

# OXFORD PROPERTIES & FINANCE LIMITED

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 220)

The Directors of Oxford Properties & Finance Limited (the “Company”) are pleased to announce the audited consolidated results of the Company and its subsidiaries (the “Group”) for the year ended 31st January, 2004 together with the comparative figures for the previous year as follows:

## CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31ST JANUARY, 2004

	<i>Notes</i>	<b>2004</b> <i>HK\$</i>	2003 <i>HK\$</i> (Restated)
Turnover	2	<b>59,338,871</b>	67,714,791
Cost of rental operations		<b>(16,966,417)</b>	(14,972,225)
		<b>42,372,454</b>	52,742,566
Other operating income	3	<b>918,590</b>	1,300,995
Administrative expenses		<b>(8,285,062)</b>	(6,558,924)
Other operating expenses	4	–	(4,228,306)
Impairment losses on properties reversed (recognised)		<b>2,525,580</b>	(2,896,000)
Profit from operations		<b>37,531,562</b>	40,360,331
Finance costs	6	<b>(3,402,442)</b>	(4,997,649)
Share of results of associates		<b>(210,909)</b>	87,502
Profit before taxation	2	<b>33,918,211</b>	35,450,184
Income tax expense	7	<b>(6,088,623)</b>	(6,483,964)
Profit before minority interests		<b>27,829,588</b>	28,966,220
Minority interests		<b>(2,172,983)</b>	(2,906,487)
Net profit for the year		<b>25,656,605</b>	26,059,733
Dividend	8	–	5,420,800
		<i>HK cents</i>	<i>HK cents</i>
Earnings per share	9		
Basic		<b>37.9</b>	38.5

*Notes:*

### 1. ADOPTION OF REVISED STATEMENT OF STANDARD ACCOUNTING PRACTICE

In the current year, the Group has adopted, for the first time, the revised Statement of Standard Accounting Practice No. 12 “Income Taxes” (“SSAP 12 (Revised)”) issued by the Hong Kong Society of Accountants. The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. 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 amounts 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 2003 have been restated accordingly.

The adoption of SSAP 12 (Revised) has resulted in a decrease in the profit of the Group for the year ended 31st January, 2004 by HK\$1,526,657 and a decrease in the profit for the corresponding prior period by HK\$1,349,631.

Details regarding the financial effects of such change in accounting policy are contained in the annual report which will be sent to shareholders.

## 2. SEGMENT INFORMATION

### Revenue and Results

For the year ended 31st January, 2004

	Property letting HK\$	Land investment HK\$	Other operations HK\$	Consolidated HK\$
Segment revenue				
External	<u>57,893,242</u>	<u>–</u>	<u>1,445,629</u>	<u>59,338,871</u>
Segment results	<u>41,572,952</u>	<u>2,525,580</u>	<u>1,128,144</u>	<u>45,226,676</u>
Interest and other income				589,948
Unallocated corporate expenses				(8,285,062)
Finance costs				(3,402,442)
Share of results of associates	–	(189,060)	(21,849)	<u>(210,909)</u>
Profit before taxation				<u>33,918,211</u>

### Revenue and Results

For the year ended 31st January, 2003

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

## 3. OTHER OPERATING INCOME

Included in other operating income is interest on bank deposits of HK\$426,610 (2003: HK\$813,480).

## 4. OTHER OPERATING EXPENSES

	2004 HK\$	2003 HK\$
Legal, professional and other fees in relation to:		
Proposed open offer of new shares in the Company	–	1,586,269
Other corporate and legal consultancy services rendered	–	2,642,037
	<u>–</u>	<u>4,228,306</u>

## 5. DEPRECIATION AND AMORTISATION

Depreciation and amortisation charged to the income statement in respect of the year amounted to HK\$463,431 (2003: HK\$385,991).

## 6. FINANCE COSTS

	2004 HK\$	2003 HK\$
Interest on:		
Bank loans and overdrafts		
Wholly repayable within five years	3,204,237	4,411,770
Not wholly repayable within five years	171,045	558,719
Finance leases	27,160	27,160
	<u>3,402,442</u>	<u>4,997,649</u>

## 7. INCOME TAX EXPENSE

	2004 HK\$	2003 HK\$
Current tax:		
Hong Kong Profits Tax	4,473,128	4,774,162
Overseas tax	83,000	132,000
	<u>4,556,128</u>	<u>4,906,162</u>
Deferred taxation:		
Current tax	1,112,099	1,491,826
Attributable to a change in tax rate	420,396	–
	<u>1,532,495</u>	<u>1,491,826</u>
Taxation attribution to the Company and its subsidiaries	6,088,623	6,397,988
Share of taxation of associates	–	85,976
	<u>6,088,623</u>	<u>6,483,964</u>

Hong Kong Profits Tax is calculated at 17.5% (2003: 16%) on the estimated assessable profit for the year. Overseas tax is calculated at the rates prevailing in the jurisdictions in which the Group operates.

## 8. DIVIDEND

	2004 HK\$	2003 HK\$
Interim dividend paid:		
Nil (2003: HK8 cents) per ordinary share	–	5,420,800

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the following data:

	2004 HK\$	2003 HK\$
Earnings for purpose of basic earnings per share		
– as originally stated	25,656,605	27,409,364
– adjustment on adoption of SSAP 12 (revised)	–	(1,349,631)
	<u>25,656,605</u>	<u>26,059,733</u>
– as restated		
	<u>25,656,605</u>	<u>26,059,733</u>
	<b>2004</b>	<b>2003</b>
Ordinary shares in issued for the purpose of basic earnings per share	<u>67,760,000</u>	<u>67,760,000</u>

## DIVIDENDS

The Board of Directors does not recommend any final dividend to be approved by shareholders at the forthcoming annual general meeting.

## REVIEW OF OPERATIONS

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

During the year under review, in the first half year, the property leasing market remained very soft and office rentals further fell as the local economy was severely affected by the impact of SARS and has not yet recovered. After the Hong Kong Government introduced a variety of measures to cope with the situation in the second half year, some degree of stabilisation was achieved. However the Group's rental income, which mainly comprises office and residential rentals, did not show significant improvement.

For the financial year ended 31st January, 2004, the Group reported a net profit of approximately HK\$25.7 million after taxation and minority interests (2003: a net profit of approximately HK\$26.1 million). Such decrease was mainly attributable to further falls in office rentals and soft demand in the property leasing market. Impairment losses on properties in the amount of HK\$2.5 million previously made was written back and accounted for in the income statement for 2004 (2003: impairment losses recognised HK\$2.9 million).

The savings in interest expenses on borrowings were more than offset by the fall in office rentals. Although the property-leasing market in Hong Kong has slightly improved since the financial year end, new leases have to be negotiated at a competitive rate.

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

The Group's major Guam investment property – Aspac Industrial Park Phase I – recorded a moderate decline in rental income owing to the protracted economic downturn in Guam and Japan, where most tourists to Guam come from. For this reason, the development of Lot Nos. 5148-3 and 5148-4, Tamuning, Guam will continue to be postponed.

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

The Group has a total of 25 (2003: 23) staff. Staff costs incurred during the year amounted to HK\$7,810,000 (2003: HK\$6,604,000).

#### **FINANCE ACTIVITIES**

Shareholders funds at 31st January, 2004 amounted to HK\$791 million (31st January, 2003: HK\$769 million). At 31st January, 2004, total borrowings of the Group were HK\$62 million (2003: HK\$119 million) which bear interest at floating rates and are substantially repayable in Hong Kong dollars. Bank borrowings to the extent of HK\$4 million (2003: HK\$38 million) were repayable within one year. The Group's gearing ratio at 31st January, 2004 was 8% (2003: 15%). The Group's available undrawn bank facilities at 31st January, 2004 amounted to HK\$110 million (2003: HK\$63 million).

At 31st January, 2004, properties of the Group with an aggregate book value of approximately HK\$634 million (2003: HK\$659 million) were mortgaged or charged to banks for credit facilities granted to the Group.

At 31st January, 2004, 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 (2003: HK\$281 million) of which approximately HK\$62 million (2003: HK\$119 million) was utilised.

#### **PROSPECTS**

The property leasing market in Hong Kong in line with the economy has shown no significant improvement in early 2004. The office rental market is still subject to relatively high vacancies, particularly in Central. Supply in Hong Kong is abundant providing ample options for tenants seeking quality office space at competitive rates. 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.

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

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

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

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

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

Hong Kong, 20th May, 2004

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