



S E A HOLDINGS LIMITED

爪哇控股有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 251)

ANNOUNCEMENT OF 2004 ANNUAL RESULTS

The Board of Directors of S E A Holdings Limited (“the Company”) announces that the Group’s audited consolidated results for the financial year ended 31st December, 2004 together with the last year’s corresponding comparative figures are as follows:

1. CONSOLIDATED INCOME STATEMENT

	Notes	Year ended 31st December,	
		2004 HK\$'000	2003 HK\$'000
Turnover	(i)	474,722	592,853
Other operating income		79,923	77,964
Changes in inventories and properties held for sale	(ii)	(158,585)	(195,082)
Staff costs		(61,567)	(61,945)
Depreciation and amortisation		(4,065)	(3,750)
Other operating expenses		(85,457)	(102,134)
Net (loss) gain on investments and properties		(94,703)	98,836
Gain on disposal of subsidiaries engaging in property investment and development		77,430	–
Release of negative goodwill		39,428	56,510
Profit from operations		267,126	463,252
Finance costs		(121,060)	(158,679)
Share of results of associates		3,354	(2,071)
Share of results of jointly controlled entities		(3,689)	6,105
Profit before taxation		145,731	308,607
Taxation	(iii)	(2,156)	(10,775)
Profit before minority interests		143,575	297,832
Minority interests		(23,083)	(110,571)
Net profit for the year		120,492	187,261
Dividends			
Interim		20,466	20,450
Final		30,692	30,675
		51,158	51,125
Earnings per share	(iv)		
Basic		HK23.6 cents	HK36.6 cents
Diluted		HK21.6 cents	HK36.2 cents
Dividends per share			
Interim		HK4 cents	HK4 cents
Final		HK6 cents	HK6 cents
		HK10 cents	HK10 cents

(b) *Business segments*

	Year ended 31st December, 2004					
	Property investment HK\$'000	Garment manufacturing and trading HK\$'000	Investment HK\$'000	Property development HK\$'000	Others HK\$'000	Consolidated HK\$'000
REVENUE						
Sales revenue	<u>214,056</u>	<u>57,049</u>	<u>2,005</u>	<u>196,362</u>	<u>5,250</u>	<u>474,722</u>
SEGMENT RESULT	<u>92,452</u>	<u>12,629</u>	<u>20,683</u>	<u>112,770</u>	<u>514</u>	<u>239,048</u>
Interest income						67,710
Unallocated corporate expenses						<u>(39,632)</u>
PROFIT FROM OPERATIONS						<u>267,126</u>

	Year ended 31st December, 2003					
	Property investment HK\$'000	Garment manufacturing and trading HK\$'000	Investment HK\$'000	Property development HK\$'000	Others HK\$'000	Consolidated HK\$'000
REVENUE						
Sales revenue	<u>316,094</u>	<u>147,488</u>	<u>2,705</u>	<u>126,202</u>	<u>364</u>	<u>592,853</u>
SEGMENT RESULT	<u>387,300</u>	<u>4,535</u>	<u>18,918</u>	<u>37,697</u>	<u>(1,784)</u>	<u>446,666</u>
Interest income						54,419
Unallocated corporate expenses						<u>(37,833)</u>
PROFIT FROM OPERATIONS						<u>463,252</u>

(ii) *Changes in inventories and properties held for sale*

	Year ended 31st December,	
	2004 HK\$'000	2003 HK\$'000
Changes in inventories of manufactured finished goods and work-in-progress	1,480	(6,423)
Raw materials and consumables used	(17,860)	(29,856)
Purchase of goods held for resale	(1,278)	(61,778)
Changes in inventories of properties held for sale	1,853,735	14,346
Costs incurred on properties held for sale	<u>(1,994,662)</u>	<u>(111,371)</u>
	<u>(158,585)</u>	<u>(195,082)</u>

(iii) *Taxation*

	Year ended 31st December,	
	2004 HK\$'000	2003 HK\$'000
The charge (credit) comprises:		
Current year		
Hong Kong	654	3,833
Other regions in the PRC	626	–
Other jurisdictions	<u>164</u>	<u>1,887</u>
	<u>1,444</u>	<u>5,720</u>
(Over) under provision in prior years		
Hong Kong	(135)	(480)
Other regions in the PRC	<u>–</u>	<u>663</u>
	<u>(135)</u>	<u>183</u>
	<u>1,309</u>	<u>5,903</u>
Deferred tax		
Current year	847	2,101
Attributable to a change in tax rate	<u>–</u>	<u>645</u>
	<u>847</u>	<u>2,746</u>
Taxation attributable to the Company and its subsidiaries	<u>2,156</u>	<u>8,649</u>
Share of taxation attributable to jointly controlled entities	<u>–</u>	<u>2,126</u>
	<u>2,156</u>	<u>10,775</u>

Hong Kong Profits Tax is calculated at 17.5% of the estimated assessable profit for the year.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

(iv) Earnings Per Share

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

Earnings

	Year ended 31st December, 2004	2003
	HK\$'000	HK\$'000
Earnings for the purposes of basic and diluted earnings per share	<u>120,492</u>	<u>187,261</u>
<i>Number of shares</i>		
	Year ended 31st December, 2004	2003
Number of ordinary shares for the purposes of basic earnings per share	511,353,614	511,246,868
Effect of dilutive potential ordinary shares		
Options	8,301,278	886,484
Warrants	<u>39,386,622</u>	<u>5,352,693</u>
Weighted average number of ordinary shares for the purposes of diluted earnings per share	<u>559,041,514</u>	<u>517,486,045</u>

The computation of diluted earnings per share in 2003 did not assume the conversion of the preference convertible promissory notes of a subsidiary of the Company since their exercise would result in an increase in the net profit per share.

2. TRANSFER FROM RESERVES TO CONSOLIDATED INCOME STATEMENT

	Year ended 31st December, 2004	2003
	HK\$'000	HK\$'000
Investment property revaluation reserve:		
Released upon disposal of investment properties	<u>65,204</u>	<u>(50,770)</u>

3. FINAL DIVIDEND

The Board of Directors recommends a final dividend of HK6 cents per share for the year ended 31st December, 2004 payable on 18th May, 2005 to the shareholders of the Company whose names appear on the Register of Members on 12th May, 2005. Together with the interim dividend of HK4 cents per share paid on 4th October, 2004, the total dividend for the year is HK10 cents per share. An interim dividend and a final dividend of HK4 cents and HK6 cents per share respectively were paid in the preceding year. Total dividends payable are HK\$30,692,000 which will be increased by HK\$8,924,000 as a result of additional ordinary shares issued upon the exercise of all the outstanding warrants and share option subscription rights.

4. ANNUAL GENERAL MEETING

The annual general meeting of shareholders will be held on Thursday, 12th May, 2005.

5. SHARE REGISTRATION

The Register of Members of the Company will be closed from Friday, 6th May, 2005 to Thursday, 12th May, 2005, both days inclusive, during which period no transfer of shares can be registered. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates, must be lodged with the Company's Branch Share Registrars in Hong Kong, Standard Registrars Limited, G/F., BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong, for registration not later than 4:00 p.m. on Thursday, 5th May, 2005. Warrant holders who wish to participate in the proposed final dividend must exercise their subscription rights not later than 4:00 p.m. on Thursday, 5th May, 2005.

6. MANAGEMENT DISCUSSION AND ANALYSIS

Property Investments and Developments

Hong Kong

Market sentiment had improved during the year under review and the Group benefited from the leases that were signed in the year. The vacancy rate also recorded marked improvement towards the end of the year. With the general increased confidence in the local economy, the Group expects a better rental return for the new tenancies negotiated.

The Sheung Shui project in which the Group has a 55% interest, is near completion. Pre-sale consent has been obtained from the Government Authority, and the Group plans to launch sale of the units in stages in around mid-2005. With the present favourable market sentiment, the Group expects to yield a satisfactory return on this development. Booking of the Phase 1 profit is expected to be made in the 2005 financial year.

The purchase of the adjoining site to 14-20 Leighton Road in March 2004 enabled the Group to maximize the benefit on this property through repositioning of the development potential on the combined sites, which would offer greater flexibility in the design and efficiency use of the development. Ground investigation works was completed at the beginning of this year. At present, it is intended that this 884 sqm site will be developed into a hotel.

The Group through its 61.31% owned subsidiary, Trans Tasman Properties Limited (“TTP”) made the following acquisitions in 2004:

- A retail shop in Causeway Bay for investment purpose.
- A 20,092 sqm development site in Shatin, near Fo Tan KCR Railway Station, and development plan for the site is being formulated.
- A 2,250 sqm development site in Po Kong Village Road, Diamond Hill for construction of a 48 storey residential and retail composite building. Foundation work has commenced and the development is expected to be completed by mid-2007.
- A 414 sqm development site in Wan Chai Road, Wanchai for construction of a 21 storey composite building with three levels of shop podium and eighteen levels of residential apartments. Construction is due to commence in mid-2005 and completion is expected by end of 2006.

China

Guangzhou

The Westmin Plaza, Phase II development which has a gross floor area of 118,211 sqm, comprised of four towers of residential blocks and one office block on top of the commercial podium, has been in progress. Construction of the superstructure has already commenced and the development is expected to be completed by end of 2006. Pre-sale of the units is being planned.

Chengdu

The construction of Overseas Exchange Square with a gross floor area of 89,306 sqm comprising of two 29 storeys office blocks and a seven-level retail podium, will be completed by the third quarter of 2005. The Group intends to hold the property for long term investment and leasing marketing plan is being actively pursued.

As for the New Century Plaza sale and lease of the development are being marketed. Its retail podium has been successfully leased to a furniture operator.

New Zealand and Australia

The Group’s 60% interest in Jacks Point land in Queenstown, New Zealand was sold down to 26.1%. The disposal resulted in a gain to the Group of approximately HK\$61.2 million, of which HK\$34.9 million was recognized in 2004 with the remaining HK\$26.3 million to be booked as and when the units of the development are sold. The land will be developed into a resort consisting of a golf course, hotel and residential units.

In the second half of 2004, the Group entered into a joint venture for acquisition of sites with good redevelopment potential. The Group directly holds a 24.9% interest in the joint venture, and it has since identified a piece of land of 616 hectare in Northland, Auckland called Te Arai. The land will be rezoned for residential, commercial, retail and resort development. Total advances from the Group to the joint venture upto the balance sheet date was NZD0.4 million.

The Group’s 61.31% subsidiary, TTP, announced its combined profits of NZD30.7 million for the financial year under review, compared to NZD40.6 million in the previous year. Net Assets Value per share as at 31st December, 2004 was NZ64.3 cents compared to NZ63.4 cents as at 31st December, 2003.

TTP sold eleven investment properties in Auckland and one investment property in Melbourne. At the date of this announcement, all the sales proceeds except three disposals have been received. The only remaining property held in Australia is being marketed for sale and so far 50% of the development was sold.

On the Airpark Business Centre Stage 1 development (“Airpark 1”), five industrial sites were sold in 2004 at a profit and the remaining two Airpark 1 sites are currently being marketed. Also, a 52 hectare site adjoining Airpark 1 was bought, partially developed and sold at a profit during the financial year.

To replenish its investment property portfolio, TTP bought the following properties:

- One investment property and three development properties in Hong Kong, as mentioned under “*Hong Kong*” section.
- Three adjoining development properties in Viaduct Harbour, Auckland, New Zealand with a total lettable area of 9,585 sqm.

- A controlling interest in the Clearwater residential and resort development in Christchurch, New Zealand with a total site area of 27,778 sqm.
- A controlling interest in a 500 car parks development in Queenstown, New Zealand.

In addition, the design and build project on the Viaduct Harbour site for a 19,745 sqm commercial office complex for Air New Zealand's new head office, is underway. The development is expected to be completed in April 2006.

Global Property Fund, in which TTP has 64% interest, finally settled all litigations against the former Trustee and Manager of the fund. Winding up of the fund has commenced. TTP booked a net gain of NZD8.2 million from the settlement.

Garment Operation

Turnover generated from the garment business for the year under review amounted to HK\$57 million which, compared to HK\$147 million in 2003, represented a drop of 61.2%, while its profit was maintained at the same level of previous year. The drop in turnover was mainly due to a significant decrease in the quota-related business activities. It should be noted that with the abolition of textile quotas requirement in 2005, the Group's profit from this segment will be significantly affected.

Supply Chain Management

The performance of Professional Service Brokers Limited, in which the Group owns 43.3% was satisfactory and the operation contributed a positive return to the Group. The volume of business being transacted expanded significantly in 2004 and growth of this business is anticipated in 2005, particularly in Australia.

CORPORATE CHANGES IN TTP

Increase in shares in TTP

An offer for the remaining 40.0% interest in shares of TTP not owned by the Group was made in March 2004. The offer price was NZD0.40 as compared to net assets value per share of NZD0.63 as at 31st December, 2003. As a result of this offer, the Group succeeded in increasing its interest in TTP from 59.97% to 61.31%. As the acquisition cost of NZD3.9 million was below the net asset value of the shares acquired, a negative goodwill of NZD1.2 million had resulted, which will be amortised in future years. Subsequent to the year end, the Group acquired further shares in TTP from the market and its interest in the Company increased to 62.14% at the date of this announcement.

Relocation of head office

The head office of TTP was relocated from Auckland to Singapore with effect from 1st January, 2005. Having its senior management based in Singapore, TTP benefits from being able to keep abreast of market conditions in the region, respond to opportunities quicker and maintain closer monitoring on projects in the region.

FINANCIAL REVIEW

Key 2004 financial data, policies and capital events relating to the Group and its major subsidiaries were as follows:

Financial Resources and Liquidity

As at 31st December, 2004, the Group continued to maintain a strong capital base, with shareholders' funds totaling HK\$3,198.3 million (2003: HK\$2,676.7 million). The increase was mainly attributable to the upward revaluation of the Group's investment property portfolio amounted to HK\$345.3 million.

As at 31st December, 2004, the Group maintained HK\$871.2 million (2003: 1,880.9 million) cash balances and unutilized facilities of HK\$1,383.8 million (2003: HK\$963.7 million) to meet its commitments and working capital requirements. The current (working capital) ratio decreased from 4.46 at 31st December, 2003 to 1.84 at 31st December, 2004. The decreases was mainly due to the repayment of loans after the disposals of properties and the acquisitions of development properties in Hong Kong and New Zealand.

Bank borrowings of New Zealand group including TTP and its Australia subsidiary Australian Growth Properties Limited are denominated in NZD and AUD respectively. At 31st December, 2004, the bank and other borrowings drawn down amounted to NZD220.1 million (HK\$1,230.2 million) which were mainly secured by properties valued at NZD350.5 million (HK\$1,959.3 million) and fixed deposits of NZD5.1 million (HK\$28.5 million).

For the Group companies operating in Hong Kong and China, the bank borrowings amounted to HK\$1,857.3 million had been drawn down at 31st December, 2004. These borrowings were secured by properties valued at HK\$3,391.5 million and fixed deposits of HK\$67.6 million.

Refinancing and Gearing

Major credit facilities have been renewed on a medium and long-term basis, which have provided the Group with the capacity and flexibility to undertake further investment opportunities consistent with the Group's policy to remain a long-term investor in properties.

Gearing ratio as at 31st December, 2004, calculated on the basis of net interest bearing debts minus cash, as a percentage of total property assets, increased from 21% to 34%. However, although the gearing ratio has risen the Group's financial position remains strong with substantial cash on hand and undrawn secured banking facilities available.

Treasury policies

The Group adheres to prudent treasury policies. As at 31st December, 2004 about 88% of the Group's borrowings were raised through its wholly-owned or majority owned subsidiaries. Its borrowings are principally based on floating rate terms but for loans of sizeable amount, interest rate hedging mechanisms have been arranged to guard against any interest rate volatility. The use of hedging instruments including swaps and forwards are strictly controlled and solely for management of the Group's interest rate and forex exposures in connection with its borrowings.

Capital movements

During the year, certain holders of warrants exercised their rights to subscribe for 291,739 ordinary shares at an exercise price of HK\$1.38 per share. Saved as aforesaid, the Company did not issue any additional shares or any type of capital instruments during the year.

Loan maturity profile

As at 31st December, 2004, maturities of the Group's outstanding borrowings were as follows:

	As at 31st December,	
	2004	2003
	HK\$million	HK\$million
Due within 1 year	1,432.1	205.5
1-2 years	253.4	1,512.3
3-5 years	736.9	1,020.8
Over 5 years	774.9	139.4
Total	<u>3,197.3</u>	<u>2,878.0</u>

At the end of 2004, the Group's long-term borrowings due after one year amounted to 49% (2003: 80%) of total liabilities.

Contingent liabilities

At 31st December, 2004, the Group has given guarantees to purchasers of the disposed investment properties that, for a maximum period of 36 months from the date of disposal of the properties, certain areas of the properties will receive an agreed minimum monthly rent until lease. A provision of HK\$38,904,000 (2003: HK\$48,940,000) had been made during the year.

At 31st December, 2003, the Group acted as guarantor for the repayment of the bank loans granted to purchasers of the Group's properties under development for sale amounting to HK\$1,128,000. The guarantee was released upon completion of the construction of the properties and the relevant property ownership certificate being issued by the relevant authority.

At 31 December, 2004, the Company and a minority shareholder of a subsidiary agreed to provide funding to cover any overrun and any pre-completion expenses and to undertake completion of a property development project in order to secure a banking facility granted to a subsidiary. Other than this, the Company did not have any significant contingent liabilities.

Pledge of assets

At 31st December, 2004, the Group had the following mortgages and/or pledge over its assets to secure banking facilities and other bank loans granted to the Group.

- Fixed and floating charges on investment properties with an aggregate book value of approximately HK\$3,477 million (31st December, 2003: HK\$3,644 million).
- Properties held for sales with an aggregate book value of approximately HK\$1,611 million (31st December, 2003: HK\$529 million).
- Fixed and floating charges on properties under development held for investment with an aggregate book value of approximately HK\$462 million (31st December, 2003: HK\$106 million).

- (d) Bank deposits of approximately HK\$139 million (31st December, 2003: HK\$70 million).
- (e) Listed shares of a subsidiary principally comprised of investment properties and properties held for sales including in (a) and (b) above.
- (f) Unlisted shares of certain subsidiaries with assets principally comprised of investment properties and properties under development held for investment including in (a) and (c) above.

OUTLOOK

With an improved job market, a comparatively low interest rates environment, and a higher level of affordability, greater demand for housing in Hong Kong is anticipated. Also, in the light of the planned opening of Walt Disneyland Park later this year, and the continued influx of Mainland visitors to Hong Kong, coupled with the continued recovery in the economy demand for office and hotel space is expected to increase. The Group is of the view that these factors should benefit its operations and new business initiatives being undertaken.

In China, the Group's investments are beginning to bear fruit, and a reasonable income contribution to the Group is expected in the coming years.

The Group will continue to look for investment opportunities in the Asian Pacific region to further strengthen its asset base and broaden its income streams with a view to maximizing return to the Shareholders.

Additional board members

The Group welcomes the joining of Mr. Tse Man Bun as executive director and Mr. Chung Pui Lam as independent non-executive director. Mr. Tse's extensive experience in the financial and banking industry and Mr. Chung's broad experience and knowledge in business should benefit the future business development of the Group.

Management and Staff

The Group had 200 employees at 31st December, 2004 compared with 170 in the previous year. Salary and benefits are reviewed at least annually both in response to market conditions and trends in conjunction with individual performance. 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.

The Board wishes to thank the management and staff for their commitment, contribution and dedication and to the customers and tenants for their continuous support to the Group.

7. DEALINGS IN THE COMPANY'S LISTED SECURITIES

During the year ended 31st December, 2004, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the Company's listed shares or warrants.

8. PUBLICATION OF FURTHER INFORMATION ON HONG KONG EXCHANGES AND CLEARING LIMITED'S WEBSITE

All the information required by paragraphs 45(1) to 45(3) inclusive of Appendix 16 of the Listing Rules will be published on both the Company's website (www.seaholdings.com.hk) and the website of Hong Kong Exchanges and Clearing Limited (www.hkex.com.hk) in due course.

As at the date of this announcement, the Directors are as follows:

Executive directors:

Lu Wing Chi, Tse Man Bun, Lu Wing Yuk, Andrew, Lu Wing Lin, Lincoln Lu and Lambert Lu

Non-executive director:

Lu Yong Lee

Independent non-executive directors:

Walujo Santoso, Wally, Leung Hok Lim and Chung Pui Lam

By order of the Board

Lu Wing Chi

Chairman and Managing Director

Hong Kong, 1st April, 2005

* *for identification purpose only*

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