



THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

7 March 2005

**The Listing Appeals Committee of The Stock Exchange of Hong Kong Limited
censures Oxford Properties and Finance Limited (the “Company”)*
for a breach of the then Rule 8.08 of the Listing Rules
and
The Listing Committee of The Stock Exchange of Hong Kong Limited
censures Mr Lee Teh Yee, William and Mr Robert Horatius Bonar (together,
the “Relevant Directors”) for a breach of Rule 3.08 of the Listing Rules**

On 29 July 2003, the Listing (Disciplinary) Committee of the Exchange (the “Listing (Disciplinary) Committee”) conducted a hearing into the conduct of the Company and the Relevant Directors, namely, Mr Lee Teh Yee, William (“Mr W Lee”) (then an executive director of the Company) and Mr Robert Horatius Bonar (“Mr Bonar”) (a former director of the Company who had resigned with effect from 11 November 2002).

On 24 February 2004, the Listing (Disciplinary Review) Committee conducted a review hearing on the application by the Company for a review of the decision of and the sanction imposed by the Listing (Disciplinary) Committee on the Company. (Mr W Lee and Mr Bonar had not requested a review of the decision of or the sanction imposed by the Listing (Disciplinary) Committee.)

On 5 January 2005, the Listing Appeals Committee conducted a further review hearing on the application by the Company for a review of the decision of and the sanction imposed by the Listing (Disciplinary Review) Committee on the Company.

In a report published by the inspector appointed under section 33 of the then Securities (Disclosure of Interest) Ordinance (the “SDIO”) on 21 December 2001, the inspector concluded that Mr James Smith Lee (“Mr J Lee”), father of Mr W Lee, had caused the Company to breach the 25 per cent minimum public float requirement under the then Rule 8.08 of the Listing Rules since 1991 by controlling 89.14 per cent of the issued share capital of the Company through eleven major corporate shareholders of the Company (the “EMSs”).

* The securities of the Company ceased to be listed on the Exchange with effect from 4.00 p.m. on 21 June 2004.

The Relevant Directors together with other directors and officers of the Company assisted Mr J Lee in concealing his beneficial interest and control by acting as directors, contact persons and authorised signatories of some of the EMSs; by facilitating the payment of dividends on the Company's shares of the EMSs to Mr J Lee and by arranging and acting as proxies for four of the EMSs.

On 11 March 2002, the Company made an announcement which provided that: (i) Mr J Lee indicated that he was seeking independent financial advice and assistance to arrange a private placement of shares held by him to ensure the Company's compliance with the then Rule 8.08 of the Listing Rules; and (ii) Mr J Lee had not provided a timetable for his proposed placement and the Board of the Company had proceeded with alternative proposals including a placing of new shares to independent third parties to restore the minimum public float.

Trading in the Company's shares was suspended on 2 August 2002. On 14 August 2002, the Company was required to restore its minimum public float on or before 13 September 2002. On 24 October 2002, the Listing Committee of the Exchange endorsed the revised proposal for resumption which comprised, among other things, two agreements entered into between Onshine Securities Ltd and two of the EMSs, namely Gyna Incorporated and Legal (Nominees) Ltd, to dispose of 12,113,822 shares, representing 17.87 per cent of the total issued share capital of the Company. Trading in the Company's shares resumed on 28 October 2002.

The hearing of the Listing (Disciplinary) Committee was conducted into the following issues:

- Possible breach by the Company of its obligation to maintain the percentage of securities required to be in public hands under the then Rule 8.08 of the Listing Rules. The Company appeared to have allowed the breach to continue by not making adequate inquiries of Mr J Lee and not resorting to the powers available to it under the SDIO to discover whether it was in breach of the then Rule 8.08; and
- Possible breaches by the Relevant Directors of their obligations under Rule 3.08 of the Listing Rules which required every director, among other things, to act honestly and in good faith in the interests of the company as a whole; to act for proper purpose; and to avoid actual and potential conflicts of interest and duty. Mr W Lee knew or ought reasonably to have suspected and Mr Bonar ought to have known or reasonably suspected that Mr J Lee controlled more than 75 per cent of the issued share capital of the Company and their conduct was inconsistent with the obligations as a director under Rule 3.08.

The Listing (Disciplinary) Committee concluded that:

- (1) the Company was in breach of the then Rule 8.08 of the Listing Rules; and
- (2) the Relevant Directors had breached Rule 3.08 of the Listing Rules.

The Listing (Disciplinary) Committee decided that the appropriate sanction to be imposed on the Company and each of the Relevant Directors was a public censure for their respective breaches mentioned in paragraphs (1) and (2) above.

At the review hearings, the Listing (Disciplinary Review) Committee and the Listing Appeals Committee upheld the decision of the Listing (Disciplinary) Committee that the Company was in breach of the then Rule 8.08 of the Listing Rules and a public censure was the appropriate sanction.

Accordingly, the Listing Appeals Committee hereby publicly censures the Company for the breach mentioned in (1) above and the Listing Committee censures each of the Relevant Directors for the breach mentioned in (2) above.

Commenting on the final resolution of this disciplinary case, the Head of Listing, Mr Richard Williams commented, “The Exchange places great importance on the need to maintain a sufficient level of public float for listed securities. A failure to do so makes trading less liquid and thereby makes trading in those securities more susceptible to market manipulation. In circumstances in which legitimate concerns are raised about the existence of a public float, the listed company and its directors must co-operate actively with the Exchange to determine the true position. In this case, the reason for the public censure of the current director and the former director was that they frustrated the Exchange’s inquiries and assisted the controlling shareholder to conceal the extent of his control of the Company’s shares.”