



CHAIRMAN'S STATEMENT

Net profit attributable to shareholders amounted to HK\$102.7 million, representing earnings per share of HK\$0.20. The Board recommends payment of final dividend of HK\$0.10 per share for the year.

Group Results

I wish to announce that the Group's audited consolidated net profit after tax and minority interests for the year ended 31st December, 2000 amounted to HK\$102.7 million (1999: HK\$150.1 million), a decrease of 32 percent from the previous year. The drop was mainly due to the reduction in interest income and loss on disposal of non-core properties in New Zealand. The profit represents earnings per share of HK\$0.20 compared with HK\$0.28 for 1999.

Final dividend

The board recommends a final dividend of HK\$0.10 per share for the year 2000 payable on 25th May, 2001 to shareholders whose names appear on the Register of Members on 22nd May, 2001. An interim dividend of HK\$0.06 per share has been paid on 29th September, 2000, making total dividends of HK\$0.16 per share for the full year. An interim dividend and a final dividend of HK\$0.06 and HK\$0.10 per share respectively were paid for the preceding year.

Business Review

Benefiting from economic stability in the year under review, the property portfolio in Hong Kong achieved a satisfactory occupancy rate at an acceptable rental yield. In Australia and New Zealand, the property portfolio continued to generate strong cash flow and maintained a sound occupancy rate through a proactive working relationship with tenants and selective upgrading of space to meet the rental market's expectations for appearance and function.

The performance of the Group's principal business sectors is discussed in the Review of Operations section of this Annual Report.

Reorganization of Trans Tasman Properties Limited ("TTP")

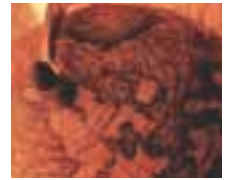
In February 2001, the Board of TTP announced it would put to shareholders other than S E A Holdings Limited, and the holders of listed capital convertible notes proposals to convert such shares and convertible notes into secured property bonds. The proposals are conditional and if implemented would result in TTP becoming a wholly owned subsidiary of the Group.

Outlook

Heightened expectations of a slowdown of the U.S. economy and lowered earnings expectation by the technology, media and telecom sector worldwide has led to a cut of 1.5 percent in interest rates in Hong Kong in the first quarter of 2001. Deep concern over the prospects for global economic weakness in the foreseeable future is affecting consumer spending confidence as well as property market sentiment in Hong Kong.



The Landmark, Sydney



Amidst this uncertainty, the Group is well placed to take advantage of opportunities within its core property business and also seek diversification.

Hong Kong

In Hong Kong, the Group will reinforce its close relationship with tenants to improve the quality and value of its property portfolio by selective refurbishment and upgrade. On the development front, we expect the economic downturn will continue to overshadow local job market conditions. However, the solid economy recovery since the Asian financial crisis during 1997-98 and present declining interest rates will help to stabilise the local property market. The Group will carefully monitor the progress of its development sites to maximize gains upon exit. The reduction in interest rates and adjustments to housing policy by the Government is expected to gradually improve sentiment in the property market.

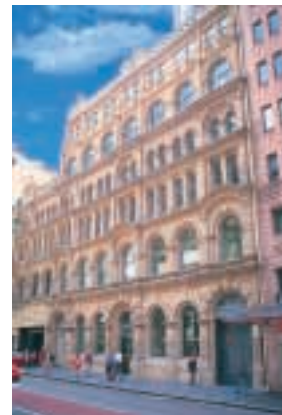
China

The economy in Mainland China continues to grow satisfactorily, creating new opportunities for the Group to invest. In particular the Tenth Five-year Plan formulated at the recent session of the National People's Congress will ensure steady growth. The imminent entry of China into the World Trade Organisation and the aim to promote the western region of Mainland China will stimulate business sentiment in the mid to long term. The Group has a substantial asset base in Mainland China well positioned to benefit from these developments.

Australasia

The Australian economies are expected to enter into a period of slower growth after the Sydney 2000 Olympics. The Group will continue to make progress in rationalising and refocusing its Australasian property portfolio toward a higher proportion of grade A office space and in re-development opportunities. The launching of SME Connections, an e-business that offers procurement services to tenants of the Group in New Zealand and Australia, will deliver services that are complimentary to its leasing business. Property values in New Zealand will remain under pressure for some time as investment demand for large commercial properties is not strong.

Against the backdrop of a very competitive business environment, the Group is focused on enhancing the quality standards of its property portfolio and the introduction of e-business services to tenants. In this new technology era, the Group will continue to pursue suitable investments in property businesses with an I.T. synergy.



363 George Street/
24 York Street, Sydney

Staff

A dedicated team is key to supporting business success and growth. On behalf of the board, I wish to thank my fellow directors for their guidance and assistance and to all staff and colleagues for their contribution and effort during the year.

Lu Ho

Chairman

30th March, 2001