

OUTLOOK

The outlook for the Group in the second half of 2002 is well supported by a strong internal base but heavily influenced by external events. Internally, we have a sizeable rental income stream from assets well diversified geographically. This investment property portfolio has a healthy 93% occupancy rate and an average lease life exceeding 5 years. By contrast, externally, current leasing conditions in the cities and sectors where we are invested range from depressed and uncertain in Hong Kong, intensely competitive in China, softening in Australia and bottoming out in New Zealand. Many factors have contributed to this situation. Notably, these include the weak economic recovery and unstable financial markets in the U.S. and Japan as well as higher interest rates in Australia and New Zealand.

In particular, the prospect of declining effective rents for new leases in the Dah Sing Financial Centre will continue to put pressure on the carrying values of the Group's principal property asset.

However, after the sale of a number of non-core investment properties in Australia and New Zealand over the past 2 years, the Group is in a better position to absorb adverse revaluations. More important, our listed subsidiaries AGP and TTP now have the resources to capitalize on development and investment opportunities in Australia and New Zealand.

In China, we are now making good progress in substantially completing developments previously stalled due to market illiquidity and poor demand.

In Hong Kong, we continue preparations to begin works during the 4th quarter of 2002 on our Sheung Shui and Leighton Road projects. Rent returns from Dah Sing Financial Centre are projected to be stable for the remainder of 2002 and are likely to be lower in 2003.

Our garment division expects lower returns in the 2nd half of 2002 based on a forecast slowdown in U.S. consumer spending.

Finally, our Greater China 3rd party logistics and New Zealand procurement services provider ventures are active in building new revenue sources now that they have achieved customer recognition of their e-commerce platforms.

The immediate priority of S E A Holdings Limited is a return to profitability. We have sufficient human and capital resources to achieve this goal in the short-term despite a generally unfavourable trading environment.