

Chairman's Statement

On behalf of the Board of Directors (the "Directors") of Alpha General (Holdings) Limited (the "Company"), I am pleased to present to the shareholders the annual results of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 March 2002.

Financial Review

During the year under review, the Group strove to maintain its market share of its "GENERAL" air conditioners in Hong Kong despite the local shrinking economy, whilst grabbing the golden opportunities arising from the robust economic growth of the People's Republic of China ("PRC").

For the year ended 31 March 2002, the Group generated a turnover of HK\$452,650,000, representing a decrease of approximately 22% compared to the previous financial year. Consolidated profit attributable to shareholders decreased by approximately 62% to HK\$7,775,000. As at 31 March 2002, cash on hand was HK\$61,405,000 and gearing ratio maintained at 18%.

Earnings per share were 0.20 HK cent (2001: 0.53 HK cent) whereas net asset value amounted to approximately 7.49 HK cents per share (2001: 7.45 HK cents) for the year ended 31 March 2002.



主席報告

本人謹代表第一珍寶(集團)有限公司(「本公司」)董事會(「董事會」)欣然向各股東提呈本公司及其附屬公司(「本集團」)截至二零零二年三月三十一日止年度之業績報告。

財務回顧

回顧年內，本集團在本地經濟持續萎縮下仍悉力維持「珍寶」冷氣機在香港的市場份額，並同時捉緊中國在經濟蓬勃增長下所締造的黃金機會。

於截至二零零二年三月三十一日止的年度內，本集團的營業額為452,650,000港元，較去年同期下降約22%。綜合股東應佔盈利下降約62%，達7,775,000港元。截至二零零二年三月三十一日止，手頭現金為61,405,000港元，而負債比率則維持在18%。

截至二零零二年三月三十一日止，每股基本盈利約0.20港仙(二零零一年：0.53港仙)，而每股資產淨值約為7.49港仙(二零零一年：7.45港仙)。

Dividend

The Directors have recommended a final dividend of 0.08 HK cent per share (2001: 0.15 HK cent), which is subject to the approval of shareholders at the forthcoming annual general meeting to be held on 27 August 2002. This dividend together with the interim dividend of 0.10 HK cent per share will make a total distribution of 0.18 HK cent per share resulting in a total distribution of HK\$7,049,000 in cash for the full year under review. The final dividend will be paid on or before 27 September 2002 to all shareholders whose names appear on the register of members at the close of business on 27 August 2002.

Closure of Register of Members

The register of members of the Company will be closed from 21 August 2002 to 27 August 2002, both days inclusive, during which period no transfer of shares will be effected.

In order to qualify for the proposed final dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Secretaries Limited at 5th Floor, Wing On Centre, 111 Connaught Road Central, Hong Kong for registration by no later than 4:00 p.m. on 20 August 2002.

Business Review

During the year under review, owing to the continuous sluggish market sentiment in the local market and the dwindled local public housing and private housing construction, the performance of the Group was inevitably affected. During the year, the Group continued its effort in proactively marketing the brand name "GENERAL", which took the second place in the brand share of air conditioners of any type in 2001, according to AC Nielsen Household Electrical Appliance Survey 2001 – Market Size/Share Report. The Group also implemented effective cost control covering such areas as procurement, administration as well as expenses on warehouse with an aim to offset the fall in revenue. As a result, the Group still generated a stable income. For the year under review, Hong Kong remained the principal market for the Group with its sales network in the PRC under constant expansion.

股息

董事會已建議派發末期股息每股0.08港仙(二零零一年: 0.15港仙), 而此股息有待於二零零二年八月二十七日召開之應屆股東週年大會上批准。此股息連同中期股息每股0.10港仙, 合共派發每股0.18港仙, 即全年股息派發總額為7,049,000港元。此末期股息將於二零零二年九月二十七日或之前派發予於二零零二年八月二十七日辦公時間結束時名列於本公司股東名冊之所有股東。

暫停辦理股東登記手續

本公司將自二零零二年八月二十一日至八月二十七日止期間(包括首尾兩日在內)暫停辦理股東登記手續, 期間亦不會辦理任何股份過戶登記。

為符合獲發擬派之末期股息的資格, 所有股份過戶文件連同有關股票必須於二零零二年八月二十日下午四時前送交本公司於香港之股份過戶登記分處, 秘書商業服務有限公司, 地址為中環干諾道中一百一十一號永安中心五樓。

業務回顧

於回顧年內, 本地的市場氣氛依然疲弱, 加上公營及私營房屋減建, 本集團之業務表現因而無可避免地受到影響。然而, 本集團於年內不斷積極推廣「珍寶」品牌, 使之成為AC尼爾森2001年家庭電器市場調查報告中名列第二最高銷量的冷氣機品牌。此外, 本集團在採購、行政成本, 以至貨倉租賃等方面都作出有效的成本控制, 抵銷了利潤的下降, 令集團的盈利收益保持穩定。於回顧年內, 香港仍為本集團的主要市場, 而中國的銷售網絡亦正穩步擴展。

Business in Hong Kong and Macau

During the year under review, the Group's retailing business was affected by the weak sentiment and the deteriorating property market in Hong Kong. However, the Group managed to maintain a turnover in Hong Kong and Macau at HK\$315,596,000 (2001: HK\$417,387,000), representing a decrease of approximately 24%. Profit from operations decreased approximately 57% amounting to HK\$9,477,000 (2001: HK\$22,012,000).

Retail market

The adverse local economic condition, persistent high unemployment rate, the slashing of payrolls and salaries dampened the consumption power and market sentiment, hence affecting the Group's retailing business. However, the revenue generated upon the completion of the projects from schools was encouraging and helped alleviate the sluggish demand from the retailing market.

In order to expand the market coverage and to raise brand awareness among customers, the Group hosted a seminar, namely "VRF System Technical Seminar", on 15 January 2002 at the Hong Kong Convention and Exhibition Center and more than 100 guests attended. On that particular occasion, the Group also announced the launch of Multi Air Conditioning System for Buildings – "AIRSTAGE".

"GENERAL" VRF system is a new combination of three compressors and power accumulation technology assuring a smooth and efficient operation for the required capacity. The system is characterized not only as easy installation and maintenance but also energy saving. Suiting the buildings' designs as well as customers' needs, it can uplift the overall standard of air-conditioning industry. It is believed the system will become popular and broadly used as it benefits the users in an efficient and environmental-friendly way.

香港及澳門業務

於回顧年內，本地的消費意欲疲弱，物業市道低迷，打擊了本集團之零售業務。但本集團仍維持一定的營業額，錄得315,596,000港元（二零零一年：417,387,000港元），較去年同期下調約24%。期內經營溢利下跌約57%，達9,477,000港元（二零零一年：22,012,000港元）。

零售市場

本地經濟環境逆轉、失業率持續高企，大幅度的裁員和減薪都削弱了消費者的購買能力，減低了他們的消費意欲，本集團之零售業務亦因而受到影響。但來自已完成學校工程項目的盈利則令人鼓舞，同時也有助紓緩呆滯的零售市場氣氛。

為了擴大市場的覆蓋範圍以及提升品牌在顧客心目中的知名度，本集團於二零零二年一月十五日假香港會議展覽中心舉辦了一個名為「控流系統」（「VRF」系統）之講座，當日有逾百位嘉賓出席。而在同一場合，本集團推出了大樓用多聯空調系統－「AIRSTAGE」。

「**珍寶**」VRF系統採用了嶄新的三壓縮機系統和熱回收技術，可在不同的容量條件下實現平穩及高效率之運行。這項嶄新的技術不單安裝簡單、維修容易，而且節省能源，既可配合樓宇設計，又能迎合用家需求，著實提升了整個空調業界的水平。此系統以高效和環保取勝，相信未來定必深受用家歡迎，獲廣泛採用。

During the year, the price competition of household appliances was getting more intensified. As a result, the sale of "FUJI ELECTRIC" targeting mass customers was under great challenge. The "OCENERAL" air conditioner, which targeted medium-to-high end users, however, remained one of the top three selling brands in Hong Kong. In fact, according to AC Nielsen Household Electrical Appliance Survey 2001-Market Size/Share Report, the brand share of "OCENERAL" increased to 13%, turning it to become the second top selling brand for air conditioners of any type in 2001 instead of the third place in 2000. Moreover, the Group launched new products to the market during the year including "LG" Plasma and LCD television.

On the other hand, the sales performance of "FUJITSU" Plasma Display panel was satisfactory during the year under review. In particular, the 2002 FIFA World Cup held in Asia further stimulated its demand from not only soccer fans but also the general public, contributing to the soaring demand for commercial use as well as residential households. The situation revealed that the premium market was rather intact in spite of the economic downturn since the market was believed to be more sensitive to the prevailing state-of-the-art technology. The sales performance of "FUJITSU" Plasma Display panel heralded a promising outlook for the advanced technological product development of the Group. In addition, an AV center for display of "FUJITSU" Plasma Display panels, "LG" Plasma and LCD televisions, and projectors has been opened for customers to pay a visit.

Project market

For project business which supplies and installs window and split type air-conditioners for new property developments in Hong Kong, its sales performance was influenced by the reduced public housing and private housing construction and the inactive second-hand property market. For the year under review, the revenue from uncompleted projects will be recognized in the coming years. As at 31 March 2002, the Group had in hand total contract sum amounted to approximately HK\$110,000,000.

於回顧年內，家電市場之價格競爭愈趨白熱化，以大眾化為主的「FUJI ELECTRIC」冷氣機之銷售因而面臨重大挑戰；但針對中高檔用家的「珍寶」冷氣機則仍為本港頭三位最高銷量之冷氣機品牌之一。事實上，根據AC尼爾森2001年家庭電器市場調查報告，「珍寶」品牌在本港冷氣機市場（包括所有類型）的分額上升至13%，最高銷量品牌的排名更由二零零零年的第三位晉升至二零零一年的第二位。再者，本集團於年內推出了「LG」等離子及液晶電視機等新產品。

另一方面，「FUJITSU」等離子顯示屏於回顧年內之銷售表現令人滿意。二零零二年世界盃的盛事於亞洲舉行，更激起球迷以至普羅大眾對等離子顯示屏的需求，進而令商用及家用的需求攀升。這反映了市場對於主流高科技非常敏感，故高價市場並沒有因為經濟下滑而受到影響。「FUJITSU」等離子顯示屏之銷售表現良好，意味著本集團發展領先科技產品的前景無可限量。另外，本集團設立了一所影視中心，用以陳列「FUJITSU」等離子顯示屏、「LG」等離子及液晶電視機以及投影機，讓客戶前去參觀選購。

工程項目市場

由於公營及私營房屋減建，加上二手物業交投淡靜，本集團為本港新物業發展項目安裝窗口式及分體式冷氣機之工程項目業務之銷售因而受到影響。於回顧年內，部分來自未完成工程項目的收入需要留待來年才能納入損益表內。截至二零零二年三月三十一日止，本集團手頭上共有約110,000,000港元之工程項目合約。

Business in the PRC

During the year under review, the market competition of the electrical appliances in the PRC remained fierce. Competitors resorted to price war, but the Group believed unreasonably lowering the prices of electrical appliances would only jeopardize the interest of the industry at large. On the contrary, the Group solely relied on its powerful corporate resources and competitive edges to capture a larger market share and develop the market. However, since the cost of quality components supplied by Japanese manufacturers remained high, whilst the cut throat competition battered the selling prices of the electrical appliances in the PRC, the Group faced severe challenges and gained a lowered profit margin as a result. In addition, the lowered temperature in the Southern provinces due to the heavy rainfall in June and July 2001 also adversely affected the overall performance of domestic market in the PRC.

The PRC's recent accession to the World Trade Organization ("WTO") and its successful bid of 2008 Olympic Games hosting country have turned the domestic electrical appliance market in the PRC to a new page. With the improvement in living standard and the adjustment in electrical policies in rural areas, it is expected that the domestic electrical appliance market will grow significantly in the years ahead and offer numerous business opportunities to the Group.

Prospects

Confronting with the current global economic contraction and the anticipated keen competition in the industry, the Group is devoted to making every endeavor to cope with this situation. Effective cost control and product diversification as our strategic approach will direct the Group to the way to success. Moreover, while the retailing business of the Group will remain stable, it will keep on participating in upcoming projects to maintain the brand image of "GENERAL" air-conditioners in Hong Kong. Besides, the Group received encouraging response from its sale of the refrigerators and washing machines under the brand name of "GALA".

中國業務

於回顧年內，國內電器市場的競爭持續激烈。行內競爭者紛紛割價促銷釀成減價戰，惟集團認為不合理地推低電器用品的售價只會損害行業的整體利益，因此本集團一直只憑藉本身的雄厚實力及競爭優勢，爭取較大的市場份額，並致力開發市場。可是，由日本生產商供應的高質素電器零件之成本價格一直高企，而在國內割喉式的競爭環境下，電器用品的售價卻備受壓力，令集團面對嚴峻的考驗，邊際利潤亦因而降低。另外，二零零一年六月及七月份南部省份的降雨量大增，令氣溫下降，對國內市場的整體表現也造成不利的影響。

中國加入世界貿易組織（「世貿」）及成功申辦二零零八年奧運會將為中國家電市場揭開新的一頁。隨著農村地區居民的生活水平得到提升以及電力政策的調整，家庭電器市場可望於來年取得重大發展，並為本集團帶來龐大的商機。

前瞻

面對目前全球經濟萎縮以及預期行內出現的激烈競爭，本集團銳意竭盡所能迎接眼前的挑戰，而策略性地作出有效的成本控制及產品多元化將引領集團邁向成功。此外，在零售業務保持穩定下，本集團將繼續參與以後進行之工程項目，致力維持「珍寶」冷氣機在香港之品牌形象。再者，集團於回顧年內推售「GALA」品牌的雪櫃及洗衣機，市場反應令人鼓舞。

The Group believes that the PRC's accession to the WTO and its winning of the hosting country of 2008 Olympic Games will open up unlimited business opportunities for the Group. It will certainly grasp the precious opportunities following the substantial growth of the electrical appliance market in the PRC. Leveraging on its inherent professional knowledge and management experience, the Group will strive to capture the business potentials in order to further explore its sales network in the mainland. It will also continue to boost the brand name "GENERAL" in the electrical appliance market and establish partnership with regional dealers. The former will be accomplished by say, holding various seminars, whilst the latter will be done by providing comprehensive sales and after-sales support to dealers in quick response to the keen competition in the air-conditioning industry. Furthermore, the Group believes that the launching of VRF system will help expand the market coverage of the Group and improve the profit margin in the PRC.

Looking forward, the Group plans to diversify product range to other similar products such as high technology consumer electronics, household electrical appliances and computer peripherals to explore high potential businesses. In addition, the Group will keep on identifying new investments related to new technology to capitalize on additional business opportunities.

Acknowledgements

Last but not the least, I would like to express my sincere gratitude to our teams for their hard work and dedicated efforts, and to our customers for their continual support to our products and services, and our shareholders for their trust and support.

By Order of the Board

Chu Ka Lok, Peter
Chairman

HKSAR, 26 July 2002

本集團相信中國加入世貿及贏得二零零八年奧運會之主辦權將為集團帶來無限商機。本集團勢必抓緊中國電器市場大幅增長之黃金機會，並憑藉固有的專業知識及管理經驗，捕捉具潛力的市場，進一步開拓內地之銷售網絡。同時，本集團將繼續以不同的方式，如舉辦各類型研討會，加強「珍寶」品牌在電器市場上的宣傳，並透過向經銷商提供全面的銷售及售後支援，建立彼此的夥伴關係，以迅即回應冷氣機業內劇烈的競爭。另外，本集團相信VRF系統將有效擴大本集團的市場覆蓋率，並改善其邊際利潤。

展望將來，本集團計劃向性質相近之產品作多元化的發展，如高科技消費電子產品、家庭電器用品以及電腦週邊產品等，藉以開拓潛力優厚之業務。此外，本集團將繼續物色其他與創新科技有關之新投資項目，把握更多的商機。

致謝

最後，本人感謝全體員工和管理人員之努力不懈及熱誠工作，感謝各客戶對本集團產品及服務不斷的支持，以及各股東的信任和支持。

承董事會命
主席
朱嘉樂

香港特別行政區，二零零二年七月二十六日