net increase on revaluation of investments in securities held by								
– subsidiaries, adjusted for minority interests	–	642	–	–	–	–	–	642
– associates	–	373	–	–	–	–	–	373
Net decrease on revaluation of investment properties adjusted for minority interests	(85,792)	–	–	–	–	–	–	(85,792)
Net profit for the period	–	–	–	–	–	–	12,516	12,516
At 31 July 2003	<u>263,103</u>	<u>7,234</u>	<u>6,114</u>	<u>16,901</u>	<u>9,002</u>	<u>–</u>	<u>326,904</u>	<u>629,258</u>

17. PLEDGE OF ASSETS

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

3. INDEBTEDNESS

At the close of business on 31 January 2004, being the Latest Practicable Date for the purpose of this indebtedness statement prior to the printing of this Explanatory Circular, the Group has outstanding secured bank loans and overdrafts totalling approximately HK\$61,500,000, which were secured by certain properties of the Group and obligations under finance leases of approximately HK\$63,000.

Save as disclosed herein and apart from intra-group liabilities, as at the close of business on 31 January 2004, the Group did not have any outstanding loan capital, bank overdrafts and liabilities under acceptances or other similar indebtedness, debentures, mortgages, charges or loans or acceptance credits or hire purchase commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has not been any material change in the liabilities or contingent liabilities of the Group since 31 January 2004.

4. PROFORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS OF THE GROUP

The following proforma statement of adjusted net assets of the Group is prepared based on the net assets of the Group as at 31 January 2003 as shown in the audited financial statements of the Group for the year ended 31 January 2003 and adjusted as follows:

	<i>HK\$'000</i>
Audited consolidated net tangible assets of the Group as at 31 January 2003	
– as originally stated (<i>Note 1</i>)	772,599
– prior period adjustment relating to adoption of SSAP 12 (Revised) (<i>Note 1</i>)	(3,320)
	<hr/>
– as restated (<i>Note 1</i>)	769,279
Add: Net profits for the six months ended 31 July 2003 (<i>Note 1</i>)	12,516
Add: Surplus arising on revaluation of the Group's interests in properties as at 31 January 2004 based on the valuation reports prepared by the independent valuers, DTZ Debenham Tie Leung Limited and Micronesia Appraisal Associates, Inc. (<i>Note 2</i>)	<hr/> 115,120
Proforma adjusted net tangible assets of the Group after taking into account the adjustments above	<hr/> 896,915
Proforma adjusted net tangible asset value per Share (based on 67,760,000 Shares in issue at the Latest Practicable Date)	<hr/> <hr/> HK\$13.24

Notes:

1. As per the Interim Report of the Group for the six months ended 31 July 2003. Reference is made to page 40 of this Explanatory Circular.
2. Difference between the valued amounts of the properties as at 31 January 2004 and the carrying book value of the properties as at 31 January 2003, adjusted for the Group's attributable interest and taxation which would arise if the properties were to be sold at the amount of the valuation. Reference is made to page 104 of this Explanatory Circular.

5. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the Group's internal resources and available banking facilities, barring any unforeseen circumstances, the Group has sufficient working capital for its present requirements.

6. MATERIAL CHANGES

Save as disclosed in paragraph 4 above, the Directors are not aware of any material change in the financial or trading position or prospects of the Group since 31 January 2003, being the date to which the latest audited consolidated financial statements of the Group were made up.



Formerly C Y Leung & Company
原梁振英測量師行

Our ref: F04-000157
WK/HLC/mm

3 March 2004

The Board of Directors
Oxford Properties & Finance Limited
Unit 702, 7th Floor
Jubilee Centre
18 Fenwick Street
Wanchai
Hong Kong

Dear Sirs,

RE : PORTFOLIO VALUATION

**Instructions,
Purpose &
Date of
Valuation**

We refer to your instructions for us to carry out open market valuations of the properties owned by your company and its subsidiaries (together referred to as the Group) in Hong Kong. We confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary in providing you with our opinion of the values of these properties as at 31 January 2004.

**Basis of
Valuation**

Our valuations of the properties represent their open market values which we would define as intended to mean “an opinion of the best price at which the sale of an interest in property would have been completed unconditionally for cash consideration on the date of valuation, assuming:

- (a) a willing seller;
- (b) that, prior to the date of valuation, there had been a reasonable period (having regard to the nature of the property and the state of the market) for the proper marketing of the interest, for the agreement of the price and terms and for the completion of the sale;
- (c) that the state of the market, level of values and other circumstances were, on any earlier assumed date of exchange of contracts, the same as on the date of valuation;

**Portfolio Valuation****Date of Valuation:****31 January 2004**

(d) that no account is taken of any additional bid by a prospective purchaser with a special interest; and

(e) that both parties to the transaction had acted knowledgeably, prudently and without compulsion.”

Valuation Assumptions

Our valuations have been made on the assumption that the owners sell the properties on the open market without the benefit of a deferred terms contract, leaseback, joint venture, management agreement or any similar arrangement which could serve to increase the values of the properties. In addition, no forced sale situation in any manner is assumed in our valuations.

Method of Valuation

We have adopted the direct comparison approach by making reference to comparable sales transactions as available in the relevant market or where appropriate, by investment approach of valuation by considering the capitalized income derived from the existing tenancies with due provision for the reversionary income potential of the property interests.

Source of Information

We have relied to a very considerable extent on the information given by your Group and have accepted advice given to us on such matters as statutory notices, easements, tenure, lettings and floor areas and all other relevant matters. Dimensions and measurements are based on the copies of documents provided to us by your Group and are therefore only approximations. No on-site measurement has been carried out.

Land Tenure

In valuing properties the Government Lease of which expired before 30 June 1997, we have taken into account the provisions contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of People's Republic of China on the question of Hong Kong as well as in the New Territories Leases (Extension) Ordinance that such leases have been extended without premium until 30 June 2047 and that a rent of three per cent of the rateable value is charged per annum from the date of extension.

Title Investigation

We have not been provided with copies of the title documents relating to the properties but have caused searches to be made at the Land Registry. However, we have not searched the original documents to verify ownership or to verify any lease amendments which may not appear on the copies handed to us. All documents and leases have been used for reference only and all dimensions, measurements and areas are approximate. No on-site measurement has been taken.



Portfolio Valuation**Date of Valuation:****31 January 2004**

Site**Inspection**

We have inspected the exterior and, where possible, the interior of the properties. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the properties are free of rot, infestation or any other structural defects. No test was carried out on any of the services.

No allowance has been made in our report for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Our valuations are summarized below and the valuation certificates are attached for your attention.

Yours faithfully,

For and on behalf of

DTZ Debenham Tie Leung Limited

Winnie Koo

Registered Professional Surveyor (G.P.)

M.H.K.I.S., M.R.I.C.S.

Director



Portfolio Valuation**Date of Valuation:****31 January 2004**

SUMMARY OF VALUES

Property	Capital value in existing state as at 31 January 2004
1. Jubilee Centre (Phase II), 44 Gloucester Road & 20 Fenwick Street, Wanchai, Hong Kong.	HK\$263,000,000
2. Jubilee Centre (Phase I), 18 Fenwick Street, Wanchai, Hong Kong.	HK\$146,000,000
3. Ground Floor, Flats 1 to 7 on 9th Floor, Flat Roof over 8th Floor and the Main Roof, James S. Lee Mansion, 33, 33A, 35 & 35A Carnarvon Road and 2A & 2B Prat Avenue, Tsimshatsui, Kowloon.	HK\$104,900,000
4. Shop Nos. 2 & 3 on Ground Floor, Apartment Nos. 1 to 5 on 1st Floor and Portion of Flat Roof on 1st Floor, Haiphong Mansion, 99-101 Nathan Road, 53, 54 & 55 Haiphong Road and 52 Lock Road, Tsimshatsui, Kowloon.	HK\$157,000,000
5. Oxford Commercial Building, 494-496 Nathan Road, Yaumatei, Kowloon.	HK\$63,000,000



Portfolio Valuation

Date of Valuation:

31 January 2004

SUMMARY OF VALUES

Property	Capital value in existing state as at 31 January 2004
6. World Interests Building, 8 Tsun Yip Lane, Kwun Tong, Kowloon.	HK\$24,000,000
7. Flat Nos. A to D on Ground Floor including Portion of Yard, Flat Nos. A to D on 1st Floor, Flat Nos. C & D on 2nd & 3rd Floors, Flat Nos. A to D on 4th Floor including Portion of Roof and 17 Car Parking Spaces on the Basement Level, Oxford Garden, 18 Cornwall Street, Kowloon Tong, Kowloon.	HK\$60,000,000
8. Ground Floor and Exterior Part of No. 568 Nathan Road and the Whole 1st Floor and Exterior Part, Kiu Kin Mansion, 566-568 Nathan Road, Mongkok, Kowloon.	HK\$48,400,000
9. Ground Floor, Fat Lee Industrial Building, 17 Hung To Road, Kwun Tong, Kowloon.	HK\$6,300,000
10. Flat A on 15th Floor and Roof, Golden Crown Court, 66-70 Nathan Road, Tsimshatsui, Kowloon.	HK\$2,500,000



Portfolio Valuation**Date of Valuation:****31 January 2004**

SUMMARY OF VALUES

Property	Capital value in existing state as at 31 January 2004
11. Lot No. 1933 in Survey District No. 2, 8 Fei Ha Road, Clearwater Bay, Sai Kung, New Territories.	HK\$19,400,000
12. No. 46 Oxford Road, Kowloon Tong, Kowloon.	HK\$85,000,000
	<hr/>
	Total: <u>HK\$979,500,000</u>



**Jubilee Centre (Phase II), 44 Gloucester Road & 20 Fenwick Street,
Wanchai, Hong Kong**

**Date of Valuation:
31 January 2004**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004																																												
1. Jubilee Centre (Phase II), 44 Gloucester Road & 20 Fenwick Street, Wanchai, Hong Kong Section C of Inland Lot No. 2820. (cont'd)	<p>Jubilee Centre (Phase II) is a 27-storey commercial building completed in 1998. The registered site area of the subject lot is approximately 5,156.13 sq.ft. (479.02 sq.m.).</p> <p>The ground to 2nd floors are devoted to retailing purpose whilst 5th to 26th floors are for office purpose. Car parking facilities are provided on 3rd and 4th floors. A total of 22 car parking spaces are provided within Phase II of the development. The building is combined with Jubilee Centre (Phase I) to form a larger development.</p> <p>As quoted from the tenancy schedule provided by your Group, the gross floor area of the development is summarized as follows:</p>	<p>As at the date of valuation, portions of the development with a gross floor area of 66,793 sq.ft. (6,205.22 sq.m.) was leased to various tenants for various terms with the latest tenancy expiring in April 2007.</p> <p>The total rent receivable on the retail and office units was HK\$1,075,936 per month, exclusive of rates and management fees. The total licence fee for all car parking spaces in Phases I & II was HK\$55,000 per month.</p>	HK\$263,000,000																																												
	<table><tr><th rowspan="2">Floor</th><th colspan="2">Approximate Gross Floor Area</th></tr><tr><th>sq.ft.</th><th>sq.m.</th></tr><tr><td>Ground</td><td>3,865</td><td>359.07</td></tr><tr><td>1st</td><td>3,952</td><td>367.15</td></tr><tr><td>2nd</td><td>4,833</td><td>449.00</td></tr><tr><td>5th</td><td>2,951</td><td>274.15</td></tr><tr><td>6th -19th</td><td>3,829 x 14</td><td>355.72 x 14</td></tr><tr><td>20th</td><td>4,069</td><td>378.02</td></tr><tr><td>21st</td><td>3,988</td><td>370.49</td></tr><tr><td>22nd</td><td>3,988</td><td>370.49</td></tr><tr><td>23rd</td><td>4,101</td><td>380.99</td></tr><tr><td>24th</td><td>4,037</td><td>375.05</td></tr><tr><td>25th</td><td>3,702</td><td>343.92</td></tr><tr><td>26th</td><td>3,812</td><td>354.14</td></tr><tr><td>Total:</td><td>96,904</td><td>9,002.60</td></tr></table>	Floor	Approximate Gross Floor Area		sq.ft.	sq.m.	Ground	3,865	359.07	1st	3,952	367.15	2nd	4,833	449.00	5th	2,951	274.15	6th -19th	3,829 x 14	355.72 x 14	20th	4,069	378.02	21st	3,988	370.49	22nd	3,988	370.49	23rd	4,101	380.99	24th	4,037	375.05	25th	3,702	343.92	26th	3,812	354.14	Total:	96,904	9,002.60		
Floor	Approximate Gross Floor Area																																														
	sq.ft.	sq.m.																																													
Ground	3,865	359.07																																													
1st	3,952	367.15																																													
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22nd	3,988	370.49																																													
23rd	4,101	380.99																																													
24th	4,037	375.05																																													
25th	3,702	343.92																																													
26th	3,812	354.14																																													
Total:	96,904	9,002.60																																													



**Jubilee Centre (Phase II), 44 Gloucester Road & 20 Fenwick Street,
Wanchai, Hong Kong**

**Date of Valuation:
31 January 2004**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
Jubilee Centre (Phase II), 44 Gloucester Road & 20 Fenwick Street, Wanchai, Hong Kong (cont'd)	The property is held from the Government for a term of 99 years renewable for a further term of 99 years from 15 April 1929. The current Government rent payable for the property is HK\$72 per annum.		

Notes:

- (1) The registered owner of the property is Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company.
- (2) The property is subject to a Mortgage to secure general banking facilities vide Memorial No. 3252700 dated 15 December 1986 in favour of The Hongkong and Shanghai Banking Corporation.
- (3) The property is subject to a Modification Letter vide Memorial No. 6411845 dated 22nd September 1995.
- (4) The property is subject to a Deed of Dedication (Re: part with plan) in favour of Director of Buildings on behalf of The Government of The Hong Kong Special Administrative Region vide Memorial No.7827695 dated 16 July 1999.
- (5) Unit 2 on G/F, the whole of 1/F, 2/F and 23/F together with portions in Phase I were subject to tenancies. In the course of our valuation, we have apportioned the rents attributable to the subject Phase II by their floor areas and on a pro-rata basis.



Jubilee Centre (Phase I), 18 Fenwick Street, Wanchai, Hong Kong

Date of Valuation:

31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
2. Jubilee Centre (Phase I), 18 Fenwick Street, Wanchai, Hong Kong	Jubilee Centre (Phase I) is a 26-storey commercial building completed in 1989. The registered site area of the subject lot is approximately 4,696.87 sq.ft. (436.35 sq.m.).	As at the date of valuation, portions of the development with a gross floor area of 25,176 sq.ft. (2,338.91 sq.m.) was leased to various tenants for various terms with the latest tenancy expiring in April 2007. An office unit on 7th floor with a gross floor area of 2,864 sq.ft. (266.07 sq.m.) was owner-occupied whilst the remaining areas of the building were vacant.	HK\$146,000,000
The Remaining Portion of Inland Lot No. 2820.	<p>The ground to 2nd floors are devoted to general retailing use whilst 6th to 25th floors are for office purpose. Car parking facilities are provided on 3rd and 4th floor, whilst 5th floor is designated as a mechanical floor. A total of 12 car parking spaces are provided within the building. This building is combined with the adjacent Jubilee Centre (Phase II) to form a larger development.</p> <p>The total gross floor area of the existing property is approximately 66,197 sq.ft. (6,149.85 sq.m.). The property is held from the Government for a term of 99 years renewable for a further term of 99 years from 15 April 1929. The current Government rent payable for the property is HK\$198 per annum.</p>	<p>The total rent receivable on the retail and office units was HK\$477,110 per month, exclusive of management fees and rates. The total licence fee for the car parking spaces in Phases I & II was HK\$55,000 per month.</p>	



Jubilee Centre (Phase I), 18 Fenwick Street, Wanchai, Hong Kong**Date of Valuation:**
31 January 2004

Notes:

- (1) The registered owner of the property is Trisight Limited, an indirect wholly owned subsidiary of the Company.
- (2) The property is subject to a Mortgage in favour of The Hongkong and Shanghai Banking Corporation vide Memorial No. 3276825 dated 12 January 1987.
- (3) The property is subject to Deeds of Dedication (Re: part with plan) in favour of the Government of Hong Kong vide Memorial Nos. 4121966 and 7827693 dated 13 June 1989 and 16 July 1999 respectively.
- (4) The property is subject to Modification Letters vide Memorial Nos. 4121967 and 7827694 dated 13 June 1989 and 16 July 1999 respectively.
- (5) Unit 2 on G/F, the whole of 1/F, 2/F and 23/F together with portions in Phase II were subject to tenancies. In the course of our valuation, we have apportioned the rents attributable to the subject Phase I by their floor areas and on a pro-rata basis.



Ground Floor, Flats 1 to 7 on 9th Floor, Flat Roof over 8th Floor and the Main Roof, James S. Lee Mansion, 33, 33A, 35 & 35A Carnarvon Road and 2A & 2B Prat Avenue, Tsimshatsui, Kowloon

**Date of Valuation:
31 January 2004**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
3. Ground Floor, Flats 1 to 7 on 9th Floor, Flat Roof over 8th Floor and the Main Roof, James S. Lee Mansion, 33, 33A, 35 & 35A Carnarvon Road and 2A & 2B Prat Avenue, Tsimshatsui, Kowloon	<p>The property comprises the whole of ground floor, 9th floor and the main roof of a 10-storey composite building completed in 1961.</p> <p>The gross floor area of the ground floor is approximately 5,673 sq.ft. (527.03 sq.m.) including carport area of approximately 2,280 sq.ft. (211.82 sq.m.) The gross floor area of 9th floor is approximately 3,571 sq.ft. (331.75 sq.m.). The areas of flat roof and main roof are approximately 1,132 sq.ft. (105.17 sq.m.) and 3,631 sq.ft. (337.33 sq.m.) respectively.</p> <p>The property is held from the Government under Conditions of Renewal Nos. 5875 and 5876 for a term of 150 years from 24 June 1889. The current Government rent payable for the property is part of HK\$234 per annum.</p> <p>The property is subject to an instalment of premium of part of HK\$6,712 per annum.</p>	<p>As at the date of valuation, except for a total gross floor area of 3,825 sq.ft. (355.35 sq.m.) which was vacant, the property was leased to various tenants for various terms with the latest tenancy expiring in November 2006.</p> <p>The total rent receivable was HK\$460,450 per month, exclusive of management fees and rates and excluding rent receivable from the wallshop.</p>	HK\$104,900,000
24/88th shares of and in Kowloon Inland Lot Nos. 7286 and 7297.			



Ground Floor, Flats 1 to 7 on 9th Floor, Flat Roof over 8th Floor and the Main Roof, James S. Lee Mansion, 33, 33A, 35 & 35A Carnarvon Road and 2A & 2B Prat Avenue, Tsimshatusi, Kowloon

**Date of Valuation:
31 January 2004**

Notes:

- (1) The registered owner of the property is James S. Lee & Company Clothing Mill (H.K.) Limited, a direct 87.25% owned subsidiary of the Company.
- (2) The property is subject to a Statutory Declaration by John Wei as in Loss of Title Deeds vide Memorial No. 1775189 dated 17 October 1979.
- (3) The property is subject to a Declaration by John Wei vide Memorial No. 1885502 dated 3 June 1980.
- (4) According to the registered floor plan, the existing Shop 2B, 35 & 35A on ground floor is originally designated for car port use. For the purpose of our valuation, we have valued the property according to its original designated use as car port.



**Shop Nos. 2 and 3 on Ground Floor, Apartment Nos. 1 to 5 on 1st Floor
and Portion of Flat Roof on 1st Floor, Haiphong Mansion, 99-101
Nathan Road, 53, 54 & 55 Haiphong Road and 52 Lock Road,
Tsimshatsui, Kowloon**

**Date of Valuation:
31 January 2004**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
4. Shop Nos. 2 and 3 on Ground Floor, Apartment Nos. 1 to 5 on 1st Floor and Portion of Flat Roof on 1st Floor, Haiphong Mansion, 99-101 Nathan Road, 53, 54 & 55 Haiphong Road and 52 Lock Road, Tsimshatsui, Kowloon	<p>The property comprises two shop units on the ground floor and five apartments on 1st floor of a 16-storey composite building completed in 1960.</p> <p>The saleable area of shop units on the ground floor was 2,586 sq.ft. (240.25 sq.m.) and the saleable area of the first floor area was 4,372 sq.ft. (406.17 sq.m.). The area of the flat roof is approximately 206 sq.ft. (19.14 sq.m.).</p>	<p>As at the date of valuation, the property was leased until 23 September 2006.</p> <p>The current rent receivable was HK\$1,150,000 per month from 24 September 2003 to 23 September 2004, exclusive of management fees and rates.</p>	HK\$157,000,000
9/200th shares of and in Section A of Kowloon Inland Lot No. 6520.	<p>The property is held from the Government under Conditions of Renewal No. 5289 for a term of 150 years from 24 June 1889.</p> <p>The current Government rent payable for the subject lot is HK\$1,246 per annum.</p> <p>The lot (Re: K.I.L. 6520) is also subject to an instalment of premium of HK\$20,228 per annum.</p>		

Notes:

- (1) The registered owner of the property is James S. Lee & Company (Kowloon) Limited, an indirect 95% owned subsidiary of the Company.
- (2) The property is subject to a Mortgage to secure general banking facilities vide Memorial No. 3801170 dated 26 July 1988 in favour of The Hongkong and Shanghai Banking Corporation.
- (3) The property is subject to an Order No. C/CP/7666/00/K under Section 24(1) of the Buildings Ordinance by the Building Authority with plan vide Memorial No. 8289526 dated 27 November 2000.
- (4) The property is subject to an Order No. UBZ/U25/1413/01 under Section 24(1) of the Buildings Ordinance by the Building Authority vide Memorial No. 8905538 dated 16 October 2002.



Oxford Commercial Building, 494-496 Nathan Road, Yaumatei,
Kowloon

Date of Valuation:
31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
5. Oxford Commercial Building, 494-496 Nathan Road, Yaumatei, Kowloon	The property comprises a 24-storey commercial building completed in 1974. The registered site area of the subject lot is approximately 2,803 sq.ft. (260.41 sq.m.).	As at the date of valuation, except 3rd, 8th-12th, 14th, 15th, 17th, 18th, 20th, 21st and 23rd floors with a total gross floor area of approximately 21,385 sq.ft. (1,986.71 sq.m.)	HK\$63,000,000
Kowloon Inland Lot No. 9669.	The total gross floor area of the property is approximately 42,000 sq.ft. (3,901.90 sq.m.).	which was vacant, the property was leased to various tenants for two years with latest tenancy expiring in January 2006.	
	The property is held from the Government under Conditions of Sale No. 9776 for a term of 75 years renewable for a further term of 75 years from 11 May 1970. The current Government rent payable for the property is HK\$1.94 per annum.	The total rent receivable was HK\$293,618 per month, exclusive of management fees and rates.	

Notes:

- (1) The registered owner of the property is Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company.
- (2) The property is subject to a Modification Letter vide Memorial No. 1404059 dated 18 June 1977.



World Interests Building, 8 Tsun Yip Lane, Kwun Tong, Kowloon

Date of Valuation:

31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
6. World Interests Building, 8 Tsun Yip Lane, Kwun Tong, Kowloon	The property comprises a 15-storey industrial building completed in 1982. The registered site area of the subject lot is approximately 8,000 sq.ft. (743.22 sq.m.).	As at the date of valuation, except an area of 60,960 sq.ft. (5,663.32 sq.m.) which was vacant, the property was leased to various tenants on	HK\$24,000,000
Kwun Tong Inland Lot No. 18.	The total gross floor area of the property is approximately 85,800 sq.ft. (7,971.01 sq.m.). The property is held from the Government for a term of 42 years less the last three days from 1 July 1955 and has statutorily been extended until 30 June 2047. The current Government rent payable for the whole lot is equivalent to 3% of the rateable value for the time being of the lot.	monthly basis or for a term of two years with the latest tenancy expiring in September 2005. The total rent receivable, excluding car parking space, was HK\$78,000 per month, exclusive of management fees and rates.	

Notes:

- (1) The registered owner of the property is James S. Lee & Company Clothing Mill Hong Kong Limited, a direct 87.25% owned subsidiary of the Company.
- (2) The property is subject to a Statutory Declaration by John Wei as Loss of Title Deeds vide Memorial No. 1775189 dated 17 October 1979.
- (3) The property is subject to a Declaration by John Wei vide Memorial No. 1885502 dated 3 June 1980.



Flat Nos. A to D on Ground Floor including Portion of Yard, Flat Nos. A to D on 1st Floor, Flat Nos. C & D on 2nd & 3rd Floors, Flat Nos. A to D on 4th Floor including Portion of Roof and 17 Car Parking Spaces on the Basement Level, Oxford Garden, 18 Cornwall Street, Kowloon Tong, Kowloon

**Date of Valuation:
31 January 2004**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
7. Flat Nos. A to D on Ground Floor including Portion of Yard, Flat Nos. A to D on 1st Floor, Flat Nos. C & D on 2nd & 3rd Floors, Flat Nos. A to D on 4th Floor including Portion of Roof and 17 Car Parking Spaces on the Basement Level, Oxford Garden, 18 Cornwall Street, Kowloon Tong, Kowloon	<p>The property comprises 16 units and 17 car parking spaces of a 5-storey residential building completed in 1977.</p> <p>The total gross floor area of the property is approximately 26,374 sq.ft. (2,450.20 sq.m.) and the total saleable area is approximately 21,236 sq.ft. (1,972.87 sq.m.).</p> <p>The property is held from the Government under Conditions of Sale No. 9753 for a term of 99 years less three days from 1 July 1898 and has statutorily been extended until 30 June 2047. The current Government rent payable for the whole lot is equivalent to 3% of the rateable value for the time being of the lot.</p>	<p>As at the date of valuation, except an area of 19,802 sq.ft. (1,839.65 sq.m.) which was vacant, the property was leased to various tenants or for terms of one to two years with the latest tenancy expiring in July 2005.</p> <p>The total rent receivable was HK\$73,500 per month, mostly exclusive of management fee but inclusive of rates and parking fees.</p>	HK\$60,000,000
336/421st shares of and in New Kowloon Inland Lot No. 5285.			

Notes:

- (1) The registered owner of the property is Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company.
- (2) The property is subject to a Mortgage to secure general banking facilities in favour of the Wing Hang Bank Limited vide Memorial No. 3989699 dated 23 January 1989.



Ground Floor and Exterior Part of No. 568 Nathan Road and the Whole 1st Floor and Exterior Part, Kiu Kin Mansion, 566-568 Nathan Road, Mongkok, Kowloon

**Date of Valuation:
31 January 2004**

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
8. Ground Floor and Exterior Part of No. 568 Nathan Road and the Whole 1st Floor and Exterior Part, Kiu Kin Mansion, 566-568 Nathan Road, Mongkok, Kowloon	<p>The property comprises a ground floor shop and the whole of the 1st floor of a 20-storey commercial building completed in 1964.</p> <p>The saleable area of the ground floor is approximately 1,925 sq.ft. (178.84 sq.m.) whilst the saleable area of the first floor is approximately 3,509 sq.ft. (325.99 sq.m.).</p>	<p>At the date of valuation, the ground floor was leased for a term of 2 years expiring in March 2005. The first floor was leased for a term of 5 years expiring in December 2005.</p> <p>The current rents receivable of ground floor and 1st floor were HK\$255,000 and HK\$57,500 per month respectively, exclusive of management fees and rates.</p>	HK\$48,400,000
12/88th shares of and in the Remaining Portions of Kowloon Inland Lot Nos. 2361 and 1462.	<p>The property is held from the Government for a term of 75 years renewable for a further term of 75 years from 27 February 1922. The current Government rent payable for the property is HK\$110,160 per annum.</p>		

Note: The registered owner of the property is James S. Lee & Company Clothing Mill (H.K.) Limited, a direct 87.25% owned subsidiary of the Company.



Ground Floor, Fat Lee Industrial Building, 17 Hung To Road,
Kwun Tong, Kowloon

Date of Valuation:
31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
9. Ground Floor, Fat Lee Industrial Building, 17 Hung To Road, Kwun Tong, Kowloon	The property comprises the ground floor of a 14-storey industrial building completed in 1971.	As at the date of valuation, the property was leased for a term of three years from 5 August 2002 to 4 August 2005.	HK\$6,300,000
2/20th shares of and in Kwun Tong Inland Lot No. 640.	The gross floor area of the property is approximately 9,881 sq.ft. (917.97 sq.m.). The property is held from the Government for a term of 99 years from 1 July 1898 and has statutorily been extended until 30 June 2047. The current Government rent payable for the whole lot is equivalent to 3% of the rateable value for the time being of the lot.	The rent receivable was HK\$75,215 per month, exclusive of management fees and rates.	

Note: The registered owner of the property is Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company.



Flat A on 15th Floor and Roof, Golden Crown Court, 66-70 Nathan Road,
Tsimshatsui, Kowloon

Date of Valuation:
31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
10. Flat A on 15th Floor and Roof, Golden Crown Court, 66-70 Nathan Road, Tsimshatsui, Kowloon	<p>The property comprises a domestic unit on the 15th floor of a 16-storey composite building completed in 1964.</p> <p>The saleable area of the property is approximately 1,109 sq.ft. (103.03 sq.m.).</p>	<p>As at the date of valuation, the property was leased for a term of 1 year from 1 May 2003 to 30 April 2004 at a monthly rent of HK\$15,000, inclusive of government rates and management fees.</p>	HK\$2,500,000
1/155th shares of and in the Remaining Portions of Kowloon Inland Lot Nos. 6824 and 6726.	<p>The property is held from the Government under Conditions of Re-grant Nos. 5591 and 5459 both for a term of 150 years commencing from 24 June 1889. The current Government rent payable for the property is HK\$12 per annum.</p> <p>The property is also subject to an instalment of premium of HK\$240 per annum.</p>		

Note: The registered owner of the property is Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company.



Lot No. 1933 in Survey District No. 2, 8 Fei Ha Road, Clearwater Bay,
Sai Kung, New Territories

Date of Valuation:
31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
11. Lot No. 1933 in Survey District No. 2, 8 Fei Ha Road, Clearwater Bay, Sai Kung, New Territories	The property comprises a 2-storey residential building completed in 1994. The registered site area of the subject lot is approximately 12,860 sq.ft. (1,194.72 sq.m.). The building provides eight domestic units and eight car-parking spaces.	As at the date of valuation, portions of the development with a gross floor area of 5,060 sq.ft. (470.09 sq.m.) was leased for a term of 2 years with the latest tenancy expired in February 2006 at a total monthly rent of HK\$47,000, inclusive of rates and management fee whilst the remaining areas were vacant.	HK\$19,400,000
Lot No. 1933 in Survey District No. 2.	The total gross floor area of the property is approximately 6,399 sq.ft. (594.48 sq.m.) and the total saleable area is approximately 5,624 sq.ft. (522.48 sq.m.). The property is held from the Government under New Grant No. 3523 for a term of 99 years less the last three days commencing from 1 July 1898 and had statutorily been extended until 30 June 2047. The current Government rent payable for the property is HK\$150.		

Notes:

- (1) The registered owner of the property is James S. Lee & Company Clothing Mill (Hong Kong) Limited, a direct 87.25% owned subsidiary of the Company.
- (2) The property is subject to a Deed of Variation in favour of James S. Lee & Company Clothing Mill (Hong Kong) Limited vide Memorial No. 96518 dated 10 May 1980.



No. 46 Oxford Road, Kowloon Tong, Kowloon

Date of Valuation:

31 January 2004

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Capital value in existing state as at 31 January 2004
12. No. 46 Oxford Road, Kowloon Tong, Kowloon	The property comprises a cleared site with a registered site area of approximately 13,827 sq.ft. (1,284.56 sq.m.).	As at the date of valuation, the property was vacant.	HK\$85,000,000
New Kowloon Inland Lot No. 4153.	<p>The site is roughly trapezoidal in shape with a west boundary of approximately 98.42 ft. (30.00 m.) fronting onto Oxford Road and a north boundary of approximately 149.50 ft. (45.57 m.) fronting onto Hereford Road. The remaining boundaries of the site abut onto a scavenging lane and the adjoining building lot respectively.</p> <p>The property is held from the Government for a term of 75 years from 1 July 1898 and renewable for a further term of 24 years and had been statutorily extended to 30 June 2047. The total current Government Rent payable for the property is equivalent to 3% of the rateable value for the time being of the lot.</p>		

Note: The registered owner of the property is Bermuda Consultants Limited, an indirect wholly owned subsidiary of the Company.

Micronesian Appraisal Associates, Inc.

Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance, Ltd.
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hongkong

Subject: Aspac Industrial Park, Harmon, Guam
Appraisal of Lot 5163-R1, Municipality of Dedado, Island of Guam

Dear Sir,

As requested and per the terms of our engagement letter, we have conducted an appraisal of the property listed above. The assignment is to estimate the current market value of the fee simple interest in the subject property in its "as is" condition. The attached appraisal report communicates our conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject is the Aspac Industrial Park in Harmon, containing storage warehouse, office, and staff housing area in three separate buildings; total net leasable area is 59,196 square feet. The site contains 80,805.00 square meters, owned in fee simple, zoned M-1 Light Industrial. The property as developed contains substantial excess and surplus site area remaining vacant and idle; an estimated 75% of the site is surplus to the present improvements. The scope of this appraisal is the market value of the Fee Simple interest in the property as of January 24, 2004.

As requested and consistent with our prior appraisals, we report the value segregated by the improved portion and excess/surplus portion of the property. Based on the data, analysis and conclusions, and subject to the assumptions and limiting conditions as attached, we conclude the following market values:

<u>Value Of Improved Portion:</u>	<u>US \$ 1,500,000</u>
<u>Value Of Excess/Surplus Site:</u>	<u>US \$ 1,800,000</u>
<u>Aggregate Property Value:</u>	<u>US \$ 3,300,000</u>

The above value conclusions are subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,

MICRONESIAN APPRAISAL ASSOCIATES, INC.



Mark F. Gruber, MA, SRA, CCIM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-002, Expiration February 10, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuaprofinc.net



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Limited
7th Floor Jubilee Centre
18 Penwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 5148-REM EAST-R2, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Leasehold interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 98,476.00 square meters, zoned M-1 Light Industrial, located on the northern side of Route 10A in Tamuning. The property is leased from September 1, 1971 to August 31, 2056 (inclusive of renewal options). As of the effective date of value, there remain 52.6 years of the 85.0 year lease. The lease options are entirely at the lessee's discretion and not contingent on other events; the ground rent is fully scheduled for the duration of the lease (inclusive of renewal options). Based on the analysis and conclusions as contained in the attached report, my value conclusion of the Leasehold interest in the property as of January 31, 2004 is:

US \$ 2,100,000
TWO MILLION ONE HUNDRED THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 24 months and an estimated marketing time of 12 to 24 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Gruber, MAI, SRA, CCM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fernwick Street
Wanchai, Hong Kong

Subject: Oxford Leasehold: Pala Pala Building
Appraisal of Lot 2025-1-1-10-1NEW, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, we have conducted an appraisal of the property listed above. The assignment is to estimate the market value of the leasehold interest in the subject property in its "as is" condition as of January 31, 2004. The attached appraisal report communicates our conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject property is a commercial building with concrete walls and metal roof. The building has 9,358 square feet net leasable area. The improvement is occupied by Engle's and Yi Chae Yun on the first floor. The second floor is vacant. Based on our research, the property is owned in leasehold by Oxford Properties & Finance Limited; however, this is only an appraiser's opinion. A title company should be consulted to confirm the ownership of the subject property, if desired. The legal description of the parcel, Lot 2025-1-1-10-1NEW, is different from the legal description indicated in the lease agreement Oxford has with the lessor; the reason for this is discussed in this report. The lease on Lot 2025-1-1-10-1NEW expires on October 31, 2017.

The subject does not meet current parking requirements by itself (without James Lee owned parcels to the south). However, parking regulations are seldom, if ever, enforced on Guam. Based on the history of enforcement (or lack thereof), I conclude the subject is likely to be allowed to continue to operate. This appraisal assumes the government will allow the subject to continue its current and historical use - retail, bar, residential tenants - even though it is significantly under-parked. If this assumption is incorrect, the value opinion below is overstated.


A one foot diameter chunk of concrete (see photo) recently fell from the ceiling of the first floor space leased by Ms. Yi Chae Yun. I am not qualified to render an opinion as to the structural soundness of the building. I have assumed the building is structurally sound and requires no repairs other than those described in this report. If this assumption is false, the value opinion below may be overstated. An engineer should inspect the building to determine if it is structurally sound or if additional repairs are required.

Based on the analysis and conclusions in the report, my opinion of the market value of the leasehold interest in the property as of January 31, 2004 is:

*****U.S. \$0 (Zero Dollars)*****

This value opinion is based on an estimated exposure time of 6 to 12 months and an estimated marketing time of 6 to 12 months. The above opinion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraiser's certification for this report is also found in the Addenda. If you have any questions on the data or my conclusions, please contact me.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.


Michael T. Jury, MAI, CCIM
Vice President
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net

INDIVIDUAL CONDOMINIUM UNIT APPRAISAL REPORT

File No. G40053 Page 49

DISCUSSION

File No. 1440953

SUBJECT	Property Address: Unit B25 Alapong Cove Condo Legal Description: Unit B25 Alapong Cove Condo, Tamarac Assessor's Parcel No.: See my legal description Project Name/Phone No.: Alapong Cove Condominiums Owner: Oxford Properties & Range Limited Property rights appraised: <input checked="" type="checkbox"/> Fee Simple <input type="checkbox"/> Leasehold Sales Price \$ N/A Date of Sale N/A Lender/Clerk N/A Appraiser: Vance L. Pettit										City/Township: City/Township County: Tamarac Tax Year: R.E. Taxes \$ Map Reference: Drawing # PL-133703 Occupant: Owner Special Assessments \$ Census Tract: Monthly Home Owners' Association Dnt Charge \$ 500 Description and \$ amount of loan charges/concessions to be paid by seller: None. Address: 724 Chaise San Antonio, Suite 202, Tamarac, FL 33063										State/Governor: Zip Code 33063																																						
	Location: Urban <input checked="" type="checkbox"/> Suburban <input type="checkbox"/> Rural <input type="checkbox"/> Built up: Over 75% <input checked="" type="checkbox"/> 25-75% <input type="checkbox"/> Under 25% <input type="checkbox"/> Growth rate: Rapid <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Slow <input type="checkbox"/> Property values: Increasing <input checked="" type="checkbox"/> Stable <input type="checkbox"/> Decreasing <input type="checkbox"/> Demand/supply: Shortage <input checked="" type="checkbox"/> In balance <input type="checkbox"/> Over supply <input type="checkbox"/> Marketing time: Under 3 mos. <input checked="" type="checkbox"/> 3-6 mos. <input type="checkbox"/> Over 6 mos. <input type="checkbox"/>										Predominant single family occupancy: PFSO \$ (\$00) 180 Low High 25 Predominant Vacant (over 5%) 180 Vacant (over 5%) 180										Single family housing: AGE (yr) New Low High 25 Predominant Vacant (over 5%) 180 Vacant (over 5%) 180										Predominant condominium occupancy: PDCO \$ (\$00) 82 Low High 25 Predominant Vacant (over 5%) 180 Vacant (over 5%) 180										Condominium housing: PCCO \$ (\$00) 82 Low High 25 Predominant Vacant (over 5%) 180 Vacant (over 5%) 180																		
	Present land use %: One Family .35, 2-4 Family .5, Apartments .15, Condominiums .25, Commercial .18, Industrial . , Vacant .18, Other .																																																										
	Land use change: <input checked="" type="checkbox"/> Not likely <input type="checkbox"/> Likely																																																										
<p>Note: Race and the racial composition of the neighborhood are not appraisal factors.</p> <p>Neighborhood boundaries and characteristics: The subject neighborhood is bounded by Jonestown and Oka Towers to the north, Agave Bay to the south, Route 38 to the east, and Pacific Seas to the west.</p> <p>Factors that affect the marketability of the properties in the neighborhood (proximity to employment and amenities, employment stability, appeal to market, etc.):</p> <p>Determining time to major employment centers is 5 to 18 minutes, close by market standard. Shopping centers and other conveniences are distance away. The overall appeal of the neighborhood is good.</p> <p>Market conditions in the subject neighborhood (including support for the above conclusions related to the level of property values, demand/supply, and marketing time -- such as data on competitive properties for sale in the project and neighborhood, description of the prevalence of sales and financing concessions, etc.):</p> <p>In general, residential property values have declined over the past several years. The current market exhibits increased volume. The near future is expected to have relatively stable values. Financing concessions are relatively uncommon in single family transaction.</p>																																																											
SITE	Specific zoning classification and description: 1-2, Multi-family residential Zoning compliance: <input checked="" type="checkbox"/> Legal <input type="checkbox"/> Legal nonconforming (Grandfathered use) <input type="checkbox"/> Illegal <input type="checkbox"/> No zoning Highest and best use as improved: <input checked="" type="checkbox"/> Present use <input type="checkbox"/> Other use (explain): Utilities: Public <input checked="" type="checkbox"/> Other <input type="checkbox"/> Electricity: <input checked="" type="checkbox"/> Private bottled Gas: <input checked="" type="checkbox"/> Private bottled Water: <input checked="" type="checkbox"/> Street lights Sanitary sewer: Alley Storm sewers: Alley										Off-site improvements: Street Asphalt paved, Curbs/gutter None, Sidewalk None, Street lights Incorporated, Alley None Type: Public/Private View: FEMM Special Flood Hazard Area <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No FEMA Map No.: 060001 0034 B Map Date: 11-15-85										Topography: Level to gradually sloping Size: Average for area Density: Average Island/Islets: Appears adequate No apparent adverse environmental conditions were noted on or near the site.																																						
	No. of Stories: 8 No. of Elevator(s): 3 Existing/Proposed: Total If conversion, orig. use: N/A Date of Conversion: N/A Age (Yrs.): 818 Effective Age (Yrs.): 20										Exterior Walls: Conc. Roof Surface: Conc. Total No. of Parking: 250 Rake (spaces/unit): 1.21 Type: Open Guest Parking: Unknown										8 Project Completed: Total No. of Phases: 1, Total No. of Units: 214, Total No. of Units for Sale: 19, Total No. of Units Sold: 214, Total No. of Units Rented: Unknown Data Source: HPS/NLS										8 Project Incomplete: Total No. of Planned Phases: , Total No. of Planned Units: , Total No. of Units for Sale: , Total No. of Units Sold: 214, Total No. of Units Rented: Unknown Data Source: HPS/NLS										Subject Phase: Total No. of Units: 1, Total No. of Units Completed: 214, Total No. of Units for Sale: 19, Total No. of Units Sold: 214, Total No. of Units Rented: Unknown Data Source: HPS/NLS																		
	Project Type: Primary Residence <input checked="" type="checkbox"/> Second Home or Recreational <input type="checkbox"/> Row or Townhouse <input type="checkbox"/> Garden <input type="checkbox"/> Midrise <input type="checkbox"/> Highrise <input type="checkbox"/> Condition of the project, quality of construction, and res. appeal to market, etc.: Condition of project is average. Quality of construction is average to good. Unit mix is comprised of 32 studio types, 68 one bedroom units, 94 two bedroom units.																																																										
	Are the heating and cooling for the individual units separately rationed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Common elements and recreational facilities: Pool, security gate and guard, playground, BBQ area, and lobby area.																																																										
COMMENTS	Are the screening elements completed? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Are any screening elements listed to or by the Home Owners' Association? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, attach addendum describing rental terms and options.										Is the Builder/Developer in control of the Home Owners' Association? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No If yes, attach addendum describing rental terms and options.																																																
	HOUSING: Type Living Dining Kitchen Bath Family Rm. Rest. Rm. Bedrooms # Baths Laundry Other Area Sq. Ft. Level 1 f Area f Level 2																																																										
	Finished area above grade contains: 4 Rooms, 2 Bedrooms, 2 Baths, 616 Square Feet of Gross Living Area Per Unit																																																										
	GENERAL DESCRIPTION: Floor No.: 8, No. of Levels: 8, Materials/Condition: Carpet/Concrete/Alg., Walls: Drywall/Paint, Bath Floor: Ceramic/Average, Bath Windows: Ceramic/Average										HEATING: Type: Fuel, Condition: Good, COOLING: Central AC, Other: Microwave/Wash/Dryer										KITCHEN EQUIP.: Refrigerator, Range/Oven, Dishwasher, Fan/Hood, Microwave										AMENITIES: Fireplace(s) #, Patio, Balcony, Deck, Porch, Fence										CAR STORAGE: None, Garage, No. of Cars: 1, Parking Space No.: Assigned/General										INSULATION: Roof, Ceiling, Walls, Floor, Sides								
Condition of the unit, deterioration, repairs needed, quality of construction, remodeling/modernization, additional features (special energy efficient items, etc.): The overall condition of the subject and its value. Quality of construction is average to good. No repairs needed.																																																											
Adverse environmental conditions (such as, but not limited to, hazardous wastes, toxic substances, etc.) present in the improvements, on the site, or in the immediate vicinity of the subject property: No adverse environmental conditions were noted on or near the site.																																																											

FD-302a (Rev. 10-14-14)

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Microcomputer Assisted Assessment

Form P112 — "TOTAL for Windows" appraisal software by a 3 mode, Inc. — 1-800-ALANDEX


File No. 940043 Page #93

INDIVIDUAL CONDOMINIUM UNIT APPRAISAL REPORT

Unit Charge \$ 350.00 per sq. ft. = \$ 6,736.00 per yr. Annual Assessment charge per year/square foot of gross living area = \$ 5.72	
Is the project subject to ground rent? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No If yes, \$ _____ per year.	
Utilities included in unit charge: <input type="checkbox"/> None <input checked="" type="checkbox"/> Heat <input type="checkbox"/> Air Conditioning <input checked="" type="checkbox"/> Electricity <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Water <input type="checkbox"/> Sewer	
Note any fees other than regular HOA charges, for use of facilities: None known	
Compared to other competitive projects of similar quality and design, the subject unit charge appears: <input checked="" type="checkbox"/> High <input type="checkbox"/> Typical <input type="checkbox"/> Low	
To properly maintain the project and provide the services anticipated, the budget appears: <input checked="" type="checkbox"/> Adequate <input type="checkbox"/> Inadequate <input type="checkbox"/> Unknown	
Management Group: <input checked="" type="checkbox"/> Home Owners' Association <input type="checkbox"/> Developer <input type="checkbox"/> Management Agent (Identify) _____	
Quality of management and its enforcement of Rules and Regulations based on general appearance of project appears: <input checked="" type="checkbox"/> Adequate <input type="checkbox"/> Inadequate	
Special or unusual characteristics in the Condominium Documents or other information known to the appraiser that would affect marketability (if none, so state): _____	
A special assessment is planned during 2002 for air condition work, the amount for a studio unit is \$6,419.	

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address and Unit	Unit 823 Alapong Cove Condo	Alapong Cove Condo Unit 819	Alapong Cove Condo Unit 820	Alapong Cove Condo Unit 550
Project Name	Alapong Cove Condominium	Same Complex	Same Complex	Same Complex
Priority to Subject	Same Complex	Same Complex	Same Complex	Same Complex
Sales Price	\$ N/A	\$ 100,000	\$ 90,000	\$ 95,000
Price/Sq. Ft. Area	\$ /	\$ 122.50 /	\$ 113.67 /	\$ 116.42 /
Data and/or Inspection/HPI#	MLS #00-7484	MLS #00-11147		Rec'd/Chd App'n
Verification Sources	Public Records, Realtor Tami Sodwin	Public Records, REMAX, Mrs. Shon		
VALUE ADJUSTMENTS	DESCRIPTION	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment	DESCRIPTION + (-) \$ Adjustment
Sales or Financing Concessions	Conventional	Conventional		All Cash Transaction
Date of Sale/Time	05/18/2003	06/24/2003		07/14/2003
Location	Tamuning	Tamuning		Tamuning
Leasehold/Fee Simple	Fee Simple	Fee Simple		Fee Simple
HOA Mt. Assessment	\$59	\$59		\$59
Common Elements and Rec. Facilities	Pool, Laundry, BBQ Area, Security	Equal	Equal	Pool/BBQ/Rec Area & Security guard
Project Size/Type	Average for area	27,119 SM	27,119 SM	27,119 SM
Floor Location	8th floor	8th floor		3rd floor +5,000
View	Island/ocean	Island/ocean		Island/ocean
Design and Appeal	Tropical	Tropical		Tropical
Quality of Construction	Good	Average		Average
Age	25	25		25
Condition	Average	Average		Average
Adjustments	Total Adjustments	Total Adjustments		Total Adjustments
Room Count	4 2 2	4 2 2		4 2 2
Gross Living Area	816 Sq. Ft.	816 Sq. Ft.		816 Sq. Ft.
Basement & Finished Rooms Below Grade	None	None		None
Functional Utility	Typical	Typical		Typical
Heating/Cooling	Central AC	Central AC		Central AC
Energy Efficient Items	None	None		None
Car Storage	Open	Open		1-Cover
Balcony, Patio, Fireplace(s), etc.	Balcony	Balcony		Balcony
Extras	Appliances/Storage	Appliances/Storage		Appliances/Storage
Net Adj. (Total)				
Adjusted Sales Price of Comparable	Net %	Net 7.5 %		Net 5.3 %
	Gross % \$	Gross 7.5 % \$		Gross 5.3 % \$
		100,000		100,000
Comments on Sales Comparison (including the subject property's comparability to other condominium units in the neighborhood, etc.): All comparable sales are in the same complex and similar in size.				

ITEM	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date, Price and Date	No prior sale within three years.	Comparable has not sold prior within year of appraisal.	Comparable has not sold prior within year of appraisal.	Comparable has not sold prior within year of appraisal.
Source for prior sales	within year of appraisal	within year of appraisal	within year of appraisal	within year of appraisal
Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any prior sales of subject and comparables within one year of the date of appraisal.				
The appraiser is not aware of any sale, option, or listing agreement of the subject property.				

INDICATED VALUE BY SALES COMPARISON APPROACH		Estimated Market Rent \$ 1,200		Mo. x Gross Rent Multiplier N/A		\$ 100,000	
INDICATED VALUE BY INCOME APPROACH (If Applicable)							
INDICATED VALUE BY COST APPROACH (Attach if Applicable)							
This appraisal is made <input checked="" type="checkbox"/> "as is" subject to the repairs, alterations, inspections, or conditions listed below <input type="checkbox"/> subject to completion per plans and specifications.							
Condition of Appraisal: Refer to attached addenda for other listing conditions. The photographs are taken prior to the date of appraisal.							
Final Reconciliation: In the final reconciliation, most weight is given to the sales approach since it reflects the actions of the buyer and sellers on the market.							
The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, testimony and listing conditions, and market value definition that are stated in the attached Freddie Mac Form 438-Fannie Mae Form 1004B (Revised _____).							
I/WE ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF January 31, 2004							
(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ 100,000							
APPRAISER: 				SUPERVISORY APPRAISER (ONLY IF REQUIRED):			
Signature				Signature			
Name: Vance L. Reids				Name: _____			
Date Report Signed: February 26, 2004				Date Report Signed: _____			
State Certification # CA-04-31				State Certification # _____			
Or State License # _____				Or State License # _____			

Freddie Mac Form 438-10-04

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Fannie Mae Form 1004B

Form PG2 — "TOTAL" for Windows® appraisal software by a. is made, inc. — 1-800-ALABRICE

[illegible]

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

DOI: 10.1002/for

[illegible]

Environ Monit Assess (2008) 143:183–194

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Environ Monit Assess (2008) 143:235–254

Form 583 — "32A" by Windows® manual software by a license, inc. — 1-800-ALARMING

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

DOI: 10.1002/for

^a In best free trial comparisons should be reported and analyzed in this section. The rental comparisons should represent the most current rental information on properties in similar and proximate to the subject property as possible. (This comparison is based on current rental data; therefore, the rental comparisons typically are not the same comparison used in the sales comparison analysis.) The appraised report should advise the reader that the sales and properties selected as comparables are comparable to the subject property (both the sales and the overall property) and accurately represent the rental market for the subject property (unless otherwise stated within the report).

ITEM	SUBJECT	COMPARABLE RENTAL NO. 1	COMPARABLE RENTAL NO. 2	COMPARABLE RENTAL NO. 3
Address	Lot 3308-12 Murgapur	Tatoo Road Murgapur	Southern's Apartments Murgapur	University Resores Apartments Murgapur
Proximity to subject		Same street	Less than 1/2 mile	Less than 1 mile
Lease dates, if available	See below tables	Not known	Not known	Not known
First payment date	February 2004	February 2004	February 2004	February 2004
Data source	Brochure	Neighborhood survey	Neighborhood survey	Neighborhood survey
Best considerations	None	None	None	None
Description of property units, layout, appurtenant, easements, and conditions	No. Unit(s) No. Vac. D	No. Unit(s) No. Vac. D % BR. TBTS	No. Unit(s) No. Vac. D % BR. TBTS	No. Unit(s) No. Vac. D % BR. TBTS
	Vt BR. TBTS	Transect 2 story location	Transect 2 story location	Transect 2 story location
	Average appeal	Average appeal	Average appeal	Average appeal
	Average quality	Average quality	Average quality	Average quality
Individual unit breakdown	Average condition		Average condition	
	Per. Count	Size	Per. Count	Size
	Tot. Br. Ba. Sq. Ft.	Tot. Br. Ba. Sq. Ft.	Tot. Br. Ba. Sq. Ft.	Tot. Br. Ba. Sq. Ft.
	4 2 1	775	4 2 1	775
	4 2 1	775	4 2 1	775
	4 2 1	775	4 2 1	775
	4 2 1	775	4 2 1	775
	4 2 1	775	4 2 1	775
	4 2 1	775	4 2 1	775
	4 2 1	775	4 2 1	775
Utilities, features, and amenities included or not	Appliances, furnace and central air		Appliances, furnace and central air	
	included in rent. Pleasant neighborhood		included in rent. Pleasant neighborhood	
Functional utility, bathroom, heating/cooling, project amenities, etc.	Typical functional utility		Typical functional utility. Ceiling fans and 1 window air conditioner per unit	

Analysis of verbal data and support for nominal bracketing for the null-valued subject verbs, including the adjustments noted. The adequacy of comparisons, verbal conclusions, etc.

Consommateurs 1 is located along the subject's nose. The flow rates of this burner is identical to the subject, with only a slight difference in burner area and size. No cotton was included in the rest, this comparison includes tobacco shapers. The subject has no tobacco shapers. The adjusted coral activation is 1000.

Commentary 2 is based on the 177 subjects who subject. The design of this sample is similar to the subject's, with only about 10% of the subjects who subject. This commentary includes the subjects who subject. No subjects are included in the rest. This commentary includes the subjects who subject. The subjects who subject are 1000.

Compendium 3 is located less than 1 mile from the subject. This location has a 24-hour care unit, with a separate system used in the subject. The system is excluded for use, this compendium includes system studies. The condition of the compendium 3 is subject to the subject's condition, which will not be subject to use and other systems. The rental indication is \$500.

Subject's rent schedule The rent schedule recastifies the applicable indicated grossly marked rents to the appropriate subject unit, and provides the estimated rents for the subject property. The appraiser must review the rent characteristics of the comparable units to determine whether estimated rents should reflect actual or market rents. For example, if actual rents were available on the sales comparables and used to derive the gross rent multiple (GRM), actual rents for the subject should be used. If market rents were used to construct the comparables' rents and derive the GRM, market rents should be used. The final gross estimated rent must represent rent characteristics consistent with the sales comparable data used to derive the GRM. The final gross estimated rent is not adjusted for vacancy.

LEASES			ACTUAL RENTS					ESTIMATED RENTS			
Unit	Lease Date		No Units Vacant	Per Unit		Total Rents	Per Unit		Total Rents		
	Actual	Test		Unfurnished	Furnished		Unfurnished	Furnished			
1	Dec. 2003	Dec. 2004	0	0	430	0	490	500	500		
1	Sept. 2003	Sept. 2004	0		435		621	500	500		
1	June 2003	June 2004	0		430		490	500	500		
1	May 2003	May 2004			375		375	500	500		
4						3	1,790		2,000		

Other weekly income (total)	Name _____										\$ _____
Vacancy: Actual bid year	25 %	Previous year	TS %	Indirect	30 %	\$ 2,400	Actually	Total gross estimated rent	\$ 2,000		
Utilities included in estimated rent		Direct	Water	Gas	Oil	Tenants' collection		One Quarter amounts reported once for all utilities			

Comments on the net schedule, actual v. estimated rents (especially regarding differences between actual and estimated rent), utilities, etc.: In December 2007 the subject became fully occupied after being occupied during most of 2003 at 75% for three years prior to that, the subject was at 50% occupancy. Based on interviews with tenants, I learned occupants at Occupancy over the past two years is largely attributed to an increased military presence on the island. It must be noted that rental properties similar in location to the subject (high levels of desecration, poor exterior appearance, older fixtures such as island type windows, etc.) and typically the least desirable rental property category within qualified for lease categories such as Section 8 and military rental. Logically, given the Section 8 and military tenants, given this type of rental property is usually above market rates, military and Section 8 tenants are not typically restricted to particular types of rental units and I'm usually chosen to rent more desirable properties available, such as condominium units, single family homes with yards, apartment units which are well maintained with recent modern fixtures, and rentals in prime locations, i.e. as close to the employment centers, however, etc. RENT generally is typically higher than Section 8 rents and as a result of military personnel over the past year has caused an allocation of the more desirable rental properties previously chosen by the supply of such properties and resources in increased demand for less desirable rental properties.

Investment in Test Automation under DISCLOSURE OF BENTHA DATA

Environ Monit Assess (2008) 142:183–194

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Exercise Mod Form 1025 10-Ed

Form 583 — "JOEAL by Microsoft" manual software by a private, inc. — 1,000 ALABAMA

SMALL RESIDENTIAL INCOME PROPERTY APPRAISAL REPORT

DOI: 10.1002/for

SUBJECT: Lot 506-1-2
Address: Marginal
Priority: subject

	SUBJECT		COMPARABLE SALE NO. 1		COMPARABLE SALE NO. 2		COMPARABLE SALE NO. 3	
Taxes paid	\$	N/A	\$	104,900	\$	213,800	\$	308,000
Sales price per sqm	\$	-	\$	81.28	\$	72.06	\$	36.71
Gross monthly rent	\$	2,908.00	\$	2,490.00	\$	3,490.00	\$	2,480.00
Gross inc. incl. maint. (TI)	\$	-	\$	84.56	\$	86.56	\$	30.42
Sales price per unit	\$	-	\$	38,813	\$	33,250	\$	42,250
Seller price per acre	\$	-	\$	5,744	\$	10,650	\$	18,560
Date of sale	Inspection	MLSA 000012	Chief Appraiser	MS 01-8449	Robert A. Rosen	MLS 02-0000		
Verification Sources	DESCRIPTION	DESCRIPTION	+/- 1% Adjustment	+/- 1% Adjustment	+/- 1% Adjustment	+/- 1% Adjustment		
Notes or financing conditions	Conventional BDIH	Conventional BDIH			Conventional BDIH			
Date of sale/lease	03/20/2000	-1.00%	10/06/2000		08/28/2000			
Location	Covered Terrace	Jalisco	Off Road 1		Americo			
Landhold/Use Sample	Few Samples	Few Samples	Few Samples		Few Samples			
Size	3800M and under	467 GM	15,000	3,341 GM	0.00	6.5 GM	<0.00	
Zone	None	City	Misc.		None			
Geological appraisal	Typical	Typical	Typical		Typical			
Quality of construction	Average	Good	+13.13%		+12.14%	Superior	+10.84%	
Age	10-15 Years	16 Effective	-2.64%		10 Effective	-8.27%	10-15 Years	-13.13%
Condition	Deteriorated Major \$5,000	Superior	-6.00%		Excellent	-6.00%	Superior	-6.00%
Gross Building Area	2,880 Sq. Ft.	2,544 Sq. Ft.	+14.80%		5,012 Sq. Ft.	-126.00%	2,080 Sq. Ft.	-5.50%
Unit	No. of units	No. of units	No. of units	No. of units	No. of units	No. of units	No. of units	No. of units
Unit breakdown	1 4 2 1 1	1 4 2 1 1	1 4 2 1 1	1 4 2 1 1	1 4 2 1 1	1 4 2 1 1	1 4 2 1 1	1 4 2 1 1
Business description	N/A	Retail	Misc.		None			
Functional utility	Converted to Retail	Typical	2,000		2,000	Typical	2,000	
Hazardous wastes	None	None	None		None			
Parking easement sales	Owner's use	Open	Open		Open			
Project alternatives and cost (if applicable)	Stairs/Elevator/Park	Balcony/Patio	-18,230		Landscaping/Patio	-17,540	Paved Driveway	-280
Excess	Building/Costs	None	-6,600		Others	-6,430	None	-6,600
Net Adj. Cost	1 - 1 - 1 = -3	30,130	1 - 1 - 1 = -3	183,230	1 - 1 - 1 = -3	29,130	30,130	
Adjusted sales price of comparable	Net 20.0 % Gross 47.5 %	124,790	Net 20.0 % Gross 117.0 %	29,130	Net 15.0 % Gross 29.3 %	140,690		

Comments on sales comparison (including reconciliation of all indicators of value as to consistency and realism through analysis and evaluation of the typical investor approach) relative to the market: The adjustment for site location and zone was largest together under the sales comparison law. A maximum \$1,000 adjustment is applied to sale 1 due to superior market conditions. Sale 2 is less of adjustment, a \$10,000 site adjustment is applied to sale 2 due to its superior location (close to employment center) and view safety. Sale 3 is adjusted down \$0.00 due to its superior site area. Sale 4 is adjusted up \$0.00 due to its inferior site area. Comments are noted upon request.

	SUBJECT	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Date Price and Date	No price sale	Comparable has not sold prior within year of appraisal	Comparable has not sold prior within year of appraisal	Comparable has not sold prior within year of appraisal

Analysis of any current agreement of sale, option, or listing of the subject property and analysis of any price values of subject and comparables within one year of the date of appraisal.
The appraiser is not aware of any current agreement of sale, option, or listing of the subject property.

Total gross monthly estimated net \$ 2,908 If gross rent multiplier (GRM) 73.70 = \$ 145,000 INDICATED VALUE BY INCOME APPROACH
Comments on income approach (including regional rates, if available, and calculation of the GRM) The GRM for the subject is recorded in 73.70. A deferred maintenance penalty of \$6,000 was assessed for the subject to support the subject, along with a functional penalty of \$2,000. The adjusted indicated value of the income approach is \$139,000.

INDICATED VALUE BY SALES COMPARISON APPROACH \$ 124,790
INDICATED VALUE BY INCOME APPROACH \$ 139,000
INDICATED VALUE BY COST APPROACH \$ 108,212

This appraisal is made ☒ "as is" ☐ Subject to the repairs, alterations, inspections, or conditions listed below ☐ Subject to completion of plans and specifications.
Comments and conditions of appraisal See attached assumptions and limiting conditions and HARS/AS/APP limitations. See attached Appraiser's Conditions.

Final reconciliation: The subject suffers from somewhat weak levels of characterisation reflecting the inability of the cost approach to account for the income approach is based on low quality and quality data that is based on the previous, however, that the subject is presented. The sales comparison approach reflects the actions of buyers and sellers in the market, increasing its reliability. Most weight is given to the sales and income approaches, while the cost approach is given moderate weight.

The purpose of this appraisal is to estimate the market value of the real property that is the subject of this report, based on the above conditions and the certification, earnings and limiting conditions, and market value definition that are stated in the attached Fidelity Map Form 425A and Mac Form 500A (Revised June 2003).

(WE) ESTIMATE THE MARKET VALUE, AS DEFINED, OF THE REAL PROPERTY THAT IS THE SUBJECT OF THIS REPORT, AS OF 01/15/2004
(WHICH IS THE DATE OF INSPECTION AND THE EFFECTIVE DATE OF THIS REPORT) TO BE \$ US \$140,000

APPRaiser: [Signature] SUPERVISORY APPRAISER (ONLY IF REQUIRED): [Signature]
State: Carlos M. Diaz State: [] Del [] Del Me
Date Report Signed: 01/15/2004 Date Report Signed: [] Inapt Property
State Certification #: [] State Certification #: []
Or State License #: LA/O 805 Or State License #: [] State



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Ltd.
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 5129-2-R1, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Fee Simple interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 822.00 square meters, zoned C - Commercial, located on the northern side of Route 1 in Tamuning. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the fee simple interest in the property as of January 31, 2004 is:

US \$65,000
SIXTY FIVE THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 9 to 12 months and an estimated marketing time of 9 to 12 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Gruber, MAI, SRA, CCM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuapacific.net



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Yona Property
Lot 95-1-1, Municipality of Yona, Island of Guam

Dear Sir,


As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the Fee Simple interest in the subject property in its "as is" condition as of January 31, 2004. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a 200,199 gross square meter parcel, located in Yona. The property contains no improvements. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

*****U.S. \$270,000 *****
U.S. TWO HUNDRED SEVENTY THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 18 months and an estimated marketing time of 12 to 18 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.


Michael T. Jury, MAI, CCIM
Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Piti Property
Lot 250, Municipality of Piti, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the Fee Simple interest in the subject property in its "as is" condition as of January 31, 2004. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a vacant parcel of 78,366 gross square meters, located in Piti adjacent to Shell Guam's property (formerly Gorco Oil Refinery). The National Wetland Inventory map indicates a portion of the subject property is wetland; however, the exact amount of wetlands on the property is not known, as a detailed wetland delineation map is not available.

Since there are unknowns regarding the subject's physical characteristics, I have reported my opinion of value as a range. The low end represents a worst case scenario and the upper end a best case scenario. The appraisal and attached report conform to the normal standards of professional appraisal practice; this appraisal and the attached report conform to the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

Not Less Than U.S. \$20,000 and Not Greater Than U.S. \$50,000

This value opinion is based on an estimated exposure time of 9 to 15 months and an estimated marketing time of 9 to 15 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Michael L. Jury, MAI, CCIM
Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Ltd.
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 2013 REM, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Fee Simple interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 894.80 square meters, zoned C - Commercial, located between Route 1 and Agaña Bay in Tamuning. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the fee simple interest in the property as of January 31, 2004 is:

US\$ 30,000
THIRTY THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 9 to 12 months and an estimated marketing time of 9 to 12 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Grubbs, MA, SRA, CCM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuemicmic.net

LAND APPRAISAL REPORT

BIRMINGHAM
File No. 848045

Summary Appraisal Report

Owner: N/A County: Tennessee Map Reference: 327 FF 21

Property Address: Lot 2112A-B City: Tennessee State: Tennessee Zip Code: 38411

Legal Description: Lot 2112A-B, Tennessee

Sale Price: N/A Date of Sale: N/A Loan Term: N/A yrs. Property Rights Acquired: ☒ Fee ☐ Leasehold ☐ De Minimis PUD

Actual Real Estate Taxes: \$ (y) Loan charges to be paid by seller: \$ Other sales commissions:

Lender/Cliant: Chadwick Properties & Finance Limited Address: Room 301-302, 700 First National Center, 70 Forsyth Street, Winston, HI

Occupant: None Appraiser: Charles W. Chase Instructions to Appraiser: Appraise market value of the fee simple interest in the property as the "as is" condition.

MOBILITY

Location: ☒ Urban ☐ Suburban ☐ Rural

Built Up: ☐ Over 15% ☒ 25% to 15% ☐ Under 25%

Growth Rate: ☐ Fully Dev. ☐ Rapid ☒ Steady ☐ Slow

Property Values: ☐ Increasing ☒ Stable ☐ Declining

General Supply: ☐ Storage ☒ In Balance ☐ Over Supply

Marketing Time: ☐ Under 3 Mos. ☒ 4-6 Mos. ☐ Over 6 Mos.

Personal Land Use: ☐ 10% 1 Family ☐ 15% 2-4 Family ☐ 15% Ags. ☐ 50% Comm. ☐ 50% Commercial

Change in Present Land Use: ☒ Not Likely ☐ Likely (*) ☐ Taking Place (*)

Performance Occupancy: ☒ Owner ☐ Tenant ☐ % Vacant

Single Family Price Range: \$ 130,000 to \$ 200,000 Predominant Value: \$ 125,000

Single Family Age: 8 yrs. to 40 yrs. Predominant Age: 25 yrs.

Employment Stability: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Commencement to Employment: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Commencement to Shopping: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Commencement to Schools: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Adequacy of Public Transportation: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Recreational Facilities: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Adequacy of Utilities: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Property Compatibility: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Protection from Environmental Conditions: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Police and Fire Protection: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

General Appearance of Property: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Appeal to Market: ☐ Good ☒ Avg. ☐ Fair ☐ Poor

Comments, including those factors, favorable or unfavorable, affecting marketability (e.g., public parks, schools, new roads): Tennessee is a major metropolitan center on the west coast of the United States. It is a major center for commerce and industry. The property is located in a prime area of the city. The property is well located for business and industry. The property is well located for business and industry. The property is well located for business and industry.

MOBILITY

Dimensions: See site map = 2.513 Sq. Ft. or Acres ☒ Corner Lot

zoning classification: R-2 Multi-Family Residential Present Improvements: ☒ c/o ☐ do not conform to zoning regulations

Highest and best use: ☐ Present use ☒ Other (Specify if Same as Present Use: Multi-Family Residential)

Public: ☐ Other (Describe): OFF SITE: BIRMINGHAM METRO

Disc: ☐ Public ☒ Private

Gas: ☐ Private water: ☐ Public ☐ Private

Water: ☐ Surface: ☐ Private

San. Sewer: ☒ Storm Sewer ☐ Curb/Gutter ☐ Private

☐ Underground Electric & Tel. ☐ Sidewalk ☒ Street Lights

Is the property located in a HUD Identified Special Flood Hazard Area? ☒ No ☐ Yes

Comments: See site map

As a result of the above, I am not a surveyor, therefore I make no guarantee regarding the location of the structure. I have assumed the structure is on the subject. If this assumption is incorrect and the structure is actually on the fee subject property, this would have no impact on my final value opinion, as the cost of removing the structure would be the expense of the building owner.

The undersigned has noted that recent sales of properties most similar and proximate to subject and has considered these in the market analysis. The description includes a dollar adjustment reflecting market reaction to those items of significant variation between the subject and comparable properties. If a significant item in the comparable property is superior to or more favorable than the subject property, a minus (-) adjustment is made thus reducing the indicated value of subject. If a significant item in the comparable is inferior to or less favorable than the subject property, a plus (+) adjustment is made thus increasing the indicated value of the subject.

ITEM	SUBJECT PROPERTY	COMPARABLE NO. 1	COMPARABLE NO. 2	COMPARABLE NO. 3
Address: <u>Lot 2112A-B</u> <u>Tennessee</u>				
Proximity to Subject				
Sale Price	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Price Per Square Foot	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Date of Sale and Time Adjustment				
Location	<u>SEE ATTACHED</u>	<u>SITE EVALUATION</u>	<u>CHART</u>	
Site View				
Topography				
Utilities				
Access				
Views				
Notes or Financing Comments				
Net Adj. (Total)	<input type="checkbox"/> + <input type="checkbox"/> - <u>15</u>	<input type="checkbox"/> + <input type="checkbox"/> - <u>15</u>	<input type="checkbox"/> + <input type="checkbox"/> - <u>15</u>	<input type="checkbox"/> + <input type="checkbox"/> - <u>15</u>
Indicated Value of Subject	<u>Net \$ 1</u>	<u>Net \$ 1</u>	<u>Net \$ 1</u>	<u>Net \$ 1</u>

Comments on Market Data: There is limited activity of R-2 Multi-Family Residential land in the subject's neighborhood over the past year. See Top Adjustment for COMMENTS ON RESALE OF COMPARABLES AND LISTING ANALYSIS.

Comments and Conditions of Appraisal: Refer to attached supplemental addendum.

Final Recommendation: Final value of \$15,540,000, as shown in the Site Valuation Chart is for the property as though vacant.

RECONCILIATION

I ESTIMATE THE MARKET VALUE, AS DEFINED, OF SUBJECT PROPERTY AS OF January 31, 2004 to be \$ 15,540,000

Appraiser's Name: C. Chase ☐ Did Not Physically Inspect Property

Appraiser's Signature: Charles W. Chase Review Appraiser (if applicable):

(124)

Microcomputer Appraisal Associates
Form 1001 - "TOTAL for Windows" appraisal software by a la mode, inc. - 1-800-ALARMSEE



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Ltd.
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 2029 NEW-R2, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Fee Simple interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 904.00 square meters, zoned C - Commercial, located on the southern side of Route 1 in Tamuning. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the fee simple interest in the property as of January 31, 2004 is:

US \$14,000
FOURTEEN THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 9 to 12 months and an estimated marketing time of 9 to 12 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Gruber, MAI, SRA, CCIM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Limited
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 2144-1B-5, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Fee Simple interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 37,258.00 square meters, zoned M-1 Light Industrial, located west of Ypao Road in Tamuning. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the Fee Simple interest in the property as of January 31, 2004 is:

US \$1,340,000
ONE MILLION THREE HUNDRED FORTY THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 24 months and an estimated marketing time of 12 to 24 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Gruber, MAI, SRA, CCM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuenacific.net



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Limited
7th Floor Jubilee Centre
18 Fernwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 2144-1A-2, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Fee Simple Interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 35,329.00 square meters, zoned M-1 Light Industrial, located west of Ypao Road in Tamuning. A 4,000 square meter portion of the property was leased through December 2023; it is our understanding that the lessee has recently surrendered the leasehold premises. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the Fee Simple Interest in the property as of January 31, 2004 is:

US \$ 1,280,000
ONE MILLION TWO HUNDRED EIGHTY THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 24 months and an estimated marketing time of 12 to 24 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Gruber, MAI, SRA, CCTM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Dandan Property
Lot B-1 and Lot B-3 & B-3REM, Municipality of Inarajan, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the properties listed above. The attached appraisal report communicates our conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP). The purpose of this appraisal is to estimate the market value of the fee simple interest in Lots B-3 and B-3REM and the leased fee interest in Lot B-1 in their "as is" condition as of January 31, 2004. Lot B-1 is appraised separately, as though under separate ownership.

The parcels are located in Inarajan and accessed by Dandan Road. Lot B-1 is the Talofoto Falls Park, a scenic tourist attraction consisting of cable car facilities, museum, gift shop and supporting improvements, on a parcel of 80,940 square meters. The lease has 12.9 years remaining of its original 40.6-year term. There is an option for an additional 40 years. Lot B-3 is 4,813,982 square meters and Lot B-3REM is 7,171,758 square meters. Lot B-3 and B-3REM are not under lease and are valued together, under single ownership. The subject parcels surrounds "Parcel 1," which is the former Apollo Tracking Station, and "Parcel 2," which is a collimation tower for the former Tracking Station. "Parcel 1" and "Parcel 2" are excluded from this valuation.

The value opinion stated below is for 100% of the fee simple and leased fee interest in each property. Based on the analysis and conclusions as contained in the attached report, our value opinion of the each property as of January 31, 2004 is:

Fee Simple Interest in Lot B-3 and B-3REM, Inarajan:	U.S. \$2,300,000.
Leased Fee Interest in Lot B-1, Inarajan:	U.S. \$400,000

The value opinion of Lot B-3 and B-3REM is based on an estimated exposure time of 12 to 24 months and an estimated marketing time of 12 to 24 months. The value opinion of Lot B-1 is based on an estimated exposure time of 6 to 18 months and an estimated marketing time of 6 to 18 months. The above opinions are subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Michael T. Jury, MAI, CCIM
Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net



Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance, Limited
7th Floor Jubilee Centre
18 Fernwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 5148-4, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Fee Simple interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 40,469.00 square meters, zoned C - Commercial, located on Route 1 in Tamuning. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the Fee Simple interest in the property as of January 31, 2004 is:

US \$3,700,000
THREE MILLION SEVEN HUNDRED THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 24 months and an estimated marketing time of 12 to 24 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mack F. Gruber, MAL, SRA, CCIM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuapacific.net

Micronesian Appraisal Associates, Inc.

Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Limited
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Appraisal of Lot 3368-R1, Municipality of Ordot-Chalan Pago, Island of Guam

Dear Sir,

At your request, I have conducted an appraisal of the property described above. The assignment is to estimate the current market value of the fee simple interest in the property in its "as is" physical condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in my valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The subject lot has an area of 20,000 Square Meters (5M) located west of Ordot-Chalan Pago Elementary School. The current use at the time of inspection is vacant. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the Fee Simple interest in the property as of January 31, 2004 is:

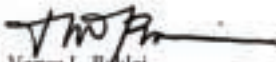
US \$100,000

ONE HUNDRED THOUSAND

This value opinion is based on an estimated exposure time of 9 to 12 months and an estimated marketing time of 9 to 12 months.

Respectfully submitted,

MICRONESIAN APPRAISAL ASSOCIATES, INC.



Vance L. Reklai
Senior Appraiser
Guam Certified Appraiser
CA #04-31 Expiration Date: February 06, 2006

194 Chalan San Antonio, Suite 202 Tamuning, GU 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuapacific.net



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
 Room 701-702
 7th Floor Jubilee Centre
 18 Fenwick Street
 Wanchai, Hong Kong

Subject: Agat Property
 Lot 450-1-2 and 450-1-R2, Municipality of Agat, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the Fee Simple interest in the subject property in its "as is" condition as of January 31, 2004. The parcels have been considered in assemblage, under single-ownership, only; the value of the parcels separately, under separate ownership, has not been considered. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is two parcels totaling 175,460 gross square meters, zoned A - Rural, located in Agat. The property contains no improvements. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

*****U.S. \$360,000*****
 U.S. THREE HUNDRED SIXTY THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 18 months and an estimated marketing time of 12 to 18 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
 MICRONESIAN APPRAISAL ASSOCIATES, INC.

Michael T. Jury
 Michael T. Jury, MAI, CCM
 Vice President and Senior Appraiser
 Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Yigo Property
Lot 7079-1, Municipality of Yigo, Island of Guam

Dear Sir,


As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the Fee Simple interest in the subject property in its "as is" condition as of January 31, 2004. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 109,996 gross square meters, located in Yigo. The property contains no improvements. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

*****U.S. 5560,000 *****
U.S. FIVE HUNDRED SIXTY THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 18 months and an estimated marketing time of 12 to 18 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.


Michael L. Jury, MAI, CCIM
Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net

**Real Estate Appraisal and Consultation**

February 24, 2004

Mr. Eric Chiu
Oxford Properties and Finance Limited
7th Floor Jubilee Centre, Room 701 -702, 18 Fenwick Street
Wanchai, Hong Kong

Subject: Oxford Dededo Land
Lot 5238-R4, Municipality of Dededo, Island of Guam

Dear Mr. Chiu,

As requested and per the terms of our Engagement Letter, I have conducted an appraisal of the property listed above. The assignment is to estimate the current market value of the fee simple interest in the subject property in its "as is" condition for purposes of managerial review, auditing and inclusion in public documents for disclosure including but not limited to shareholder circulars by our client. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in my valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a vacant parcel with a gross site area of 10,727 square meters (2.65 acres) located in the Macheche area of Dededo. The subject is legally described as Lot 5238-R4, Municipality of Dededo. The western boundary is encumbered by a 25' wide public access easement. The total area encumbered is approximately 1,923.00 square meters. The net usable site area of the subject property is 8,804.00 square meters. The property is zoned A-Rural, which permits single-family residential use. Based on the analysis as contained in the attached report, I conclude the fee simple interest in the property, as of January 31, 2004, is:

US\$100,000

ONE HUNDRED THOUSAND DOLLARS

This conclusion is based on an exposure time and marketing period of 9 to 12 months. The above value conclusions are subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraiser's certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

MICRONESIAN APPRAISAL ASSOCIATES, INC.

Darryl R. Oshiro
Vice-President and Senior Appraiser
Guam Certified Appraiser, CA-03-023
Expiration November 21st, 2005

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Yigo Property
Lot 7044-R1, Municipality of Yigo, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the Fee Simple interest in the subject property in its "as is" condition as of January 31, 2004. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a vacant parcel of 77,585 gross square meters, zoned A - rural, located in Yigo. An access easement encumbers 3,895 square meters of the parcel. The National Wetland Inventory maps indicate the eastern side of the subject property is wetland; however, the exact amount of wetlands on the property is not known, as a wetland delineation map is not available.

Since there are unknowns regarding the subject's physical characteristics, I have reported my opinion of value as a range. The low end represents a worst case scenario and the upper end a best case scenario. The appraisal and attached report conform to the normal standards of professional appraisal practice; this appraisal and the attached report conform to the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

Not Less Than U.S. \$70,000 and Not Greater Than U.S. \$430,000

This value opinion is based on an estimated exposure time of 12 to 18 months and an estimated marketing time of 12 to 18 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Michael T. Jury
Michael T. Jury, MAI, CCIM
Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 31, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net

**Real Estate Appraisal and Consultation**

February 24, 2004

Mr. Eric Chiu
Oxford Properties and Finance Limited
7th Floor Jubilee Centre, Room 701-702, 18 Fenwick Street
Wanchai, Hong Kong

Subject: Oxford Barrigada Land
Lot 2333-2, Municipality of Barrigada, Island of Guam

Dear Mr. Chiu,

As requested and per the terms of our Engagement Letter, I have conducted an appraisal of the property listed above. The assignment is to estimate the current market value of the fee simple interest in the subject property in its "as is" condition for purposes of managerial review, auditing and inclusion in public documents for disclosure including but not limited to shareholder circulars by our client. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in my valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a vacant parcel with an aggregate area of 6,675 square meters (1.65 acres) located in the Leyang area of Barrigada. The subject is legally described as Lot 2333-2, Municipality of Barrigada. The western and northern boundary is encumbered by a 20' wide public right-of-way easement. The total area encumbered is approximately 880.00 square meters. The net usable site area of the subject property is 5,795.00 square meters. The property is dual-zoned A-Rural and R-1 Single-Family Residential, both of which permit single-family residential use. Based on the analysis as contained in the attached report, I conclude the fee simple interest in the property, as of January 31, 2004, is:

US\$110,000

ONE HUNDRED TEN THOUSAND DOLLARS

This conclusion is based on an exposure time and marketing period of 9 to 12 months. The above value conclusions are subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraiser's certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

MICRONESIAN APPRAISAL ASSOCIATES, INC.

Darryl R. Oshiro
Vice-President and Senior Appraiser
Guam Certified Appraiser, CA-03-023
Expiration November 21st, 2005

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Tumon Property
Lot 5137-7-R2, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the fee simple interest in the subject property in its "as is" condition as of January 31, 2004. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a 9,270 gross square meter parcel, zoned H - Hotel, located in Tumon. The property contains no improvements. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

*****U.S. \$700,000 *****
U.S. SEVEN HUNDRED THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 18 months and an estimated marketing time of 12 to 18 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact me.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.


Michael T. Jury, MAI, CCIM

Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuapacific.net



Real Estate Appraisal and Consultation

February 27, 2004

Oxford Properties & Finance Limited
Room 701-702
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Piti Property
Lot 207-3 and 207-4, Municipality of Piti, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the market value of the Fee Simple interest in the subject property in its "as is" condition as of January 31, 2004. The value opinion stated below is for 100% of the fee simple interest in the subject property. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in the valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a vacant parcel of 82,503 gross square meters, zoned P.U.D., located in Piti, fronting Marine Drive (Route 1). The National Wetland Inventory map indicates portions of the subject property are wetlands; however, the exact amount of wetlands on the property is not known, as a detailed wetland delineation map is not available. Also, details of the subject's P.U.D. are not known. It is unknown if there are easements encumbering Lot 207-5.

Since there are unknowns regarding the subject's physical and zoning characteristics, I have reported my opinion of value as a range. The low end represents a worst case scenario and the upper end a best case scenario. The appraisal and attached report conform to the normal standards of professional appraisal practice; this appraisal and the attached report conform to the Code of Professional Ethics & Standards of Professional Appraisal Practice of the Appraisal Institute. Based on the analysis and conclusions as contained in the attached report, my value opinion of the fee simple interest in the property as of January 31, 2004 is:

Not Less Than U.S. \$40,000 and Not Greater Than \$210,000

This value opinion is based on an estimated exposure time of 12 to 18 months and an estimated marketing time of 12 to 18 months. The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Michael T. Jury
Michael T. Jury, MAI, CCIM

Vice President and Senior Appraiser
Guam Certified Appraiser, CA-04-024, Expiration January 21, 2006

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913

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Real Estate Appraisal and Consultation

February 24, 2004

Oxford Properties & Finance Limited
7th Floor Jubilee Centre
18 Fenwick Street
Wanchai, Hong Kong

Subject: Tamuning Property
Lot 5148-3, Municipality of Tamuning, Island of Guam

Dear Sir,

As requested, I have conducted an appraisal of the property listed above. The purpose of this appraisal is to estimate the current market value of the Leasehold interest in the subject property in its "as is" condition. The attached appraisal report communicates my conclusions and sets forth the methodology and data considered in our valuation. The attached is a Summary Appraisal Report prepared in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP).

The property is a parcel of 14,824.60 square meters, zoned C - Commercial, located at the southwestern corner of the intersection of Routes 1 and 10A in Tamuning. The property is leased from February 1, 1969 to January 31, 2049 (inclusive of renewal options). As of the effective date of value, there remain 45.5 years of the 80.0 year lease. The option is solely at the lessee's discretion and not contingent on any other events; ground rent is fully scheduled through the term of the lease including renewal options. Based on the analysis and conclusions as contained in the attached report, my value conclusion of the Leasehold interest in the property as of January 31, 2004 is:

US \$1,600,000
ONE MILLION SIX HUNDRED THOUSAND DOLLARS

This value opinion is based on an estimated exposure time of 12 to 24 months and an estimated marketing time of 12 to 24 months.

The above conclusion is subject to the Assumptions and Limiting Conditions as stated in the Addenda. The appraisers' certifications for this report are also found in the Addenda. If you have any questions on the data or our conclusions, please contact us.

Respectfully submitted,
MICRONESIAN APPRAISAL ASSOCIATES, INC.

Mark F. Gruber, MAL, SRA, CCIM, ASA
President and Chief Appraiser
Guam Certified Appraiser, CA-2002-02, Expiration February 10, 2006.

194 Chalan San Antonio, Suite 202, Tamuning, Guam 96913-3508

Telephone 671 646 0234; Facsimile 671 646 0233; www.valuepacific.net

OXFORD'S LANDED PROPERTIES

APPENDIX II

VALUATION REPORTS

SUMMARY OF VALUES

Item	Property	100% of the property value		Group's effective interest in property	Attributable value to the Group			Note	Page
		Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004	Surplus/(deficit) on revaluation as at 31 January 2004		
		HK\$	HK\$		HK\$	HK\$	HK\$		
1	Jubilee Centre (Phase II), 44 Gloucester Road & 20 Fenwick Street, Wanchai, Hong Kong	277,000,000	263,000,000	100%	277,000,000	263,000,000	(14,000,000)	-	54
2	Jubilee Centre (Phase I), 18 Fenwick Street, Wanchai, Hong Kong	162,000,000	146,000,000	100%	162,000,000	146,000,000	(16,000,000)	-	56
3	Ground Floor, Flats 1 to 7 on 9th Floor, Flat Roof over 8th Floor and the Main Roof, James S. Lee Mansion, 33, 33A, 35 & 35A Carnarvon Road and 2A & 2B Prat Avenue, Tsimshatsui, Kowloon.	104,100,000	104,900,000	87.25%	90,827,250	91,523,250	698,000	-	58
4	Shop Nos. 2 & 3 on Ground Floor, Apartment Nos. 1 to 5 on 1st Floor and Portion of Flat Roof on 1st Floor, Hapiphong Mansion, 99-101 Nathan Road, 53, 54 & 55 Hapiphong Road and 52 Lock Road, Tsimshatsui, Kowloon.	149,000,000	157,000,000	82.8875%	123,502,375	130,133,375	6,631,000	-	60

Item	Property	100% of the property value		Group's effective interest in property	Attributable value to the Group			Note	Page
		Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		Held under	Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		
		HK\$	HK\$			HK\$	HK\$		
5	Oxford Commercial Building, 494-496 Nathan Road, Yaumatei, Kowloon.	57,000,000	63,000,000	100%	Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company	57,000,000	63,000,000	-	61
6	World Interest Building, 8 Tsun Yip Lane, Kwun Tong, Kowloon.	24,000,000	24,000,000	87.25%	James S Lee & Company Clothing Mill (Hong Kong) Limited, a 87.25% direct subsidiary of the Company	20,940,000	20,940,000	-	62
7	Flat Nos. A to D on Ground Floor including Portion of Yard, Flat Nos. A to D on 1st Floor, Flat Nos. C to D on 2nd & 3rd Floors, Flat Nos. A to D on 4th Floor including Portion of Roof and 17 Car Parking Spaces on the Basement Level, Oxford Garden, 18 Cornwall Street, Kowloon Tong, Kowloon.	5,340,575	60,000,000	100%	Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company	5,340,575	60,000,000	-	63
8	Ground Floor and Exterior Part of No. 568 Nathan Road and the Whole 1st Floor and Exterior Part, Kin Kin Mansion, 566-568 Nathan Road, Mongkok, Kowloon.	41,400,000	48,400,000	87.25%	James S Lee & Company Clothing Mill (Hong Kong) Limited, a 87.25% direct subsidiary of the Company	36,121,500	42,229,000	-	64

Item	Property	100% of the property value		Group's effective interest in property	Attributable value to the Group			Note	Page
		Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		Held under	Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		
		HK\$	HK\$			HK\$	HK\$		
9	Ground Floor, Fat Lee Industrial Building, Hung To Road, Kwan Tong, Kowloon.	6,300,000	6,300,000	100%	Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company	6,300,000	6,300,000	-	65
10	Flat A on 15th Floor and Roof, Golden Crown Court, 66-70 Nathan Road, Tsimshatsui, Kowloon.	2,400,000	2,500,000	100%	Dynasty Hotel Limited, a direct wholly owned subsidiary of the Company	2,400,000	2,500,000	-	66
11	Lot No. 1933 in Survey District No. 2, 8 Fei Ha Road, Clearwater Bay, Sai Kung, New Territories.	18,800,000	19,400,000	87.25%	James S Lee & Company Clothing Mill (Hong Kong) Limited, a 87.25% direct subsidiary of the Company	16,403,000	16,926,500	-	67
12	No. 46 Oxford Road, Kowloon Tong, Kowloon.	38,026,765	85,000,000	100%	Bermuda Consultants Limited, an indirect wholly owned subsidiary of the Company	38,026,765	85,000,000	Note 3	68
		885,367,340	979,500,000	Subtotal:		835,861,465	927,554,125		
							91,692,660		

VALUATION REPORTS

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Item	Property	100% of the property value		Group's effective interest in property	Attributable value to the Group			Note	Page
		Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		Held under	Carrying book value as at 31 January 2003	Appraised value as at 31 January 2004		
		HK\$	US\$			HK\$	US\$		
20	Lot 250, Municipality of Piti, Island of Guam	295,014	35,000	100%	Oxford Properties & Finance Limited	295,014	35,000	(22,014)	Notes 3 & 5 80
21	Lot 2013 REM, Municipality of Tamuning, Island of Guam	18,650	30,000	100%	Oxford Properties & Finance Limited	18,650	30,000	215,350	Note 5 81
22	Lot 2112A-8, Tamuning, Island of Guam	34,081	46,000	100%	Oxford Properties & Finance Limited	34,081	46,000	324,719	- 82
23	Lot 2029 NEW-R2, Municipality of Tamuning, Island of Guam	78,000	14,000	100%	Oxford Properties & Finance Limited	78,000	14,000	31,200	Note 5 83
24	Lot 2144-1B-5, Municipality of Tamuning, Island of Guam	8,580,000	1,340,000	100%	Oxford Properties & Finance Limited	8,580,000	1,340,000	1,872,000	Note 5 84
25	Lot 2144-1A-2, Municipality of Tamuning, Island of Guam	9,125,356	1,280,000	100%	Oxford Properties & Finance Limited	9,125,356	1,280,000	858,644	Note 5 85
26	Lot B-1 and Lot B-3 & B-3 REM, Municipality of Inarajan, Island of Guam	10,991,573	2,700,000	43.625%	First Island Industry Inc. (Note 6)	4,795,073	1,177,875	4,392,352	Note 5 86
27	Lot 5148-4, Municipality of Tamuning, Island of Guam	15,600,000	3,700,000	100%	Pacific Interests Inc., a direct wholly owned subsidiary of the Company	15,600,000	3,700,000	13,260,000	Note 5 87

VALUATION REPORTS

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Notes:

1. Converted at the exchange rate of US\$1 to HK\$7.80
2.

	<i>HK\$</i>
Represented by:	
Investment properties	853,505,000
Other properties	97,543,793
Properties for sale	6,348,148
	957,396,941
3. These are the three pieces of landed property of the Group in Guam, USA, all of which are bare land and untenanted and each of them includes a portion or portion(s) of wetland. The Group has held these properties on a long term investment basis since their acquisition some 20 odd years ago, and has no plan to develop the same. In the premises, the Company has accepted the valuers' advice that the value of these properties be reported pursuant to the normal practice in respect of landed property of similar, if not identical nature and circumstances, i.e. value on the best and worst basis as a range. The surplus on revaluation of the Group's interest in these properties disclosed above was computed based on the Directors' best estimate of the fair value of these three pieces of land, being the average of the upper and lower limits of the professional valuations. Reference is also made to page 91 of the Composite Document dated 3 October 2003 for further details.
4. Since 1997, Oxford has suspended all plans for the development and/or redevelopment of its property known as 46, Oxford Road, Kowloon Tong, Kowloon.
5. Oxford has no plan to develop and/or redevelop any of the Group's Guam properties. No planning or other regulatory consent in respect of this site has been sought or obtained for development and/or redevelopment.
6. It is within the understanding of Oxford that no tax is payable by the vendor in a conveyance on sale in respect of property in Guam.
7. Pursuant to the Stamp Duty Ordinance, Chapter 117 of the Laws of Hong Kong, parties to a conveyance on sale are all liable to pay stamp duty at the rate or rates as stipulated under the Stamp Duty Ordinance, irrespective of whether they are vendors, purchasers or otherwise. According to the understanding of Oxford, it is, however, not the usual trade practice in Hong Kong that stamp duty is borne by the vendor. In the light of the usual trade practice in Hong Kong as aforesaid, it is therefore unlikely that the Group or any constituent members thereof, as vendor, would enter into an agreement for the sale and purchase of property pursuant to which the vendor would be contractually bound to bear the stamp duty payable thereunder or any part thereof.
8. James S Lee & Company (Kowloon) Limited is a 95% direct subsidiary of James S Lee & Company Clothing Mill (Hong Kong) Limited. James S Lee & Company Clothing Mill (Hong Kong) Limited is a 87.25% direct subsidiary of the Company. Accordingly, the Company has an effective interest of 82.8875% in James S Lee & Company (Kowloon) Limited and the subject property.
9. First Island Industry Inc. is a wholly owned subsidiary of James S Lee & Company Clothing Mill (Hong Kong) Limited. James S Lee & Company Clothing Mill (Hong Kong) Limited is a 87.25% direct subsidiary of the Company. Accordingly, the Company has effective interest of 87.25% in First Island Industry Inc.. As the subject property is jointly owned by an independent third party and First Island Industry Inc., the Company only accounted for 50% interest in the property and has an effective interest of 43.625% in the subject property.
10. Guam United Trading Services & Financing Inc. is a wholly owned subsidiary of House of Fashion Limited. House of Fashion Limited is a 88% direct subsidiary of James S Lee & Company Clothing Mill (Hong Kong) Limited. James S Lee & Company Clothing Mill (Hong Kong) Limited is a 87.25% direct subsidiary of the Company. Accordingly, the Company has an effective interest of 76.78% in Guam United Trading Services & Financing Inc. and the subject property.
11. James S Lee & Co (Guam) Limited is a wholly owned subsidiary of James S Lee & Company (Kowloon) Limited. James S Lee & Company (Kowloon) Limited is a 95% direct subsidiary of James S Lee & Company Clothing Mill (Hong Kong) Limited. James S Lee & Company Clothing Mill (Hong Kong) Limited is a 87.25% direct subsidiary of the Company. Accordingly, the Company has an effective interest of 82.8875% in James S Lee & Company (Kowloon) Limited and the subject property.
12. Guam Tourist Development Co. is a 50% direct associate of James S Lee & Co (Guam) Limited. James S Lee & Co (Guam) Limited is a wholly owned subsidiary of James S Lee & Company (Kowloon) Limited. James S Lee & Company (Kowloon) Limited is a 95% direct subsidiary of James S Lee & Company Clothing Mill (Hong Kong) Limited. James S Lee & Company Clothing Mill (Hong Kong) Limited is a 87.25% direct subsidiary of the Company. Accordingly, the Company has an effective interest of 41.44375% in Guam Tourist Development Co. and the subject property.

OXFORD PROPERTIES & FINANCE LIMITED

晉利地產金融有限公司

(incorporated in Hong Kong with limited liability)

3 October 2003

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL CASH OFFER
by
BARON CAPITAL LIMITED
and
KIM ENG SECURITIES (HONG KONG) LIMITED
on behalf of
SMART EXTRA HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN OXFORD,
other than those already owned by Smart Extra
AND THE INTENDED PRIVATISATION OF OXFORD
by
SMART EXTRA
BY WAY OF A SCHEME OF ARRANGEMENT
Under Section 166 of Companies Ordinance

The Board of Oxford has appointed us, the Independent non-Executive and non-Executive directors of Oxford, to be members of the Independent Board Committee, two of whom are or have been practicing solicitors in Hong Kong, one is a practicing accountant and the Chairman is a former senior Hong Kong Government administrator.

The Independent Board Committee has been established to consider and advise Shareholders as to the merits or otherwise of the Offer, the Offer in the light of the Scheme Proposal, and the Scheme Proposal, and especially as to whether Shareholders should accept the Offer and/or vote for or against the resolutions to be proposed at the Court Meeting(s) and the EGM to be convened thereafter in respect of the Scheme Proposal. The Independent Board Committee has been advised by its Independent Financial Advisers, Shenyin Wanguo Capital (HK) Limited, both in respect of the Offer and the Scheme Proposal. Shenyin Wanguo's Letter to the Independent Board Committee is included in this Composite Document at pages 38 to 61.

Your attention is drawn to the Letter from the Board which is set out on pages 8 to 34 of this Composite Document, and to the Offer Document and the form of acceptance and transfer accompanying it containing, *inter alia*, the terms of the Offer and of the Scheme Proposal, which were despatched to Shareholders on 17 June 2003.

Terms in the Composite Document shall bear the same meanings when used herein unless the context requires otherwise.

Having taken into consideration, *inter alia*, the advice of Shenyin Wanguo, the Independent Board Committee accepts the advice of Shenyin Wanguo that, bearing in mind that for most of the six months period prior to the Announcement Date, the Offer Price of HK\$9.00 per Share was at a premium to the prevailing market prices of the Shares, the Offer Price is fair and reasonable. The acceptance of this Offer, therefore, would give Shareholders a genuine, unconditional and risk free opportunity to realise their investments in Oxford at a fair and reasonable price.

The Scheme Proposal, with a Cancellation Price of HK\$15.00 per Share, is substantially more attractive than the Offer (being HK\$6.00 per Share more than the Offer, representing a premium of about 66.67% over the Offer Price). The Offer, therefore, when seen in the light of the Scheme Proposal, may not appear to be overly attractive, particularly so since the uplifting of the suspension from trading in the Shares with effect from 8 September 2003, when the Shares have been traded in the region of HK\$13.00 to HK\$14.00, although on a very small turnover. However, we agree with Shenyin Wanguo that the recent rise in the price of the Shares on the market reflects the terms of the Offer and particularly the Scheme Proposal. Shareholders considering disposing of their Shares through the market will receive a substantial premium to the Offer Price of HK\$9.00 per Share but a discount, representing a recognition of the risks, referred to below, associated with the Scheme Proposal, to the Cancellation Price of HK\$15.00 per Share.

We agree with Shenyin Wanguo that the Cancellation Price of HK\$15.00 (which represents a premium of about 31.58% over the audited consolidated net asset value per Share as at 31 January 2003 and a premium of about 29.65% over the unaudited adjusted net tangible assets value per Share as at 30 June 2003) is fair and reasonable. However, it should be borne in mind that the implementation of the Scheme Proposal is subject to the fulfillment of a number of pre-conditions, the particulars of which are set out at pages 17 to 21 of this Composite Document.

We have reviewed these pre-conditions and have come to the conclusion that most, if not all, of these have been mandated by the laws (common, statutory or otherwise) applicable to the implementation of a scheme of arrangement, and/or the Takeovers Code. To the best of our knowledge, information and belief such pre-conditions are not uncommon, nor unusual when they appertain to a scheme of arrangement proposed under section 166 of Companies Ordinance. We are therefore of the unanimous view that the pre-conditions as imposed are fair and reasonable in all the circumstances. In any event, the fact that Smart Extra: (a) has agreed to pay all legal, professional and other expenses incidental to the submission and implementation of the Scheme Proposal; and (b) has already deposited in an escrow account with its legal representatives sufficient funds to implement the Scheme Proposal in the event the same is sanctioned both by the members of Oxford and by the Court, demonstrate in our opinion, an honest and *bona fide* intention on the part of Smart Extra to proceed with the Scheme Proposal with due diligence and despatch.

Shareholders who opt to support the Scheme Proposal and therefore wish it to be successfully implemented, should consider taking a pro-active stance in this matter as of all the pre-conditions referred to above, the support of the Scheme Proposal by members of Oxford would be of paramount importance. Accordingly, all such Shareholders are hereby advised that they should: (a) register as a member of Oxford; (b) attend all meetings summoned by the Court, and the EGM; and (c) vote their Shares at these meetings in favour and support of the Scheme Proposal.

Shareholders should note, however, that in the event that the Scheme Proposal fails to materialise, the Shares might remain suspended from trading until such time as the Stock Exchange is satisfied that there is sufficient public float, if at all. As a result, those Shareholders who do not accept the Offer might have their investment locked into a company whose shares would be illiquid, for what could be a long time, should the Scheme Proposal fail to be implemented.

Shareholders are urged to consider both the Offer and the Scheme Proposal most carefully, and seek independent financial advice wherever possible, before taking a decision.

Shareholders will have noted from the Board Letter at pages 8 to 34 of this Composite Document, that the Independent Board Committee has been tasked with the responsibility of deciding, on behalf of the shareholders and directors of MADC, on whether to accept or reject the Offer or to vote for the Scheme Proposal in respect of those Shares which MADC is holding. In order to ensure the independence of the Independent Board Committee in these matters, the MADC Decision Making Mechanism has been established. The MADC Decision Making Mechanism is intended to ensure that no director of MADC will vote nor any director or shareholder of MADC influence the decision of the Independent Board Committee in this regard.

The Independent Board Committee has taken the independent advice rendered by the Independent Financial Advisers, whose advice should, in any event, be objective, unbiased and impersonal in regard to the fairness and reasonableness of the respective terms and conditions of the Offer as well as the Scheme Proposal. Accordingly, the Independent Board Committee has decided, insofar as the MADC Shares are concerned, not to accept the Offer and accordingly to vote for the Scheme Proposal in accordance with the advice of the Independent Financial Advisers.

Yours faithfully,
for and on behalf of
the Independent Board Committee

Clive William Oxley

Alfred Cheung Tze Fat

Lai Man Leung

Lau Hak Lap

The following is the text of a letter received from the Independent Financial Advisers setting out its opinion to the Independent Board Committee in respect of the Offer and the Scheme for inclusion in this Composite Document.



Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower
Citibank Plaza
3 Garden Road
Hong Kong

The Independent Board Committee
Oxford Properties & Finance Limited
1601 Wing On Centre
111 Connaught Road
Central
Hong Kong

3 October 2003

Dear Sirs,

**MANDATORY UNCONDITIONAL CASH OFFER
AND INTENDED PRIVATISATION BY WAY OF
A SCHEME OF ARRANGEMENT**

INTRODUCTION

We refer to our engagement by the Company as independent financial advisers to advise the Independent Board Committee in respect of the Offer and the Scheme, details of which are contained in the Offer Document and the letter from the Board as set out on page 8 to page 34 of the Composite Document of which this letter forms part. Terms used in this letter shall bear the same meanings as defined in the Composite Document unless the context otherwise requires. This letter contains our advice to the Independent Board Committee.

Mr. William Lee Teh Yee, an executive Director who has been receiving salary from the Company and/or its subsidiaries, is the sole director and the sole beneficiary owner of Smart Extra and is presumed to be acting in concert with Smart Extra under the Takeovers Code. The remaining executive Directors, Messrs. Seto Chak Wah, Robert Kiang Chee Man, Wong Shu Yuen are salaried employees of the Group. Therefore, none of the above executive Directors is considered to be independent under the Takeovers Code in respect of the Offer and the Scheme whilst the remaining four Directors, Messrs. Lai Man Leung and Clive William Oxley, being the non-executive Directors, and Messrs. Alfred Cheung Tze Fat and Lau

Hak Lap, being the independent non-executive Directors, have been appointed by the Board as the Independent Board Committee to consider the Offer and the Scheme, and to make recommendations to the Independent Shareholders regarding the Offer and the Scheme.

BASIS OF OUR OPINION

Our role as the independent financial advisers to the Independent Board Committee is to express our opinion on whether the terms of the Offer and the Scheme are fair and reasonable in so far as the Independent Shareholders are concerned. In formulating our recommendations, we have relied on the accuracy of the information and representations contained in the Composite Document which have been provided to us by the Directors and have also assumed that all information and representations made or referred to in the Composite Document were true and correct in all respects at the time when they were made and continued to be true and correct in all respects as at the date of despatch of the Composite Document. We have also assumed that all statements of belief, opinion and intention made by the Directors in the Composite Document are reasonably made after due and careful enquiry and are based on honestly held opinions. We have no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Directors and have been advised by the Directors that no material facts have been omitted from the information and representations provided in and referred to in the Composite Document. We consider that we have reviewed sufficient information to reach an informed view and to justify our reliance on the accuracy of the information and representations contained in the Composite Document and to provide a reasonable basis for our advice. We have not, however, carried out any independent verification of the information provided by the Directors, nor have we conducted an independent in-depth investigation into the business and affairs or the future prospects of Group.

In the following discussion, we shall set out our opinion on the terms of the Offer and the Scheme and our recommendations to the Independent Board Committee thereon.

BACKGROUND INFORMATION OF THE OFFER

During the period from 31 March 2003 to 11 April 2003 (both dates inclusive), Smart Extra completed the Acquisition. By virtue of the Acquisition, Smart Extra held 60,406,692 Shares together with, inter alia, the voting rights attached thereto, representing approximately 89.15% of the Shares in issue and approximately 89.15% of the voting rights of Oxford.

In accordance with the requirements of Rule 26 of the Takeovers Code, Baron Capital and Kim Eng Securities, as agents for and on behalf of Smart Extra, are jointly extending to the Independent Shareholders an unconditional offer for all the issued Shares (other than those shares already owned by Smart Extra) subject to the terms set out in the Composite Document and the accompanying form of acceptance and transfer on the following basis :

For each Share HK\$9.00 in cash

PRINCIPAL FACTORS CONSIDERED IN RELATION TO THE OFFER

In arriving at our advice with respect to the terms of the Offer, we have taken into account the following principal factors:

1. Property market outlook

Hong Kong

Hong Kong had recorded a continuous GDP (“Gross Domestic Product”) growth of around 5% per annum for a decade before its handover to the PRC in July 1997. Since the Asian financial crisis, however, the economy of Hong Kong turned sluggish. After the outbreak of war in Iraq and severe acute respiratory syndrome (“SARS”) at the beginning of 2003, the pace of recovery of the Hong Kong economy was further slowed down and unemployment rate reached a record high of 8.7% in the month of July. We set out below key economic indicators of Hong Kong from 2000:

	2000	2001	2002	2003
Real GDP growth (year-on-year % change) (at 2000 market prices)	10.2	0.5	2.3	2.0 [#]
Seasonally adjusted composite consumer price index (year-on-year % change)	-3.8	-1.6	-3.0	-4.0
Unemployment rate (%)	4.9	5.1	7.3	8.7*
Fiscal surplus/(deficit) (HK\$’ billion)	10	-6	-66	-70 [#]

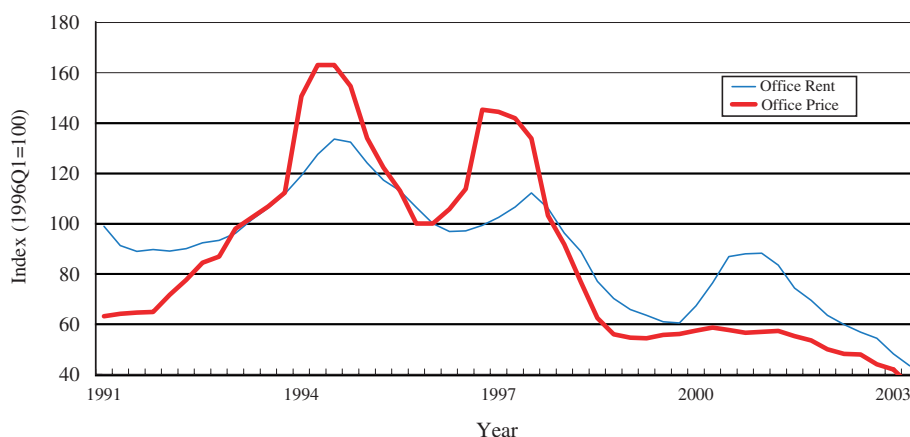
[#] Forecast for 2003

* Provisional unemployment rate in July 2003

Source: *The Government of the Hong Kong Special Administration Region (“HKSAR”)*

As shown above, the real GDP growth decreased from 10.2% in 2000 to an estimate of 2.0% in 2003, whilst the year-on-year percentage change of consumer price index in July 2003 was estimated at -4.0%. In the past few years, HKSAR recorded huge fiscal deficits. Although the HKSAR has implemented certain policies to revive the economy of Hong Kong, it remains to be seen how such policies would bring about a general recovery of the economy and the property market of Hong Kong.

Property market in Hong Kong has also entered into a period of sluggish demand. The value of office and rental income have shown a downward adjustment since 1997. Set out below is an index regarding office rent and price in Hong Kong prepared by DTZ Debenam Tie Leung Limited (“DTZ”):

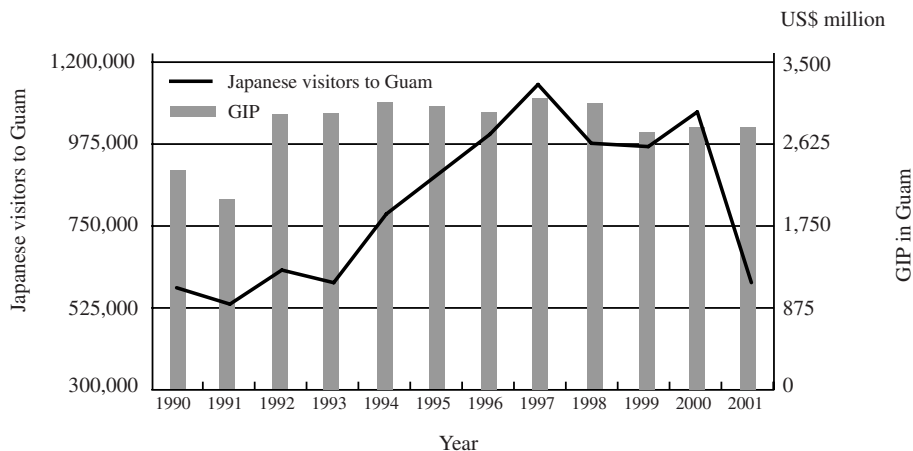


Source: DTZ

According to the research report of DTZ, there have been signs of rising demand for office space in 2003. The overall office market appears to be positive as companies have been setting up regional offices in Hong Kong. However, office vacancy is expected to be in double-digits as office space supply keeps increasing. We concurred with DTZ’s view that high vacancies for existing office buildings and new supply of office space continue to exert downward pressure on rents in Hong Kong. Despite the economic conditions are bottoming out for the moment, there has been no signs of turnaround of the property market in Hong Kong in the short to the medium term.

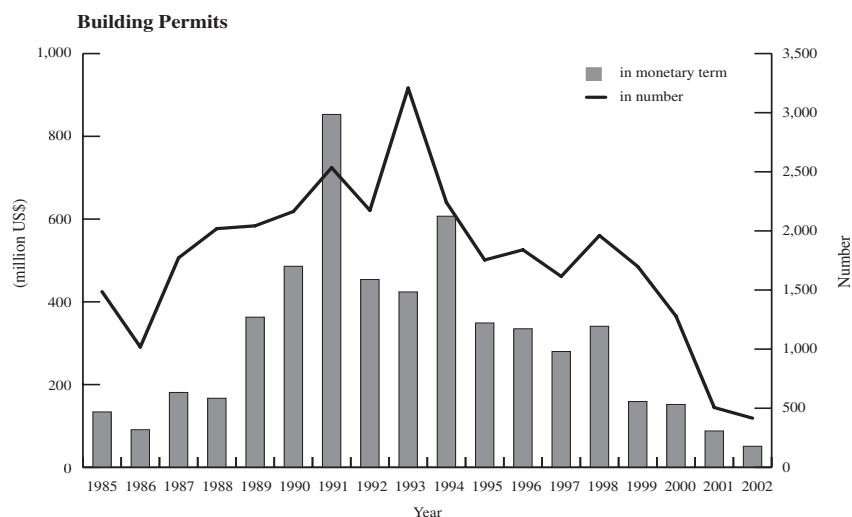
Guam, U.S.A.

Tourism plays an important role in Guam’s economy, which is a comparatively small economy with GIP (“Gross Island Product”) of less than US\$3,000 million and a population of less than 200,000. Fueled by investments and tourists from Japan, Guam enjoyed an economic boom in the past decades. Similar to Hong Kong, Guam has experienced a negative GIP growth since 1997, accompanied by a decrease of visitor arrivals in the same period. The graph below illustrates considerable correlation between GIP in Guam and visitors from Japan:



Source: Department of Commerce and Guam Visitors Bureau

Property market in Guam has been adversely affected inevitably. A building permit from the government of Guam is required before any property construction works commence. We set out below the issuance of building permits (both in monetary term and number) in Guam from 1985 to 2002:



Source: Government of Guam: Department of Commerce, Annual Economic Reviews; Department of Public Works, Annual Building Permit Statistics

The issuance of building permits in Guam showed a downward trend, indicating a diminishing demand for new buildings in the past decade. Building permits issued in 2002 represented less than one-tenth of its peak in 1991, evidencing the current unfavourable property market condition in Guam. Given the continuous economic depression in Japan which has adversely affected tourism in Guam indirectly, improvement of the Guam's economy as well as its property market remains uncertain in the short to the medium term.

In accordance with Appendix II of the Composite Document, the carrying value of the Group's commercial properties in Hong Kong accounts for approximately 80% of the total carrying value of properties located in Hong Kong. The carrying value of the Group's assets located in Hong Kong and Guam, as stated in its annual audit report for the financial year ended 31 January 2003, were HK\$978.2 million and HK\$75.3 million respectively. The Group's properties in Hong Kong are mainly office buildings held for leasing.

2. Financial performance of the Group

The principal activities of the Group are investment holding, property investment, property development and the provision of property management services. The Group's activities are based in Hong Kong and more than 90% of the Group's turnover and profit from operations have been derived from the lease of residential and commercial properties in Hong Kong. As aforementioned, 80% of the Group's properties in Hong Kong are commercial properties. The following table summarises the Group's audited consolidated profit and loss account for the three years ended 31 January 2003:

	Year ended 31 January		
	2003	2002	2001
	HK\$'000	HK\$'000	HK\$'000
Turnover	<u>67,715</u>	<u>75,552</u>	<u>75,213</u>
Operating results before impairment loss and finance costs	43,344	56,417	58,148
Impairment loss	<u>(2,896)</u>	<u>(58,000)</u>	<u>—</u>
Operating results before finance costs	40,448	(1,583)	58,148
Finance costs	<u>(4,998)</u>	<u>(8,903)</u>	<u>(17,464)</u>
Operating profit/(loss)	<u>35,450</u>	<u>(10,486)</u>	<u>40,684</u>
Profit/(loss) before minority interests	30,352	(15,749)	35,075
Minority interests	<u>(2,943)</u>	<u>4,559</u>	<u>(2,694)</u>
Profit/(loss) attributable to Shareholders	<u>27,409</u>	<u>(11,190)</u>	<u>32,381</u>

For the year ended 31 January 2002

In line with the classification in the audited annual report of the Company, details of the revenue analysis by business segment for the financial year ended 31 January 2002 (with the figures for the financial year ended 31 January 2001 included for comparison purposes) are set out below:

	Property investment (note 1)		Property development (note 2)		Other operations		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Segment revenue	72,133	71,739	—	—	3,419	3,474	75,552	75,213
Segment results	55,093	53,959	(58,000)	—	2,984	2,995	77*	56,954*
Operating margin	76.4%	75.2%	n/a	—	87.3%	86.2%	0.1%	75.7%

Note 1: Property investment business is equivalent to property letting business in the annual audited report of the Company.

Note 2: Property development business is equivalent to land investment business in the annual audited report of the Company.

* Operating profit/loss of the Group is arrived at after adjusting for unallocated expenses and income.

Property investment business

Property investment business of the Group refers to the lease of properties located in Hong Kong and in Guam. Rental income and operating profit derived from the properties of the Group recorded a slight increase of 0.5% and 2.1% respectively in the year ended 31 January 2002 due to an increase of occupancy in Jubilee Centre Phase I and Phase II in Hong Kong in the first half of 2001.

Property development business

Due to uncertain economic conditions, the Group has not commenced any property development project since the completion of Jubilee Centre Phase II in Hong Kong in 2000. Micronesian Appraisal Associates, Inc. ("Micronesian") and DTZ, the independent properties valuers, have conducted independent valuations as at 31 January 2002 for the properties of the Group in Guam and Hong Kong respectively, in order to arrive at market values of the Group's properties as at 31 January 2002. With reference to the independent valuations, the Group made an impairment loss amounting to HK\$71.6 million against 5 properties of the Group in Guam, namely the Group's land at (1) Lot B Dandan, Inarajan Guam Estate No.16, Suburban; (2) Lot No. 2029-New-R2, Dededo, Guam Estate, No. 20069, Suburban; (3) Lot No. 2144-1B-5, Socio, Dedeco, Guam Estate, No. 22636, Suburban; (4) Lot No. 3368-R1, Siunajana and (5) Lot No.450-1, Agat. Out of the impairment loss of HK\$71.6 million, HK\$58.0 million had been charged to the income statement whilst the remaining HK\$13.6 million was dealt with in reserves or as an adjustment against minority interests. Such impairment loss and the corresponding accounting treatment were recognised under the requirement of a revised accounting standard promulgated by Hong Kong Society of Accountants in January 2001.

As advised by the Directors, independent valuations of properties other than those mentioned above exceeded their carrying values as at 31 January 2002 and thus no impairment loss was recognised for such other properties.

As stated in its audited annual report, it is the Company's accounting policy that certain of its properties (i.e. the undeveloped land in Guam) were stated at revalued amounts prior to 30 September 1995, pursuant to the transitional relief provided by the abovementioned accounting standard. As such, the impairment loss recognised in the audited annual report may not be sufficient to reflect market values of all the Group's properties as at 31 January 2002. However, in order to obtain the latest market values of all the Group's properties, a revaluation for all the properties of the Group as at 31 July 2003 has been carried out and the corresponding financial impact is detailed in Appendix I to the Composite Document.

All pieces of undeveloped land had been held by the Group for future development as at the Latest Practicable Date.

Other operations

Income derived from other operations mainly represents rental income from a residential property in Hong Kong which was held for sale. Such income decreased slightly by 1.6% in the year ended 31 January 2002 due to an increase of vacancy in the property in the first half of 2001. The operating margin from other operations has been arrived at after deducting property management expenses and adding dividend income from listed share investments of the Group.

On the whole, although the Group maintained its level of turnover, it recorded a loss from operations of approximately HK\$10.5 million, as compared to a profit from operations of approximately HK\$40.7 million in the year ended 31 January 2001, as a result of a charge of HK\$58 million for impairment loss on properties for its property development business.

For the year ended 31 January 2003

Details of the revenue analysis by business segment for the financial year ended 31 January 2003 (with the figures for the financial year ended 31 January 2002 included for comparison purposes) are set out below:

	Property investment		Property development		Other operations		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
	<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>		<i>HK\$'000</i>	
Segment revenue	65,453	72,133	–	–	2,262	3,419	67,715	75,552
Segment results	51,108	55,093	(2,896)	(58,000)	1,915	2,984	50,127*	77*
Operating margin	78.1%	76.4%	n/a	n/a	84.7%	87.3%	74.0%	0.1%

* Operating profit/loss of the Group is arrived at after adjusting for unallocated expenses and income.

Property investment business

The occurrence of the 911 event in the second half of 2001 and the continuous economic recession in Hong Kong and in Guam adversely affected the rental markets in which the Group operated. In order to keep existing tenants, the Group offered a slight reduction in rental at renewal. As a result, revenue and operating profit from property investment business decreased by 9.3% and 7.2% respectively for the year ended 31 January 2003.

Property development business

The Group did not commence any property development project in Hong Kong and in Guam during the year due to the prolonged adverse economic conditions in the regions. With reference to the independent valuations conducted by Micronesia and DTZ on the properties of the Group in Guam and Hong Kong respectively as at 31 January 2003, the Group recorded impairment loss of approximately HK\$2.9 million against 2 properties of the Group in Guam, namely the Group's land at (1) Lot No. 2144-1A-2, Socio, Dededo, Guam Estate, Suburban and (2) 2144-1B-5, Socio, Dededo Guam Estate, Suburban,

in order to arrive at market values of the Group's properties as at 31 January 2003. The impairment loss was charged to the income statement. These pieces of undeveloped land had been held by the Group for future development as at the Latest Practicable Date.

As advised by the Directors, independent valuations of properties other than those mentioned above exceeded their carrying values as at 31 January 2003 and thus no impairment loss was recognised for such other properties.

As discussed previously, certain properties of the Group (i.e. the undeveloped land in Guam) were stated at revalued amounts prior to 30 September 1995. As such, the impairment loss recognised in the audited annual report may not be sufficient to reflect market values of all the Group's properties as at 31 January 2003. However, in order to obtain the latest market values of all the Group's properties, a revaluation for all the properties of the Group as at 31 July 2003 has been carried out and the corresponding financial impact on the Group is detailed in Appendix I to the Composite Document.

As referred to in the Company's announcement dated 9 October 2002, the Company was in preliminary negotiations with an independent third party with a view to forming a joint venture to develop/redevelop in stages some or all of the Company's properties in Guam. The preliminary negotiations were put in temporary abeyance principally as a result of the 'mega-typhoon' which hit Guam in December 2002 and which caused extensive damage to the infrastructure as well as to properties in Guam, including two of the Group's properties in Guam. Repair works on the Group's damaged properties, which had been covered by insurance policies, were in progress. The after effects of the typhoon on business activity in Guam have been similarly devastating. The risks which war might bring to Guam where a major US Pacific military base is located was also a factor. As advised by the Directors, there were no substantial developments of negotiations and no agreed timetable as to when to reopen negotiations between the Company and the aforementioned independent third party in respect of the development/redevelopment as at the Latest Practicable Date.

Other operations

The rental income derived from the property in Hong Kong decreased by 33.8% in the year ended 31 January 2003, due to an decrease of occupancy rate of a residential property of the Group in Hong Kong from 69% as at 31 January 2002 to 50% as at 31 January 2003. Such decrease in rental income contributed principally to the deterioration in operating margin.

On the whole, for the financial year ended 31 January 2003, we note that the Group experienced a decline of 10.4% in turnover due to falling rental income. In respect of its property development activities, the Group took another charge of impairment loss of approximately HK\$2.9 million for its properties held for development in Guam in order to reflect its market values as at 31 January 2003.

3. Future prospects of the Group

During the past three financial years ended 31 January 2001, 2002 and 2003, the Group recorded impairment losses in accordance with a revised accounting standard promulgated in January 2001 for certain pieces of undeveloped land in Guam in the amount of approximately HK\$74.5 million in aggregate, of which HK\$60.9 million had been charged to the profit and loss accounts and the remaining HK\$13.6

million had been dealt with in reserves or as an adjustment against minority interests. At the same time, the Group took steps to reduce its finance costs by repaying part of its bank borrowings. As a result, the finance costs were reduced from approximately HK\$17.5 million in 2001 to approximately HK\$5.0 million in 2003. The operating profits of the Group, before charging for such impairment losses and finance costs, would have been approximately HK\$58.1 million, HK\$56.4 million and HK\$43.3 million respectively for those years. Such results are, in our view, in line with the worsening of the economy and the property market of Hong Kong and Guam. The financial performance of the Group is thus closely linked to the conditions of the property markets in Hong Kong and Guam and there is no assurance that further charge for impairment loss on properties will not be incurred in future.

As referred to the annual report of the Company for 2003, the Directors are conservative about the short-term business environment in Hong Kong where more than 90% of the Group's turnover and profit from operations are generated. The property market in Hong Kong remained unimproved due to the outbreak of SARS in the first half of 2003. The Directors expect the economy of Hong Kong and Guam will continue to be depressed for the short to the medium term. As a result, the property development projects in both Hong Kong and in Guam have been put on hold. Cautious business strategy will continue to be adopted by the Group to identify new investment opportunities in Hong Kong and elsewhere.

Smart Extra has indicated in the Offer Document that it intends to maintain the existing businesses of the Group and does not intend to introduce any major changes in the business, including any redeployment of the fixed assets of the Group, upon completion of the Offer and/or the Scheme Proposal. It is also the intention of Smart Extra that there will be no significant change in the continued employment of the employees of the Group as a result of the completion of the Offer and/or the Scheme Proposal. In the absence of any information in addition to the above, we do not foresee any change or synergy or benefits to be brought to the Group's businesses in the near future upon the completion of the Offer and/or the Scheme Proposal.

As discussed, the Group will remain focused on its existing businesses in future. In light of the uncertain economic conditions and property market sentiment in Hong Kong and Guam as discussed in the previous section, we concur with the view of the Directors that the outlook of the business of the Group would remain uncertain in the foreseeable future, which may further adversely affect the Group's overall financial performance. According to the audited consolidated balance sheet as at 31 January 2003, the Group had a bank and cash balance of approximately HK\$72.8 million and secured bank loans of HK\$37.8 million and HK\$54.3 million that are falling due within the two financial years ending 31 January 2004 and 2005 respectively. Besides, there were unclaimed dividends of HK\$43.0 million as at 31 January 2003 (2001: HK\$25.5 million and 2002: HK\$31.7 million) payable to certain shareholders. Therefore, if the Group is to pursue its property development projects in the medium term without disposing of any of its existing properties, it might have to raise funding for the development by way of bank borrowings which would result in an increase in finance costs. The Group's performance may be adversely affected for such period of time until the projects are ready for sale. Accordingly, we are of the opinion that the Independent Shareholders should consider liquidating their shareholdings in the Company to enable them to reinvest in other investments with better prospects.

4. Net tangible assets value of the Group

As at 31 January 2003, the audited consolidated net tangible assets value of the Group was HK\$772.6 million. Based on 67,760,000 Shares in issue, this represents an audited consolidated net tangible assets value per Share of approximately HK\$11.40.

To better reflect the current value of its portfolio of properties, the Company has engaged independent surveyors to revalue all the properties held by itself, its subsidiaries and associate companies in Hong Kong and Guam as at 31 July 2003. The net revaluation surplus, after being adjusted for attributable taxation, amounted to HK\$6.10 million. Your attention is drawn to the valuation reports set out in Appendix II to the Composite Document. After adjustment for the revaluation surplus as aforementioned, the proforma adjusted net tangible assets of the Group would have been approximately HK\$778.7 million as at 31 January 2003, representing an unaudited adjusted net tangible assets value per Share of approximately HK\$11.49 as at 31 January 2003. Reference is made to the proforma statement of adjusted net tangible assets of the Group set out on page 90 of Appendix I to the Composite Document.

The Offer Price represents a 21.05% discount to the audited consolidated net tangible assets value per Share of approximately HK\$11.40 as at 31 January 2003 and 21.67% discount to the unaudited adjusted net tangible assets value per Share of approximately HK\$11.49 as at 31 January 2003.

In assessing the reasonableness of the Offer Price relative to the net tangible assets value per Share, we have reference to the eleven general offer and privatisation cases since 2001 in relation to

companies listed on the Stock Exchange whose businesses include investment holding, property investment or property development (the “Comparable Offers”). We have chosen premium/discount to net tangible assets value as a valuation methodology as this is commonly accepted by the market as an appropriate benchmark for valuing property companies in general. Set out below is a table of the Comparable Offers for the purposes of comparison in terms of offer price to net tangible assets value per share:

Proposed date of Comparable Offer	Company name	Market capitalization as at the date of announcement of general offer <i>HK\$'million</i>	Offer price/ Cancellation price <i>(Note 5)</i> <i>(HK\$)</i>	Net tangible assets value per share <i>(Note 5)</i> <i>(HK\$)</i>	Premium/(Discount) of offer price/ cancellation price to net tangible assets value per share
January 2001	Huey Tai International Limited	360	0.22	0.13	65.41%
January 2001	Asean Resources Holdings Limited	901	0.70	3.19	(78.08)%
February 2001	The Mingly Corporation Ltd.	2,260	0.70	1.05	(33.27)%
March 2001	Concord Land Development Company Ltd.	1,436	1.40	6.33	(77.88)%
October 2001	Evergo China Holdings Ltd.	346	0.18	0.82	(78.05)%
October 2001	Dong Jian Tech.Com Holdings Limited <i>(Note 1)</i>	112	0.37	0.63	(41.37)%
January 2002	Kowloon Development Co. Ltd.	1,717	3.58	6.34	(45.53)%
September 2002	Ryoden Development Ltd.	867	0.80	1.12	(28.57)%
December 2002	Henderson Investment Limited <i>(Note 2)</i>	20,426	7.60	10.50	(27.76)%
January 2003	Realty Development Corporation Limited	2,637	3.20	3.94	(18.78)%
June 2003	Kerry Properties Limited <i>(Note 2)</i>	7,023	9.50	15.77	(39.76)%
Arithmetic average of Comparable Offers					(36.70)%
The Offer			9.00	11.40 <i>(Note 3)</i>	(21.05)%
			9.00	11.49 <i>(Note 4)</i>	(21.67)%

Note 1: Currently named as Shimao China Holdings Limited.

Note 2: The scheme proposals in respect of which are disapproved at court meeting.

Note 3: Audited consolidated net tangible assets value per Share as at 31 January 2003

Note 4: Unaudited adjusted net tangible assets value per Share as at 31 January 2003

Note 5: Rounded up to two decimal places

All Comparable Offers show a range from a premium of 65.41% to a discount of 78.08% and an average discount of 36.70% to the net tangible assets value per share. The 21.05% discount of the Offer Price to the audited consolidated net tangible assets value per Share as at 31 January 2003 lies in the upper range of discounts shown in the Comparable Offers. Although such Comparable Offers were carried out under different economic environments, we consider that the 21.05% discount of the Offer Price to the audited consolidated net tangible assets value per Share as at 31 January 2003 and 21.67% discount to the unaudited adjusted net tangible assets value per Share as at 31 January 2003 to be acceptable as compared to the range of premium/discount and the average referred to in the above table. Hence, we are of the view that the Offer Price is fair and reasonable in so far as the Independent Shareholders are concerned.

5. Share price performance

The following table sets out the monthly highest and lowest trading prices of the Shares and the monthly average closing prices of the Shares for the First Review Period (from 2 April 2002 up to the Pre-Announcement Date) and the Second Review Period (from 1 April 2003, when the trading of the Shares on the Stock Exchange resumed, up to the Latest Practicable Date).

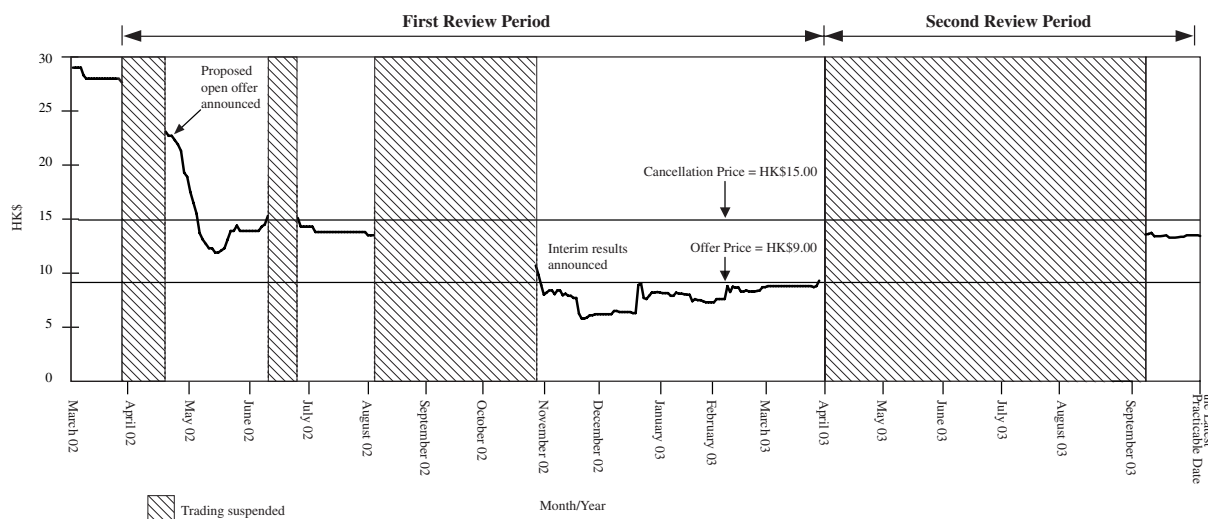
	Highest trading price HK\$	Lowest trading price HK\$	Average closing price HK\$
First Review Period			
April 2002	23.9	19.0	21.6
May 2002	18.6	12.0	13.7
June 2002	15.4	14.0	14.6
July 2002	14.4	13.6	13.9
August 2002 (trading suspended from 2 August)	13.6	13.6	13.6
September 2002 (trading suspended)	—	—	—
October 2002 (trading suspended until 27 October)	14.2	7.8	9.5
November 2002	8.6	5.9	7.3
December 2002	10.0	6.3	7.1
January 2003	8.45	7.4	7.9
February 2003	8.9	7.3	8.3
March 2003	9.4	8.8	8.9
Second Review Period			
April 2003 (trading suspended)	—	—	—
May 2003 (trading suspended)	—	—	—
June 2003 (trading suspended)	—	—	—
July 2003 (trading suspended)	—	—	—
August 2003 (trading suspended)	—	—	—
September 2003 (trading suspended until 7 September)	14.00	13.00	13.55

The highest and lowest trading prices per Share during the First Review Period were HK\$23.9 (on 19 April 2002) and HK\$5.9 (on both 20 and 21 November 2002) respectively. The Offer Price of HK\$9.00 per Share represents a discount of approximately 62.3% to such highest trading price per Share and a premium of approximately 52.5% over such lowest trading price per Share.

The Offer Price of HK\$9.00 per Share also represents:

- a discount of approximately 4.26% to the closing price per Share of HK\$9.40 on the Pre-Announcement Date;
- a premium of approximately 1.01% over the average closing price per Share of approximately HK\$8.91 for the 1-month period prior to and including the Pre-Announcement Date;
- a premium of approximately 12.78% over the average closing price per Share of approximately HK\$7.98 per Share for the 6-month period prior to and including the Pre-Announcement Date;
- a discount of approximately 14.69% to the average closing price per Share of approximately HK\$10.55 per Share for the 12-month period prior to and including the Pre-Announcement Date; and
- a discount of approximately 33.82% to the closing price of HK\$13.60 per Share on the Latest Practicable Date.

The graph below illustrates the daily closing price per Share quoted on the Stock Exchange from 1 March 2002 up to the Latest Practicable Date (both dates inclusive):



The Shares were traded at around HK\$23.9 at the beginning of the First Review Period, which was comparable to its closing price of HK\$27.8 on 27 March 2002, being the last trading day before trading had been suspended, representing a price earning ratio of 50 based on the results of the Group for the financial year ended 31 January 2001. The Shares were traded in a downward pattern during the First Review Period reflecting possibly the financial performance of the Group for the year ended 31 January

2002 and the interim results for the six months ended 31 July 2002. Particularly, after the proposed open offer at a subscription price of HK\$8.0 was announced on 18 April 2002, the Share price plunged by 49.8% from the highest price of HK\$23.9 in April 2002 to the lowest price of HK\$12.0 in May 2002. On 28th October 2002, the interim results of the Group for the six months ended 31 July 2002 was published, in which the Directors had anticipated that the property market and the economic conditions in Hong Kong would weaken further for the rest of the financial year ended 31 January 2003 and that a recovery would take place in the first half of 2004. The Directors were also of the view that the economy of Guam would still be adversely affected by the U.S. “911” calamity and the recession there was expected to last for a further one or two years. The Share price further plunged by 42.6% from HK\$13.60 prior to the suspension of trading on 2 August 2002 to the lowest price of HK\$7.80 during the 4-day period after trading resumed on 28th October 2002. Due to the uncertain business environment as stated in the interim results, the Share price dropped further to the lowest price of HK\$5.9 in November 2002. Set out below are the major events of Oxford during the period from 18th April 2002 to 28 October 2002:

Date of event	Particulars
18 April 2002	Proposed open offer to independent qualifying shareholders at a subscription price of HK\$8.0
1 August 2002	The resolution for the open offer had not been approved by the Independent Shareholders at the extraordinary general meeting of the Company
2 August 2002	Trading of the Shares was suspended at the direction of the Stock Exchange pending arrangements to be made by the Company to increase the Company’s public float and a concrete proposal to be submitted by the Company to further increase its public float as the Company’s proposed open offer was not approved on 1 August 2002.
3 September 2002	Appointment of Mr. Seto Chak Wah, Michael as an executive Director and Messrs. Clive William Oxley and Lai Man Leung as non-executive Directors of the Company.
9 October 2002	<ol style="list-style-type: none">1. The Company was in preliminary negotiations with a potential joint venture partner to jointly develop/redevelop some or all of the Company’s properties in Guam.2. Mr. Seto Chak Wah, Michael was appointed chairman of the Company.3. An independent accounting firm was appointed to assist a special committee comprising Messrs Seto Chak Wah, Michael, Clive William Oxley and Lai Man Leung to deal with, among others, issues raised in a report dated 25 April 2001 regarding an inspection made under section 33 of the Securities (Disclosure of Interests) Ordinance.

- 25 October 2002 Announcement was made by the Company that trading of the Shares would be resumed on 28 October 2002 subject to certain conditions and that the following arrangements had been made:
1. MADC had sold 90,000 Shares to an independent third party at HK\$6.00 per Share;
 2. MADC signed an agreement with a securities house to sell 443,400 Shares to independent third parties through the facilities of the Stock Exchange at the then prevailing market price once the Shares resumed trading; and
 3. Two other shareholders signed agreements with a securities house to dispose of 12,113,882 Shares in aggregate through the facilities of the Stock Exchange on a best efforts basis at the then prevailing market price to independent third parties.
- 28 October 2002 1. Interim results for the six months ended 31 July 2002 was published.
2. Trading of the Shares resumed.

The Company also made announcements on 19 November 2002, 20 November 2002, 19 December 2002 and 20 December 2002 in respect of exceptional price and turnover movements but no further discloseable events of the Company were announced. During those two months, the Share price continued its downward trend but gradually recovered thereafter.

In assessing the fairness and reasonableness of the Offer Price, we consider the Share price performance within the 6 month period preceding the Pre-Announcement Date would be most relevant as that would have reflected the latest corporate developments and financial position of the Company, including notably the alleged lack of public float, which we understand the Company has denied rigorously, to meet the requirements of the Listing Rules in order for the Company to maintain its listing status. Therefore, as the Offer Price is at a premium to the prevailing market prices of the Shares for most of the 6 month period preceding the Pre-Announcement Date, we are of the view that the Offer Price is fair and reasonable.

The Share price showed a considerable increase of approximately 48.9% to HK\$14.0 on 8th September 2003, which was likely to be caused by the announcement of the Cancellation Price of HK\$15.00. During the Second Review Period, price of the Shares ranged from HK\$13.00 to HK\$14.00, representing a premium of 44.4% and 55.6% over the Offer Price respectively. As at the Latest Practicable Date, the closing price was HK\$13.6, representing a premium of 51.1% over the Offer Price. In our opinion, the recent rise reflects the terms of the Scheme Proposal.

6. Trading volume

The following table sets out the total number of Shares traded per month and the percentage of the monthly trading volume to the issued share capital of the Company for the First Review Period and the Second Review Period:

	Monthly trading volume of Shares	Monthly trading volume to issued Shares
First Review Period		
April 2002	11,080	0.016%
May 2002	36,018	0.053%
June 2002	14,308	0.021%
July 2002	10,012	0.015%
August 2002 (trading suspended from 2 August)	–	n/a
September 2002 (trading suspended)	–	n/a
October 2002 (trading suspended until 27th October)	562,200	0.830%
November 2002	194,000	0.286%
December 2002	238,000	0.351%
January 2003	44,000	0.065%
February 2003	68,000	0.100%
March 2003	28,000	0.041%
Second Review Period		
April 2003 (trading suspended)	–	n/a
May 2003 (trading suspended)	–	n/a
June 2003 (trading suspended)	–	n/a
July 2003 (trading suspended)	–	n/a
August 2003 (trading suspended)	–	n/a
September 2003 (trading suspended until 7th September)	128,814	0.190%

The monthly trading volume of the Shares during the First Review Period was very thin, with the highest monthly trading volume recorded in October 2002, representing approximately 0.830% of the issued share capital of the Company. The trading volume during the period from 28 October 2002 to 31 December 2002 was significantly higher than other periods of the year, which could possibly have been triggered by the disposal of Shares pursuant to the agreements as mentioned in the Company's announcement dated 25 October 2002 for the purposes of increasing the level of public float. The turnover dropped substantially from January 2003 onwards until the trading of the Shares was suspended on 1 April 2003. Trading of the Shares resumed on 8 September 2003. During the Second Review Period, trading of Shares was illiquid and the average daily trading volume of the Shares (calculated on the basis of the actual trading days) remained at 8,051 Shares which represents approximately 0.012% of the issued share capital of the Company.

Based on the trading volume over the last year as a whole and the Second Review Period, we consider that the trading of the Shares is very illiquid. In fact, it is expressly stated on page 12 of the

Offer Document under the paragraph headed “Reasons for the making of the Offer and the Scheme Proposal” that Smart Extra is aware of the complaints which have been made from time to time by certain Shareholders in respect of, amongst others, the comparatively thin liquidity of the Shares. Oxford, at the request of the Stock Exchange, has made a number of attempts and/or arrangements with a view to improving the public float of the Shares in an orderly manner. In that connection, reference is made to our discussion on Share price performance concerning several major events of the Company during the month of October in 2002 appearing on pages 52 and 53 of this Composite Document. However, notwithstanding the fact that implementation of the said arrangements had been on a daily and continuous basis from 25 October 2002 to the close of business on the Pre-Announcement Date, trading of the Shares continued to be thin. As advised by the Directors, a total of 166,000 shares had been disposed of by MADC and another shareholder prior to the suspension of trading on 1 April 2003 pursuant to the disposal arrangements mentioned in the announcement of the Company dated 25 October 2002. In these circumstances, Smart Extra was and still is of the view that it would be beneficial to Shareholders to have an opportunity to realise their investment in Oxford by extending the Offer to the Independent Shareholders and requesting Oxford to put forward the Scheme Proposal to the Scheme Shareholders, with the intention to privatise Oxford.

In our view, the normal level of liquidity would not be sufficient for the Independent Shareholders to sell significant numbers of their Shares in the market without causing any downward pressure on the market price of the Shares. We concur with the view of the Directors that the Offer represents an opportunity for the Independent Shareholders to realise their investment in Oxford.

OPINION ON THE TERMS OF THE OFFER

Having considered the terms of the Offer and the following factors in particular:

- the small discount of the Offer Price to the net tangible assets value per Share as compared to the Comparable Offers;
- the thin trading volume of the Shares; and
- the uncertainty as to the Group’s business prospects under the current economic conditions in Hong Kong and Guam where the Group’s investment properties are situated,

despite the fact that the Offer Price represents a discount of 33.8% to the closing price of HK\$13.6 per Share as at the Latest Practicable Date, which was likely to be caused by the announcement of the Cancellation Price of HK\$15.00 as aforementioned, we are of the view that the terms of the Offer are fair and reasonable in so far as the Independent Shareholders are concerned and the Offer does offer the Independent Shareholders an opportunity to realise their investments in the Company. However, the Independent Shareholders are urged to read in detail the terms of the Scheme Proposal in this Composite Document, before making any decision on whether or not to accept the Offer.

The Independent Shareholders are reminded that, as stated in the Letter from the Board on page 11 of the Composite Document, by validly accepting the Offer, Qualifying Shareholders will be obliged and bound to sell their Shares at the Offer price of HK\$9.00 per Share together with all rights attached,

accrued and accruing to them, including but without limitation the right to receive all dividends and distributions declared, made or paid on or after the Announcement Date, free from all liens, charges and/or encumbrances, legal or otherwise. In other words, the Qualifying Shareholders will have transferred their rights to claim and to receive such unclaimed dividends, if any, to Smart Extra by validly accepting the Offer.

BACKGROUND INFORMATION OF THE SCHEME

According to Section 168 of, and the Ninth Schedule to, the Companies Ordinance, Smart Extra has, during the period of 4 months beginning on the date of the Offer, the liberty to acquire not less than 90% in value of the Shares for which the Offer is made, by virtue of acceptances of the Offer or otherwise, and Smart Extra shall be legally entitled to avail itself of the compulsory acquisition provisions under Section 168 of, and the Ninth Schedule to, the Companies Ordinance whereupon Smart Extra may, if it so wishes at its sole and absolute discretion not later than 5 months after the date of the Offer, give notice in the form and in the manner as statutorily specified and/or prescribed, to the holders of any Shares to which the Offer relates which Smart Extra has not acquired, that it desires to acquire those Shares and thereupon Smart Extra shall be legally entitled as well as bound to acquire those Shares on the terms of the Offer.

In this regard, up to 16 June 2003, Smart Extra has received letters of irrevocable undertaking all dated 21 May 2003 from 16 Disinterested Shareholders holding approximately 3,866,040 Shares, in aggregate, representing approximately 5.71% of the issued share capital of Oxford or approximately 56.41% of the Disinterested Shares, whereby each and every one of them has confirmed on an irrevocable basis that they will not accept the Offer in respect of any of the Shares held by them on the terms and conditions as outlined above. Furthermore, notices of intention were also given by these Disinterested Shareholders that they would support the Scheme Proposal by voting in favour of the Scheme both at the Court Meeting and the EGM. Accordingly, Smart Extra has anticipated that it will not be able to qualify itself to avail itself of the compulsory acquisition provisions under section 168 as described above.

On 6 May 2003, Smart Extra initiated a request to Oxford to put forward a proposal to Shareholders in respect of the privatisation of Oxford by way of a scheme of arrangement under Section 166 of the Companies Ordinance involving, inter alia, cancellation of all the Scheme Shares. Subject to the terms of the Scheme, holders of Scheme Shares will receive:

For each Scheme Share HK\$15.00 in cash

Based on the information provided by Smart Extra, a total of 49,834 Shares have been tendered for acceptance under the Offer up to the Latest Practicable Date. Taking into account the above information and the 60,406,962 Shares held by Smart Extra, the Scheme Shareholders were interested in 7,303,204 Shares as at the Latest Practicable Date.

Details of the terms and conditions of the Scheme Proposal are set out on page 13 to page 27 of the Composite Document.

PRINCIPAL FACTORS CONSIDERED IN RELATION TO THE SCHEME

In arriving at our advice with respect to the terms of the Scheme Proposal, we have taken into account the following principal factors:

1. Property market outlook, financial performance and future prospects of the Group

Discussions in relation to the property market outlook, financial performance and future prospects of the Group have been set out in the paragraphs headed “Property market outlook”, “Financial performance of the Group” and “Future prospects of the Group” under the section headed “Principal factors considered in relation to the Offer”.

2. Net tangible assets value of the Group

As mentioned in the paragraph headed “Net tangible assets value of the Group” under the section headed “Principal factors considered in relation to the Offer” of this letter, the proforma adjusted net tangible assets value of the Group as at 31 January 2003, after taken into account revaluation adjustment, would have been approximately HK\$778.7 million, which represents an unaudited adjusted net tangible assets value per Share of approximately HK\$11.49 as at 31 January 2003.

The Cancellation Price represents a 31.58% premium over the audited consolidated net tangible assets value per Share of approximately HK\$11.40 as at 31 January 2003 and 30.55% premium over the unaudited adjusted net tangible assets per Share of approximately HK\$11.49 as at 31 January 2003.

In assessing the reasonableness of the Cancellation Price relative to the net tangible assets value per Share, we referred to the Comparable Offers which have been set out in the paragraph headed “Net tangible assets value of the Group” under the section headed “Principal factors considered in relation to the Offer”. The arithmetic average of Comparable Offers is set out on page 49 of the Composite Document:

	Cancellation price (HK\$)	Net tangible assets value per share (HK\$)	Premium/(Discount) of offer price/ cancellation price to net tangible assets value per share
The Scheme	15.00	11.40 (<i>Note 1</i>)	31.58%
	15.00	11.49 (<i>Note 2</i>)	30.55%

Note 1: Audited consolidated net tangible assets value per Share as at 31 January 2003

Note 2: Unaudited adjusted net tangible assets per Share as at 31 January 2003

All Comparable Offers show a range from a premium of 65.41% to a discount of 78.08% and an average discount of 36.70% to the net tangible assets value per share. Although such Comparable Offers were carried out under different economic environments, we consider that the 31.58% premium of the Cancellation Price over the audited consolidated net tangible assets value per Share as at 31 January

2003 and 30.55% premium over the unaudited adjusted net tangible assets value per Share as at 31 January 2003 to be acceptable as compared to the range of premium/discount and the average referred to in the table on page 49 of the Composite Document. Hence, we are of the view that the Cancellation Price is fair and reasonable in so far as the Independent Shareholders are concerned.

3. Share price performance

The table of the monthly highest and lowest trading prices of the Shares and the monthly average closing prices of the Shares for the First Review Period and the Second Review Period has been shown in the paragraph headed “Share price performance” under the section headed “Principal factors considered in relation to the Offer”.

The highest and lowest trading prices per Share during the First Review Period were HK\$23.9 (on 19 April 2002) and HK\$5.9 (on both 20 and 21 November 2002) respectively. The Cancellation Price of HK\$15.00 per Share represents a discount of approximately 37.2% to such highest trading price per Share and a premium of approximately 154.2% over such lowest trading price per Share.

The Cancellation Price of HK\$15.00 per Scheme Share also represents:

- a premium of approximately 59.57% over the closing price per Share of HK\$9.40 on the Stock Exchange on the Pre-Announcement Date;
- a premium of approximately 68.35% over the average closing price per Share of HK\$8.91 for the 1-month period prior to and including the Pre-Announcement Date;
- a premium of approximately 188.97% over the average closing price of approximately HK\$7.98 per Share for the 6-month period prior to and including the Pre-Announcement Date;
- a premium of approximately 142.18% over the average closing price of approximately HK\$10.55 per Share for the 12-month period prior to and including the Pre-Announcement Date; and
- a premium of approximately 10.29% over the closing price of HK\$13.60 per Share on the Latest Practicable Date.

Discussion in relation to the trend of the Share price has been set out in the paragraph headed “Share price performance” under the section headed “Principal factors considered in relation to the Offer”.

In view of the premia of the Cancellation Price to all the average closing prices of the Shares for the dates and periods stated above, we are of the view that the Cancellation Price is fair and reasonable in so far as the Independent Shareholders are concerned.

4. Trading volume

Discussion in relation to the trading volume of the Company has been set out in the paragraph headed “Trading volume” under the section headed ‘Principal factors considered in relation to the Offer’.

5. Conditions of the Scheme Proposal

The Scheme Proposal will become effective and binding on Oxford and all Shareholders subject to the following conditions:

- (i) the approval of the Scheme by a majority in number of the Independent Shareholders present and voting (either in person or by proxy) at the Court Meeting(s) representing not less than three-fourths in value of the Shares that are voted by the Independent Shareholders (either in person or by proxy) at the Court Meeting, provided that the Scheme is not disapproved by Independent Shareholders at the Court Meeting holding more than 10% in value of all the Shares held by the Independent Shareholders, in each case by way of poll;
- (ii) the approval of the Scheme by the passing of a special resolution (by way of poll) by Shareholders present and voting (either in person or by proxy) at the EGM;
- (iii) the sanction of the Scheme by the High Court of Hong Kong (with or without modification) and an office copy of the Court Order minutes containing the particulars required by section 166 of the Companies Ordinance are delivered to, and registered by, the Registrar of Companies in Hong Kong;
- (iv) all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Scheme Proposal having been obtained or made from, with or by (as the case may be) the relevant authorities, in Hong Kong and/or any other relevant jurisdictions;
- (v) all necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Scheme Proposal remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Scheme Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective; and
- (vi) all bank and other necessary consents which may be required under any existing contractual obligations of Oxford being obtained.

The formulation of the Scheme will be finalized until after the Offer is closed. The Independent Shareholders should note that any Independent Shareholder who has accepted the Offer will not be entitled to attend and/or vote at any of the Court Meeting(s) and the EGM in relation to the Scheme Proposal and he/she will not be eligible to take or receive any payment to be paid or made under the Scheme.

Smart Extra has reserved the right, if thought fit and proper in its sole and absolute discretion, to waive or cause to be waived any or all of the conditions set out in (iv) to (vi) above but the conditions set out in (i) to (iii) above cannot be waived in any event. All of the above conditions will have to be satisfied or waived on or before a date to be determined by Smart Extra and Oxford (a further announcement will be made in respect thereof), otherwise the Scheme Proposal will lapse. Therefore, the Independent Shareholders should note that unless all the conditions of the Scheme Proposal are fulfilled (or otherwise waived at the option of Smart Extra), the Scheme Proposal will lapse whereupon the Scheme Proposal will become null and void ab initio and Independent Shareholders shall have no recourse whatsoever or howsoever to Smart Extra and/or the Company and/or any of its and/or their respective agents and/or servants.

OPINION ON THE TERMS OF THE SCHEME

Having considered the terms of the Scheme and the following factors in particular:

- the premium of the Cancellation Price to the net tangible assets value per Share as compared to the Comparable Offers;
- the thin trading volume of the Shares; and
- the uncertainty as to the Group's business prospects under the current economic condition in Hong Kong and Guam where the Group's investment properties are situated,

we are of the view that the terms of the Scheme are fair and reasonable in so far as the Independent Shareholders are concerned and the Scheme does offer the Independent Shareholders an opportunity to realise their investments in the Company at a price that represents a premium to the market prices for the past few months.

As to those Independent Shareholders who have failed and/or neglected to claim dividends which had been declared, they are hereby reminded that, according to the terms of the Scheme Proposal, such Qualifying Shareholders will have forfeited their rights to claim and/or receive such unclaimed dividends by the time when the Scheme becomes effective.

RECOMMENDATIONS ON THE OFFER AND THE SCHEME

In conclusion, having considered the terms of the Offer and the Scheme, we are of the view that the terms of each of the Offer and the Scheme are fair and reasonable in so far as the Independent Shareholders are concerned and each of the Offer and the Scheme does offer the Independent Shareholders an opportunity to realise their investments in the Company at a price that represents a premium to the market prices for the past few months.

However, having taken into consideration the fact that the Cancellation Price represents a premium of 66.67% over the Offer Price, we recommend the Independent Board Committee to recommend the Independent Shareholders not to accept the Offer but to vote in favour of the Scheme at the Court Meeting(s) and the EGM such that the Independent Shareholders will be entitled to receive the Cancellation Price. However, the Independent Shareholders should be mindful of the fact that the Offer is an unconditional one while the Scheme will only become effective and binding upon the fulfillment of

certain conditions. **In this connection, the Independent Shareholders are strongly advised to read the terms of the Scheme Proposal in its entirety, in particular, the conditions of the Scheme Proposal. We have to reiterate to the Independent Shareholders that the Scheme Proposal may or may not be approved at the Court Meeting or the EGM and may lapse, whereupon the Scheme Proposal will become null and void ab initio and Shareholders shall have no recourse whatsoever or howsoever to Smart Extra and/or the Company and/or any of its and/or their respective agents and/or servants. Moreover, based on the information made available to us, no timetable has yet been set down for completing the Scheme.**

We would stress that the thin liquidity of Shares has been the main reason for making the Scheme Proposal and the Offer so that Shareholders may be provided with an opportunity to realise their investment in the Company. Having regard to the 7,303,204 Shares (representing 10.77% of the Shares in issue) held by Qualifying Shareholders as at the Latest Practicable Date, the Independent Shareholders who choose neither to accept the Offer nor to participate in the Scheme by voting against the Scheme Proposal will be left with an extremely illiquid investment following the close of the Offer, if the Scheme shall lapse or fail or otherwise not be proceeded with and that the Stock Exchange has stated that it may, in that circumstance, suspend the trading of the Shares on the Stock Exchange altogether pending the making and implementation of viable arrangements so that a sufficient level of public float will have been attained.

In summary, the Offer provides the Independent Shareholders with an opportunity to realise some or all of their investments in the Company at a fair and reasonable price of HK\$9.00 per Share. However, the Independent Shareholders would do much better by voting in favour of the Scheme and such that the Independent Shareholders receive the Cancellation Price of HK\$15.00 per Share which represents a premium over the prevailing market price of around HK\$13.60 per Share. For those who are concerned about the long timetable and the fulfilment of conditions of the Scheme Proposal, it is advisable for them to take advantage of the current market conditions for the Shares and to dispose as much of their investments in the Company as they could at a price above the Offer Price of HK\$9.00 in the market as the current market price of the Shares is unlikely to be sustained should the Scheme Proposal fail to be approved and implemented.

In the event that Smart Extra fails to privatise the Company for whatsoever and howsoever reasons, there will be insufficient public float in the Shares as required under Rule 8.08 of the Listing Rules. In the light of the fact that Smart Extra is now already holding approximately 89.23% of the equity share capital of the Company, the Stock Exchange has stated that it may, upon failure of Smart Extra to privatise the Company, suspend the trading of the Shares on the Stock Exchange until after viable arrangements are made and implemented so that a sufficient level of public float will have been attained.

We are independent of Smart Extra and MADC. However, notwithstanding that MADC is presumed to be acting in concert with Smart Extra, MADC may take into account our advice to the Independent Board Committee in its consideration in relation to the Offer and the Scheme Proposal in the same way as to all Independent Shareholders as set out above.

Yours faithfully,
For and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Simon Lee
Director, Head of Corporate Finance

OXFORD PROPERTIES & FINANCE LIMITED

晉利地產金融有限公司

(incorporated in Hong Kong with limited liability)

29 March 2004

To the Independent Shareholders

Dear Sir or Madam,

UNCONDITIONAL CASH OFFER
by
BARON CAPITAL LIMITED
and
KIM ENG SECURITIES (HONG KONG) LIMITED
on behalf of
SMART EXTRA HOLDINGS LIMITED
TO ACQUIRE ALL THE ISSUED SHARES IN OXFORD,
other than those already owned by Smart Extra
AND THE INTENDED PRIVATISATION OF OXFORD
by
SMART EXTRA
BY WAY OF A SCHEME OF ARRANGEMENT
Under Section 166 of the Companies Ordinance

We refer to (a) the Composite Document issued by the Company and dated 3 October 2003 (the “Composite Document”) and (b) our letter to the Independent Shareholders (the “IBC Letter”) together with the letter from Shenyin Wanguo (the “IFA letter”), both dated 3 October 2003 and both of which formed part of the Composite Document. For easy reference, the IBC Letter and the IFA Letter have been reproduced verbatim respectively in Appendix III and Appendix IV to the Explanatory Circular.

Unless the context otherwise requires, capitalised terms used in this letter shall have the same meaning ascribed to them in the Composite Document.

In the IBC Letter, the Independent Board Committee, inter alia, (a) agreed with Shenyin Wanguo that the Cancellation Price of HK\$15.00 was fair and reasonable and (b) that the pre-conditions imposed by Smart Extra on the Scheme Proposal (as set out at pages 17 to 21 of the Composite Document) were fair and reasonable in all the circumstances.

We have, since the issue of the Composite Document, received and reviewed another letter of advice from Shenyin Wanguo dated 29 March 2004 (the “Supplemental IFA Letter”). By the Supplemental IFA Letter, Shenyin Wanguo has informed the Independent Board Committee that it still maintains the view that the terms of the Scheme are fair and reasonable in so far as the Independent Shareholders are concerned. By the said Supplemental IFA Letter, Shenyin Wanguo has also confirmed that in reaching its

view as aforesaid it has taken into account, inter alia, the changes in the economy and property market of both Hong Kong and Guam, USA since the publication of the interim results of the Group for the six month period ended 31 July 2003. The Supplemental IFA Letter is reproduced verbatim in Appendix VI to the Explanatory Circular.

This letter is supplemental to the IBC Letter and sets out its view of the Independent Board Committee as to whether there has been any change in opinion on the Independent Board Committee's part on the fairness and reasonableness of the terms of the Scheme by reason of the changes in the economy of both Hong Kong and Guam, USA since the issue of the IBC Letter.

The Independent Board Committee, having considered the Supplemental IFA Letter, has come to the conclusion that notwithstanding the occurrence of the various events referred to in the Supplemental IFA Letter, the Independent Board Committee sees no reason to change its view as expressed in the IBC Letter, i.e. that: (a) the Cancellation Price of HK\$15.00 is fair and reasonable; and (b) the terms of the Scheme are fair and reasonable in so far as the Independent Shareholders are concerned.

Accordingly, the Independent Board Committee reiterates its advice to those Shareholders who opt to support the Scheme Proposal that they should consider taking a pro-active stance in this matter by (a) attending all meetings summoned by the Court, and the EGM; and (b) voting their Shares at these meetings in favour and support of the Scheme Proposal.

Yours faithfully,
for and on behalf of
the Independent Board Committee

Clive William Oxley

Alfred Cheung Tze Fat

Lai Man Leung

Lau Hak Lap

The following is the text of a supplemental letter received from the Independent Financial Adviser setting out its opinion to the Independent Board Committee in respect of the Scheme for inclusion in this Explanatory Circular.



Shenyin Wanguo Capital (H.K.) Limited

28th Floor, Citibank Tower

Citibank Plaza

3 Garden Road

Hong Kong

The Independent Board Committee

Oxford Properties & Finance Limited

1601 Wing On Centre

111 Connaught Road

Central

Hong Kong

29 March, 2004

Dear Sirs,

**OXFORD PROPERTIES & FINANCE LIMITED
SCHEME PROPOSAL**

We make reference to the Composite Document issued by Oxford on 3 October 2003 regarding the mandatory unconditional cash offer and intended privatization by way of a scheme of arrangement and our letter to the Independent Board Committee (the “IFA Letter”) dated 3 October 2003 regarding the fairness and reasonableness thereof, which formed part of the Composite Document and has been reproduced in Appendix IV to the Explanatory Circular. Unless the context otherwise requires, capitalised terms used in this letter shall have the same meaning ascribed to them in the Composite Document.

In the IFA Letter, we considered the terms of the Scheme to be fair and reasonable in so far as the Independent Shareholders are concerned. The Scheme Proposal will become effective and binding on Oxford and all Shareholders subject to, inter alia, the approval by a majority in number of the Independent Shareholders present and voting (either in person or by proxy) at the Court Meeting(s). This letter is supplemental to the IFA letter and is to state whether there has been any change of opinion on our part on the fairness and reasonableness of the terms of the Scheme since the issue of the IFA letter. It should be noted that the opinion set out below is expressed on the same basis as that stated in the paragraph headed “Basis of our opinion” in the IFA Letter, as if all references to the Composite Document were taken as references to the Explanatory Circular.

In this respect, we have noted the followings since the issue of the Composite Document and the IFA letter:

- There appears to be a turnaround in the overall economy and the property market in Hong Kong, where the Group's investment properties are situated, contributing a positive impact to the business environment of the Group;
- There appears to be a rebound in the property market in Guam as building permits issued by the relevant authority increased in 2003, notwithstanding the overall economy remained sluggish as the number of tourists to Guam kept decreasing in 2003;
- Trading of the Shares has remained thin and illiquid after the issue of the Composite Document;
- The unaudited consolidated net asset value per share of the Company as at 31 July 2003, as announced in its published interim results, was approximately HK\$10.29;
- The Directors confirmed that the Group has no material change in respect of its business operation and financial condition and has not made any acquisition in respect of real property locally or elsewhere and/or disposal of any of its properties since the publication of the interim results as at 31 July 2003;
- Based on the valuation reports prepared by the independent valuers, DTZ and Micronesia, as at 31 January 2004, a revaluation surplus of approximately HK\$115.1 million on the Group's properties, after adjustment for the Group's attributable interest and taxation, has arisen;
- As referred to in Appendix I to the Explanatory Circular, the pro-forma adjusted unaudited net asset value per share of the Company, based on the unaudited consolidated net asset value of the Company as at 31 January 2003 and adjusted for the net profit for the six months ended 31 July 2003 of approximately HK\$12.5 million and the above-mentioned revaluation surplus of approximately HK\$115.1 million as at 31 January 2004, is approximately HK\$13.24;
- The premium of the Cancellation Price of HK\$15.00 over the pro-forma adjusted unaudited net asset value per share of the Company of approximately HK\$13.24 of 13.29%, looks favourable when compared to the range of discount of the market price of share from 39% to 74% to the net asset value per share at which comparable property companies have been trading recently through the facilities of the Hong Kong Stock Exchange; and
- The premium of the Cancellation Price of HK\$15.00 over the average closing price of the Company for the 30 trading days prior to and including the Latest Practicable Date of approximately HK\$13.84 is 8.38%.

After taking into consideration of the above, we maintain our view that the terms of the Scheme are fair and reasonable in so far as the Independent Shareholders are concerned.

Yours faithfully,
For and on behalf of
Shenyin Wanguo Capital (H.K.) Limited
Simon Lee
Director, Head of Corporate Finance

The following are the particulars of the Trust Deed dated 24 March 2004 made between Smart Extra and the Trustee, a copy of which is available for inspection at the registered office of the Trustee at Level 13, 1 Queen's Road, Central, Hong Kong for a period of 12 years from the Effective Date.

1. The Trustee

The Trustee is HSBC Trustee (Hong Kong) Limited.

2. Trust Assets

The trust will come into effect upon Smart Extra effecting payments to the Trustee, in accordance with the Scheme, of the aggregate amount of the cash payments (the "Original Payments") due as consideration for the cancellation of the Scheme Shares held by holders of Scheme Shares who are untraceable (as defined in the Scheme) as at the Record Date. The term "Trust Assets" includes the Original Payments and any securities, cash or property which may be received by the Trustee with respect to or derived from or upon investment of the Original Payments or any part of thereof.

3. Payment of the Trust Assets

The Trustee will effect payments out of the Trust Assets to persons entitled in accordance with clause 3(a) of the Scheme (the "Outstanding Owners") who make application for the Original payments in accordance with the terms of the Trust Deed. For this purpose, each Outstanding Owner will be required to deliver to the Trustee an appropriate form of application accompanied by the certificates for his Scheme Shares or other supporting documents. The Trustee will be required to pay to the Outstanding Owner the Original Payments or other Trust Assets to which he is entitled within 60 days of his application being accepted. If within 42 days of receipt of such supporting documents, the Trustee has not for any reason accepted an application, the Trustee will be required to notify the applicant of that fact. Payments of the Trust Assets effected under the Trust Deed will be at the risk of the applicant.

4. Lost or stolen Scheme Share certificates

The Trustee has power to effect payments out of the Trust Assets to the Outstanding Owners whose Scheme Shares Certificates have been lost or destroyed if directed by Smart Extra to do so. Smart Extra may make such a direction if the loss or destruction is proved to its satisfaction.

5. Trustee Responsibilities

As from the Effective Date, the Original Payments which remain unclaimed or any part thereof may be invested by the Trustee in accordance with the terms of the Trust Deed in short term securities including debt obligations, certificates of deposit and bank deposits until the expiry of 12 years after the Effective Date during which period all persons entitled thereto may claim such monies from the Trustee including interest less any costs, tax or other deductions required by law and expenses.

6. Transfer of Trust Assets to Smart Extra

On the twelfth anniversary of the Effective Date, the entitlement of the Outstanding Owners towards the Trust Assets will cease, and the remaining Trust Assets will be transferred to Smart Extra or to its order.

7. Powers of Trustee with respect to investment of Trust Assets

Save as mentioned in the Trust Deed, the Trustee is required to invest all cash which may at any time be included in the Trust Assets (except cash required for current operating expenses) in: (i) debt obligations of the Government of Hong Kong or Hong Kong dollar certificates of deposit issued by, or Hong Kong dollar deposits with, any specified bank, in each case due not more than 12 months from the date of purchase; or (ii) any debt obligations of, or, certificates of deposit denominated in Hong Kong dollars issued by any government, state, regional or local authority of an OECD country or of any international or quasi-governmental body, as agreed between the Trustee and Smart Extra, in each case due not more than 12 months from the date of purchase.

8. Expenses of the Trust

The remuneration of the Trustee and its expenses will be a charge against the Trust Assets but Smart Extra will remain liable therefor in certain circumstances mentioned in the Trust Deed.

9. Successor trustees

The Trustee may retire upon three months' written notice to Smart Extra and may be removed by Smart Extra upon three months' written notice to the Trustee to expire on or after the first anniversary of the Effective Date or on notice given at any time in the event of any material breach by the Trustee of its duties under the Trust Deed such that the interests of the Outstanding Owners would be materially prejudiced thereby. The power to appoint a new Trustee is vested in Smart Extra although, in certain circumstances, the retiring Trustee may exercise the power. The Trustee also has power, in certain circumstances, to appoint a person as a separate trustee.

10. Liability and indemnity of Trustee

The Trust Deed contains certain provisions relieving the Trustee and its agents from liability in the performance and execution of the trusts, powers, authorities and discretions vested in it under the Trust Deed. The Trust Deed also contains an indemnity from Smart Extra in favour of the Trustee and its agents against liabilities and expenses incurred in respect of such matters.

11. Amendment of Trust Deed

Smart Extra may concur with the Trustee in making any variation to the provisions of the Trust Deed which the Trustee determines it shall be expedient to make, provided that the Trustee is satisfied that such variations will not be materially prejudicial to the interests of the Outstanding Owners.

12. Publication of notices

Smart Extra has agreed to publish notices semi-annually during the first six years following the Effective Date and annually during the next succeeding six year period, advising the Outstanding Owners of their right to claim a portion of the Trust Assets. The notices provided for in the Trust Deed are to be published in one English language daily newspaper and one Chinese language daily newspaper circulating in Hong Kong, or such other newspapers as the Trustee may agree.

13. Governing law

The Trust Deed is governed by and construed in accordance with the laws of Hong Kong and Smart Extra will submit to the non-exclusive jurisdiction of the courts of Hong Kong for all purposes of the Trust Deed.

NOTICE OF COURT MEETING

HCMP NO. 5522/2003

**IN THE HIGH COURT OF THE
HONG KONG SPECIAL ADMINISTRATIVE REGION
COURT OF FIRST INSTANCE
MISCELLANEOUS PROCEEDINGS NO. 5522 OF 2003**

**In the Matter
of
Oxford Properties & Finance Limited (“the Company”)**

and

**In the Matter
of
Section 166 of the Companies Ordinance
Chapter 32 of the Laws of
the Hong Kong Special Administrative Region**

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that by Order made by the Honourable Mr. Justice Barma dated 11 March 2004, the Learned Judge directed that the Company do convene separate Meetings to be held in Hong Kong for the following classes of holders of ordinary shares of HK\$1 each (“Share”) in the issued and paid up capital of the Company for the purpose of considering and, if thought fit, approving (with or without modification) a Scheme of Arrangement in terms as initialled by the Honourable Mr. Justice Barma (“the said Scheme”) between the Company, Smart Extra Holdings Limited (“Smart Extra”) and all other holders of Shares in the Company. The classes of holders are:

- (1) Class A comprising of Mr. James Smith Lee (“Mr. James Lee”) and Modern Aspac Development Company Limited (“MADC”) and
- (2) Class B comprising of all holders of Shares in the Company other than Smart Extra, Precise Dragon Developments Limited, Mr. James Lee and MADC.

NOTICE IS HEREBY FURTHER GIVEN THAT

- (1) A meeting for the Class A holders will be held on Wednesday, 28 April 2004 at 9:30 a.m. at Room 604, 6th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong to consider and if thought fit to pass a resolution in these terms:

“That the Class A holders do approve the said Scheme”.

NOTICE OF COURT MEETING

- (2) A meeting for the Class B holders will be held on Wednesday, 28 April 2004 at 11:00 a.m. at Room 604, 6th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong to consider and if thought fit to pass a resolution in these terms:

“That the Class B holders do approve the said Scheme”.

A copy of the Scheme of Arrangement and a copy of the Explanatory Statement required to be furnished pursuant to Section 166A of the above-mentioned Ordinance are enclosed herewith.

The afore-mentioned holders of the ordinary shares of HK\$1 each in the capital of the Company may vote in person at such of the said Meeting(s) as they are entitled to attend or they may appoint another person whether a member of the Company or not as their proxy to attend and vote in their stead.

A form of proxy applicable for the Meeting(s) of the different classes or such of those which they are entitled to attend is enclosed herewith.

It is requested that forms appointing proxies be lodged with the Registrar of the Company at the registered office of the Company situate at 1601 Wing On Centre, 111 Connaught Road, Central, Hong Kong not less than 48 hours before the time appointed for the said Meeting(s), but if forms are not so lodged they may be handed to the Chairman at the Meeting(s) at which they are to be used.

In the case of joint holders of ordinary shares, the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.

By the said Order the Honourable Mr. Justice Barma further appointed Seto Chak Wah Michael, or, failing him, Lai Man Leung, or failing him, Clive William Oxley to act as Chairman of each of the said Meeting(s) and ordered that the said Chairman do report the results of such Meetings respectively to the Court.

By the said Order the Honourable Mr. Justice Barma further directed that the resolutions put to the vote at the Meetings shall be decided by poll to be cast in such manner as directed by the Chairman of the Meetings.

Dated 29 March 2004

Peter K S Chan & Co.
20th Floor,
Tung Hip Commercial Building
244-248 Des Voeux Road Central,
Hong Kong,
Solicitors for the Company

NOTICE OF THE EGM

OXFORD PROPERTIES & FINANCE LIMITED

晉利地產金融有限公司

(incorporated in Hong Kong with limited liability)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of the above-named Company will be held in Room 604, 6th Floor, Jubilee Centre, 18 Fenwick Street, Wanchai, Hong Kong, on Wednesday, 28 April at 11:30 a.m. (or as soon immediately after the Meeting(s) of classes of holders of the ordinary shares of HK\$1.00 each in the capital of the Company convened by direction of the High Court of the Hong Kong Special Administrative Region for the same place and day shall have concluded or adjourned), for the purpose of considering and, if thought fit, passing the following resolution which will be proposed as a Special Resolution:

SPECIAL RESOLUTION

“THAT

- (A) the Scheme of Arrangement in terms as initialled by the Honourable Mr. Justice Barma and dated 29 March 2004 (the “Scheme”) between the Company and the holders of Scheme Shares (as defined in the Scheme) in the form of the copy which has been produced to this Meeting(s) and, for the purpose of identification, signed by the Chairman hereof, with any modification thereof or addition thereto or condition as may be approved or imposed by the Court, be and is hereby approved;
- (B) for the purpose of giving effect to the Scheme, on the Effective Date (as defined in the Scheme),
 - (i) the entire issued share capital of the Company, HK\$67,760,000.00, be reduced to HK\$60,456,796.00 by the cancellation of the 7,303,204 Scheme Shares;
 - (ii) subject to and forthwith upon such reduction of capital taking effect, the entire issued share capital of the Company be increased to its former amount (i.e. HK\$67,760,000.00) by the creation of 7,303,204 new Shares; and
 - (iii) on the Effective Date, the Company shall apply the reserve of HK\$7,303,204.00 which will arise in its books of account as a result of the aforesaid reduction of capital in paying up in full at par the 7,303,204 new Shares which shall be allotted to Smart Extra Holdings Limited or its nominees, credited as fully-paid, and the Board of Directors of the Company is hereby unconditionally authorised to allot and issue the same accordingly.

NOTICE OF THE EGM

- (C) subject to the Scheme taking effect, the Board of Directors of the Company is hereby authorised to make application to the Stock Exchange of Hong Kong Limited (hereinafter called “Stock Exchange”) for withdrawal of the listing of the Company’s Shares on the Stock Exchange.”

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

Dated 29 March 2004
Hong Kong

Registered Office:
1601 Wing On Centre
111 Connaught Road
Central
Hong Kong

Notes:

- (i) Concerning the Special Resolution in item A and B above, approval is being sought from Members as a statutory requirement in compliance with Section 166 of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong, and the Hong Kong Code on Takeovers and Mergers.
- (ii) Concerning the Special Resolution in item C above, approval is being sought from Members as a requirement in compliance with Rule 2.2 of the Hong Kong Code on Takeovers and Mergers, and Rule 6.12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

STATEMENT

A member entitled to attend and vote at the Meeting is entitled to appoint no more than 2 separate proxies 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 24 hours before the time fixed for the Meeting.