Chairman's Statement

Positive moves were taken during 2002 to downsize and rationalize the investment property portfolio in Australia and New Zealand. This continues a strategy of seeking a better composition of property assets held for rental, taking into account location, age and maintenance level capital spending.

The Group was also very active last year in ongoing property development in China and refurbishment of properties in Australia, thereby increasing both current and prospective cash flow from operations.

The initiatives referred to above, position S E A to achieve higher returns from its property portfolio in the medium and longer-term, despite the adverse impact on 2002 operating results from losses realised on the sale of investment properties.

CONSOLIDATED RESULTS, DIVIDENDS AND FINANCIAL CONDITION

Results

Group turnover for the year rose 23% to HK$741 million from HK$602 million for the previous year, principally due to the booking in 2002 of sales proceeds from a Guangzhou, China residential property development.

For the 2002 year, the Group recorded a net attributable loss of HK$201 million compared with an attributable profit of HK$36 million in 2001.

This net loss was after taking account the following significant abnormal items: an attributable loss of HK$201 million upon disposal of office properties in New Zealand and an impairment provision of HK$68 million against Hong Kong quoted securities held long-term.

On a group basis excluding the abnormal items referred to above, attributable net profit for the year was HK$68 million.

Dividends

The prolonged weakness of the Hong Kong property market requires the Group to keep cash reserves at a high level, both as a prudent measure and to retain flexibility.

Accordingly the S E A board has not recommended a final dividend.

Financial Condition

The net loss incurred in 2002 had a lesser impact on the Group balance sheet at the end of the year. This was the direct result of substantial provisions against Group reserves having been made in earlier years for valuation declines in investment properties and securities held long-term.

The Group's overall financial condition improved during the course of 2002 with less interest-bearing debt carried relative to total assets at year-end. Disappointingly, shareholders' funds declined 6% year-on-year to HK$2,463 million even as the balance sheet gearing ratio improved.

The main reason for this decline was a lower valuation placed on the Dah Sing Financial Centre in Hong Kong. Devaluation of our flagship property at the end of the year was not surprising in light of widespread deflation in Hong Kong and falling face rents throughout the entire Hong Kong office sector. The amount of the decline in shareholders' funds was fortunately, but not unexpectedly, reduced by a sizeable currency translation gain on our New Zealand and Australian property investment holdings.

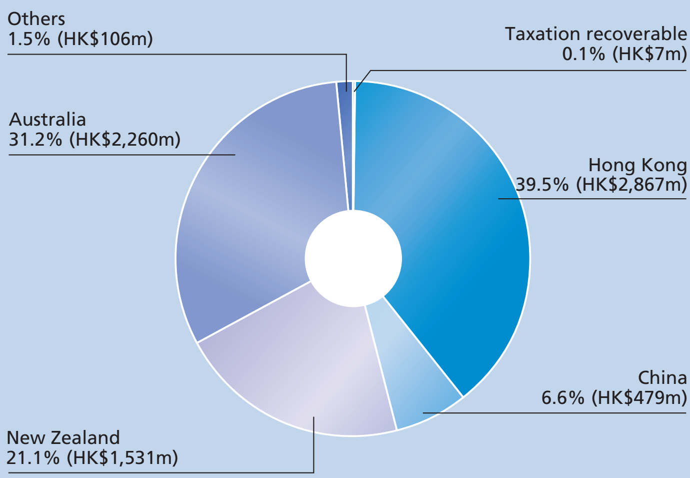
Chairman's Statement

OPERATING REVIEW

For our core business as a Central Business District landlord, market rental conditions showed contrasting trends in the principal cities where our investment properties are located. In Hong Kong, effective rents declined sharply throughout 2002. In Sydney, there was evidence in the latter half of the year of increasing rental incentives being offered to tenants. By comparison the rental market was stable in Auckland.

In the Hong Kong residential development market, pre-completion prices during 2002 for middle-income residential units continued to undercut equivalent secondary market prices. Transaction volumes were also lower. In Guangzhou prices were stable as increasing demand and affordability were offset by adequate new supply.

Assets as at 31st December, 2002 by geographical segments



The following is a review of significant Group activities and accomplishments during 2002.

Hong Kong

Major activities within the Hong Kong region during 2002 were as follows.

The 100% owned Dah Sing Financial Centre at 108 Gloucester Road, Wanchai having a total net lettable area of 37,000 square metres enjoyed high occupancy levels averaging 95% for most of the year. Rental income from our flagship property in 2002 was slightly lower than 2001 levels.

In the Sheung Shui district of the New Territories, we have a 55% interest in a mass residential development comprising two 38/39 storey towers of apartment units over a 2 storey car-park podium. Foundation, lift and fire service tenders have been awarded and foundation works are in progress with full project completion targeted for the end of 2004.

A wholly-owned small site of 438 square metres at 14-20 Leighton Road in the popular Causeway Bay retail area remains under study for alternative development options.

Outside the property area, we continued to derive significant income from the garment business. This contribution amounted to HK$23 million in 2002 a 30% decrease from 2001.

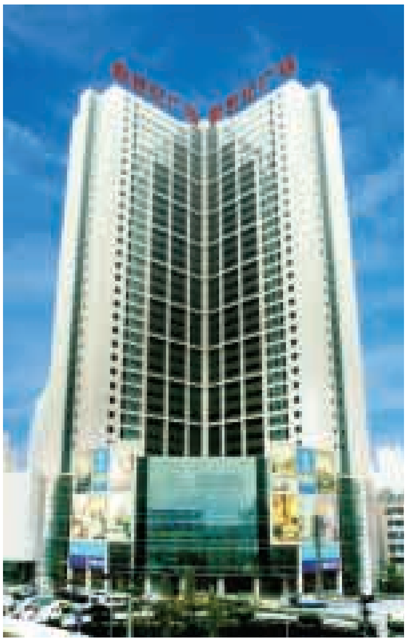
The Group's holdings of both portfolio securities and liquid assets performed poorly with investment income totaling HK$25 million, down 55% from the previous year. Lower interest rates and a third year of declining share prices in Hong Kong were the main causes.

Chairman's Statement

Mainland China

China region activities are principally conducted through interests held by our wholly-owned subsidiary, SEABO Pacific Limited ("SEABO"). The main developments last year were as follows.

In Guangzhou, Phase 1 of the residential/commercial development Westmin Plaza on Zhong Shan Road, Road 7, was finally completed in August 2002. 99% of the residential units have been sold. A profit was booked in 2002 from the sale of the Westmin Plaza Phase 1 residential units.



New Century Plaza, Chengdu City, Sichuan

Design work is progressing on Phase 2 of Westmin Plaza. This phase will comprise of more than 600 residential apartments and 24,000 square metres of commercial area. Foundation work will commence shortly.

In Chengdu, the 50% owned New Century Plaza on Xiyulong Street was substantially completed by December 2002 with final completion formalities taking place during the first half of this year. 24,000 square metres of office space has been sold to our joint venture partner under a pre-sales agreement and this sale will be booked in 2003. In addition, a 20 year lease has been signed with a furniture group for the 13,000 square metres of commercial podium space.

Also in Chengdu, SEABO owns a 97% interest in Overseas Exchange Square in Yan Shi Kou, a commercial/office development situated on a prime site providing some 89,000 square metres of gross floor area. We are actively seeking buyers for the whole or portions of this development.

Within the China region we also own a 17,000 square metres gross floor area warehouse in the Jiuting area of the Songjiang industrial district of Shanghai. This property remained fully let during the year to a multi-national logistics operator.

New Zealand

The New Zealand region property assets are held through our 55.16% owned and publicly listed subsidiary, Trans Tasman Properties Limited ("TTP").

Rental income from TTP's New Zealand operations declined 34% in 2002 compared with 2001, the result of substantial non-core property disposals over the past two years.

For 2002, TTP reported a net loss from its New Zealand operations, before property valuation changes and after property losses, of NZD4.7 million compared with a net loss of NZD11.0 million in 2001. This 2002 net loss increased to an adjusted NZD94.6 million upon inclusion of TTP's results into the Group consolidated results. The adjusted loss reflected the restating of TTP's property losses to conform to the Group's accounting policy of determining property losses based upon historical cost as opposed to last valuation, which is the accounting policy adopted by TTP.

A total of 11 investment properties were sold during the year out of a total investment portfolio of 24 properties held at the beginning of 2002. Most of the properties that were sold were of an age and type for which prospective buyers in recent years have been demanding a higher yield than TTP's original purchase yield. Net proceeds from property disposals, amounting to NZD214 million, were mostly applied to retire bank debt and otherwise added to cash resources pending re-investment. Market illiquidity had affected TTP's earlier efforts to dispose of these properties but last year there was a marked increase in buyer interest, especially from overseas.

Chairman's Statement

By the end of 2002, TTP had consolidated its property investment and development assets mainly within the Auckland metropolitan area, the principal business centre of New Zealand. For properties held in TTP's portfolio throughout 2002, there was a small devaluation adjustment at year end. By international standards, the relatively small pool of prime quality New Zealand office properties means investors continue to demand a high yield from this asset class.

In property development activity, TTP acquired in July 2002 a 35 hectare bare land site, adjoining the Auckland International Airport for NZD12 million. Currently the land is zoned for a wide range of industrial and commercial uses. TTP is sub-dividing the land, after allowances for road and green reserves, into sections suitable for large format users. Earthworks and subdivison are progressing on schedule. A number of sales contracts have been signed and a full sales campaign of the AirPark Business Centre is planned in the coming months.

Australia

The Australian region assets are held mainly through Australian Growth Properties Limited ("AGP"), a 50.13% publicly listed subsidiary of TTP.

AGP reported 2002 net income, before property valuation changes, rose 18% to AUD14.6 million from AUD12.4 million in 2001. The AGP core office property asset at 363 George Street, Sydney, was 98% let on long leases at the year end.

In AGP refurbishment activity, the fully vacated 65 York Street property was reclassified as a development property and is undergoing extensive renovation prior to resale. The refurbishment of the office property at 601 Bourke Street, Melbourne completed last year gave rise to a net valuation surplus of AUD3.1 million at the year end.

Penhryn House, a Canberra office building was sold in late 2002 for AUD38.6 million, a price above both original cost and latest valuation. As a result of the sale, AGP's investment property portfolio is now concentrated entirely in the principal business centres of Sydney and Melbourne.

The year end valuation of the George Street, Sydney complex (comprising the interconnected buildings at 24 York Street, 345 and 363 George Street) showed little change from the beginning of the year. In contrast to New Zealand, prime situated properties in the office sector command strong local and international institutional demand and are consequently valued as a lower yield asset class.

Associates

The Professional Service Brokers Group ("PSB Group") in which we own directly and indirectly a total 50% interest, has satisfactorily concluded a wide-ranging re-organisation of its operating subsidiaries.

During 2002 the PSB Group achieved positive operating cashflow. Growth in the e-marketsites and e-commerce business of SupplyNet was slower than anticipated. However, a strong customer base and sales pipeline now exists as a result of PSB Group's successful evolution into a tightly integrated procurement and supply chain manager.

For e-Commerce Logistics Limited ("ECL"), in which we own a 35% equity stake, the past year has been a difficult period of building a viable customer base throughout China after successfully obtaining logistics operator licences for Shanghai and Guangzhou. ECL operates as a third-party warehouse and logistics and supply chain manager in Hong Kong, Taiwan and mainland China and focuses on tailor-made customer solutions using proprietary I.T. based applications software and reporting. In 2002, ECL group revenues rose 96% compared with 2001.

Chairman's Statement

The Warehouse Management System for the Logistics Industry developed by ECL won the 1st place Application Gold Award in the Hong Kong IT Excellence Awards 2002 organised by the Hong Kong Computer Society and sponsored by the Government of the HKSAR.

FINANCIAL REVIEW

Key 2002 financial data, policies and capital events relating to the Group and its major subsidiaries were as follows.

Financial Resources and Borrowings

At 31st December, 2002, the Group had HK$881 million cash and unutilised facilities of HK$1,124 million to meet its commitments and to provide working capital. The current (working capital) ratio improved from 1.30 at 31st December, 2001 to 2.20 at 31st December, 2002 due mainly to the repayment of loans related to properties disposed in New Zealand.

Bank borrowings of TTP and its Australian subsidiary AGP are denominated in NZD and AUD respectively. At 31st December, 2002, the TTP group had drawn down bank loans equivalent to NZD336 million (HK$1,387 million) secured mainly by properties valued at an equivalent of NZD776 million (HK$3,129 million).

For the Group companies operating in Hong Kong and China, borrowings amounting to HK$1,275 million had been drawn down at 31st December, 2002 secured by properties valued at HK$2,253 million and pledged fixed deposits of HK$116 million.

Refinancing and Gearing

In New Zealand, TTP concluded negotiations for renewing the term facility to fund the New Zealand property portfolio for a term of three and a half years on commercially favorable terms.

The renewal of major credit facilities on a medium and long term basis since the second half of 2001 provides the Group with capacity and flexibility to undertake development and investment opportunities consistent with its strategy to remain a long-term investor in property.

The Group's overall gearing, or net interest bearing debt minus cash, as a percentage of total property assets improved to 34% at the end of 2002 from 38% at the end of 2001.

Treasury policies

The Group adheres to prudent treasury policies. Its borrowings are principally on a floating rate basis but in certain circumstances, either pursuant to banking covenants or at times when interest rates are volatile, hedging instruments including swaps and forwards are used to manage floating rate risk.

Capital movements

During the year, the Company did not issue any additional shares or any type of capital instruments.

AGP made a bonus issue of 3,594,832 shares on 15th March, 2002 to the holders of ordinary shares to compensate them for any benefit that would otherwise have accrued to TTP as holder of dividend deferred ordinary shares resulting from AGP's on-market share buy-backs in 2000 and 2001.

Chairman's Statement

Loan maturity profile

As at 31st December, 2002, maturities of the Group's outstanding borrowings were as follows:

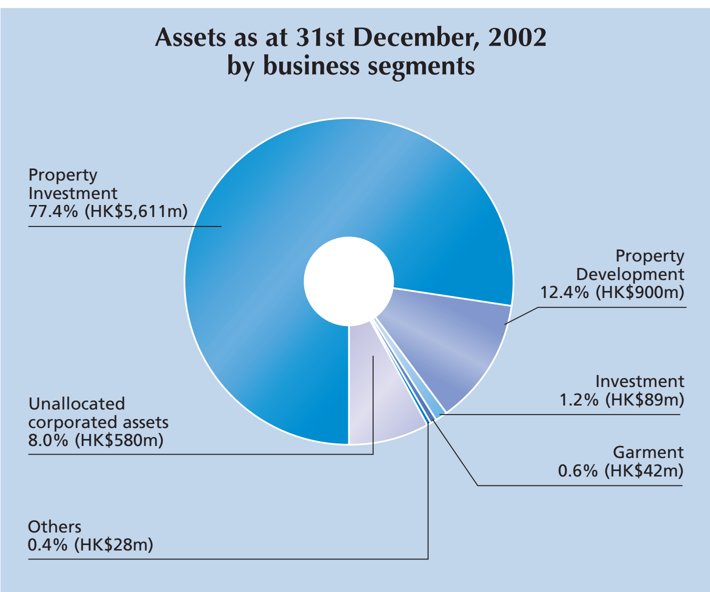
	HK$m
Due within 1 year	429
1-2 years	155
3-5 years	1,686
Over 5 years	744
Total	3,014

At the end of 2002, the Group's long-term borrowings due after one year amounted to 77% of total liabilities compared with 60% at the end of 2001. Accordingly, there has been a significant improvement in the debt profile of the Group with an increased amount of debt structured long-term.

GROUP PROSPECTS

The Group anticipates, barring unforeseen circumstances, a positive earnings result in 2003 in line with the return to overall profitability in the 2nd half of last year.

General property market sentiment, supply and end user demand dictate property values and will largely determine the end of 2003 net asset value of the Group on a marked-to-market basis. A much improved business outlook than at present is therefore a pre-condition for avoiding a decline in valuations and hence shareholders funds at the end of this year.



The following is a summary of Group prospects for 2003 by type of activity.

Property leasing

The Group is faced with lower total rental income from its office property portfolio in the current year. This is partly the result of a smaller portfolio after the property sales in Australia and New Zealand in 2002. Additionally a number of leases expire or are renewable this year in the Dah Sing Financial Centre in Hong Kong and new rates are forecast to be lower than passing rent.

Across the remainder of the Group's portfolio in Australia, especially the Grade A 363 George Street Sydney building, and for our New Zealand office building assets we can generally expect stable rental income due to a strong profile of long leases and low vacancies. The Group's investment properties on average are expected to maintain an occupancy rate exceeding 93% throughout 2003.

Chairman's Statement

Property development and sales

On both the property development and sales fronts the Group will be active this year.

In Hong Kong, foundation works in Sheung Shui for two high-rise residential apartment blocks are scheduled to be finished in June 2003 and the entire project completed by the end of 2004. In mainland China, after a successful sale of Phase 1 of Westmin Plaza residential apartments in Guangzhou, foundation works have started on Phase 2 comprising 600 apartments and 24,000 square metres of commercial space.

TTP and AGP both plan sales offerings to the end user market during 2003. TTP has registered strong buyer interest for sub-divided lots at its AirPark Business Centre in Auckland. AGP in Sydney is preparing a sales launch of the refurbished office property at 65 York Street in the form of strata titles during the second quarter of 2003.

Garment trading

Revenues from the Group's garment export and textile quota division are expected to be similar to 2002 levels.

Supply chain management

Our two associates in this area, the PSB group based in Auckland and E-Commerce Logistics based in Hong Kong are both expected to show revenue growth and better earnings prospects in the current year after a period of major I.T. investment.

SUMMARY AND OUTLOOK

Overall, the past year was one of re-shaping our property portfolio to achieve a greater development weighting, a retention of higher quality investment assets and a reduced gearing level.

The general outlook in 2003 for property values in the Asia/Pacific region is not encouraging viewed in the light of new supply, a deflation trend and current major geo-political uncertainties. We shall adopt a cautious approach even as we seek new opportunities to invest.

Going forward, the Group is in a better overall position today than a year ago, allowing it to plan and allocate resources with greater flexibility.

MANAGEMENT AND STAFF

The Group had 200 employees at the end of 2002 compared with 230 at the end of 2001. Salaries and benefits are reviewed at least annually both in response to market conditions and trends and in conjunction with individual performance appraisals. Fringe benefits including study and training allowances, and voluntary employer contributions to retirement schemes are offered to most employees. The Company operates an employee share option scheme with options granted to the Group employees on a discretionary basis by the Board.

I wish to express my appreciation to all employees for their efforts during this difficult year.

Chairman's Statement

OBITUARY

It is with deep sadness and regret that I record the passing away of Mr. Lu Ho on 21st February, 2003. Mr. Lu Ho was chairman of the Board of S E A Holdings Limited for the past ten years. During his tenure on the Board, Mr. Lu shared with fellow directors his broad knowledge and understanding of affairs vital to many of the Group's activities, particularly its garment manufacturing and related businesses. His counsel, experience and leadership will be greatly missed.

Lu Wing Chi
Chairman and Managing Director
Hong Kong, 21st March, 2003