



Chairman's Statement

On behalf of the Board of Directors (the "Board") of Alpha General (Holdings) Limited (the "Company"), I wish 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 2003.

Financial Review

For the year ended 31 March 2003, the Group's turnover amounted to HK\$333,424,000, representing a decrease of approximately 26.34% compared to the previous financial year. The Group's provision for the year under review amounted to approximately HK\$18,953,000. As at 31 March 2003, cash on hand was HK\$95,149,000 and gearing ratio maintained at 14%.

Loss per share were 9.13 HK cents (2002: earnings per share 3.96 HK cents as adjusted for the effect of the consolidation of shares made by the Company on 28 January 2003) whereas net asset value amounted to approximately HK\$1.40 per share (2002: HK\$1.50 as adjusted for the effect of the consolidation of Shares made by the Company on 28 January 2003) for the year ended 31 March 2003.

Dividend

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2003 (2002: 1.60 HK cents as adjusted for the effect of the consolidation of shares made by the Company on 28 January 2003).

Closure of Register of Members

The register of members of the Company will be closed from 22 August 2003 to 28 August 2003, both days inclusive, during which period no transfer of shares will be effected.

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」)向各股東提呈本公司及其附屬公司(「本集團」)截至二零零三年三月三十一日止年度之業績報告。

財務回顧

於截至二零零三年三月三十一日止的年度內，本集團的營業額約為333,424,000港元，較去年同期下降約26.34%。於回顧年內本集團撥備約18,953,000港元。截至二零零三年三月三十一日，手頭現金為95,149,000港元，而負債比率則維持14%。

截至二零零三年三月三十一日止年度，每股基本虧損約為9.13港仙(二零零二年：每股基本盈利3.96港仙，已按本公司於二零零三年一月二十八日所作之股份合併而調整)，而資產淨值約為每股1.4港元(二零零二年：1.5港元，已按本公司於二零零三年一月二十八日所作之股份合併而調整)。

股息

董事會不建議派發截至二零零三年三月三十一日止年度之末期股息(二零零二年：1.60港仙，已按本公司於二零零三年一月二十八日所作之股份合併而調整)。

暫停辦理股東登記手續

本公司將於二零零三年八月二十二日至八月二十八日止期間(包括首尾兩天在內)，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。



In order to be a member of the Company entitled to attend and vote at the annual general meeting, 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 Ground Floor, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong for registration not later than 4:00 p.m. on Thursday, 21 August 2003.

Business Review

Along with the slowdown in global economy, the consumer sentiment has become weaker and the competition in the local market keener. The performance of the Group, during the year under review, was inevitably affected. Impact was minimized owing to the Group's dedicated efforts to implement effective cost control such as streamlining and reorganizing operating structure, cutting salary and reviewing cost structure. Hong Kong remained the principal market for the Group in the year under review, while the sales network in the PRC was strategically reorganized.

Business in Hong Kong and Macau

During the year, the Group's retailing business was affected by the economic downturn and the weak property market in Hong Kong. Turnover amounted to HK\$301,130,000 (2002: HK\$315,596,000), representing a decrease of approximately 5% compared with last year.

為符合出席股東週年大會及投票資格，所有股份過戶文件連同有關股票必須於二零零三年八月二十一日(星期四)下午四時前送交本公司於香港的股份過戶登記分處，秘書商業服務有限公司，地址為香港灣仔告士打道56號東亞銀行港灣中心地下。

業務回顧

在全球經濟放緩的情況下，市民的消费意欲減弱，香港市場之競爭越趨激烈。本集團於回顧年內之業務表現無可避免受到影響。然而，憑藉本集團不懈的努力，致力於實施有效的成本控制措施，如精簡及重組營運架構、調低薪酬及回顧成本架構，本集團已將影響降至最低。於回顧年內，香港仍為本集團的主要市場，而於中國之銷售網絡則已作策略性重組。

香港及澳門業務

於回顧年內，香港疲弱的經濟及物業市場，打擊了本集團之零售業務。營業額錄得約301,130,000港元(二零零二年：315,596,000港元)，較去年同期下調約5%。



Retail market

The economic downturn in Hong Kong was persistently serious during the year under review and revealed little sign of recovery. This led to high unemployment rate ever experienced in Hong Kong. Consumers substantially reduced their consumption due to the gloomy circumstances in all respects, which caused a serious strike to all walks of life. With the slackening consumption, the impact imposed by the high unemployment rate on the retail market in Hong Kong was inevitable. Enterprises in the industry resorted to lowering prices as a means to survive in the current situation, which would, however, result in reduced gross profit. Meanwhile, the influx of low-priced imports from the Mainland caused fierce price competition in the market, which caused a further cut on the Group's profit, accounting for its relatively lowered profitability in the year under review. In addition, Hong Kong was severely battered by the outbreak of the Severe Acute Respiratory Syndrome (SARS) since March 2003, which further worsen the local economy and retail market.

The price level of household appliances was decreasing continuously. The sale of "FUJI ELECTRIC" targeting mass customers was under great challenge. The "OGENERAL" air conditioner, which targeted medium-to-high end users, continued to remain as one of the top selling brands in Hong Kong. The Group launched a new "OGENERAL" air conditioner model in 2003, with unique features of super wave with air flow as wide as 140-degree, catchin honeycomb filter for better air purification, grade 1 energy label, and super quiet of 35 db. The sales performance of this new product was satisfactory which further strengthened the Group's market niche in the household electrical appliance industry. "OGENERAL" was accredited the "Super brand" award by the Reader's Digest in 2002, which guaranteed its popularity.

零售市場

於回顧年內，香港經濟衰退之情況持續嚴重，並且沒有明顯的復甦跡象。經濟放緩引致香港出現歷年來最嚴重的失業問題，失業率持續高企。消費者因各方面的不明朗因素而大幅減少消費，各行各業均受嚴重打擊，消費市道變得更加疲弱，香港零售業無可避免受到失業率高企的直接影響。行內各企業均以調低價格作為應變措施，毛利因此相應下跌。與此同時，中國進口的廉價家庭電器產品不斷湧入，形成激烈的價格戰，本集團之盈利在此情況下再度被削減，以致回顧年內的盈利水平相對地偏低。此外，由二零零三年三月開始爆發的非典型肺炎嚴重打擊香港的經濟環境，進一步打擊本地經濟及零售市場。

家庭電器之價格持續下跌，故以大眾化為主的「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」冷氣機仍保持本港銷量最高之冷氣機品牌之一。本集團於二零零三年內推出了一款新型號的「珍寶」冷氣機。此型號具有全港獨有140°送風角度、能淨化空氣的「兒茶素蜂房式過濾器」、一級能源標籤以及35分貝低噪音之超靜運轉功能。此新型號的「珍寶」冷氣機之銷售表現令人滿意，進一步鞏固本集團於家電業之市場地位。於二零零二年，「珍寶」更榮獲讀者文摘「超級品牌」金獎榮譽，予以其信心保證。



The 2002 FIFA World Cup held between May and June 2002 had brought forth satisfactory performance for the Group's audio-visual products. Plasma, LCD television and DLP projector were all well received by the market, contributing to the Group's revenue. The Group was also delighted by the growing sales performance of "LG" plasma and LCD televisions. In addition, new products such as "LG" DLP projector were launched during the year to capture the high-end electrical appliance market. Besides, the AV center for the display of plasma, LCD televisions, and projectors has served to attract more customers to try the Group's products and strengthened its market share.

With regard to other electrical household appliances, the Group has been successfully awarded the Sole Agent of the new "Goldline" gas built-in hob in Hong Kong and Macau from January 2003, bringing a new source of income to the Group. The new "Goldline" gas built-in hob received good market response; however, it did not make contribution to the Group's revenue since it was launched from the second half of 2003. The "GALA" refrigerators, washing machines, range hoods and dehumidifiers maintained a stable performance.

"**OGENERAL**" VRF System, a new combination of three compressors and power accumulation technology assuring a smooth and efficient operation was launched in 2002. The system gradually gained recognition and popularity in the market, with favourable response from the customers.

於二零零二年五月至六月期間舉行的二零零二年世界盃盛事為本集團之影音產品帶來理想的銷售表現。等離子及液晶電視機以及DLP投影機廣受市場歡迎，為本集團的收益帶來貢獻。「LG」等離子及液晶電視機銷售表現的增長令本集團感到十分鼓舞。此外，本集團於年內推出新產品「LG」DLP投影機，以抓緊高級家電市場。另一方面，本集團特別設立用以陳列等離子電視、液晶電視機以及投影機產品等的影視中心，藉以吸引更多顧客選用本集團的產品，並增加市場佔有率。

至於其他家庭電器方面，本集團自二零零三年一月開始成功獲得「Goldline澳燃牌」嵌入式煤氣爐具之香港及澳門總代理權，為本集團提供了新的收益來源，「澳燃牌」嵌入式煤氣爐具的市場反應良好，但由於此產品在二零零三年下半年才推出，故未能為本集團的總收益帶來貢獻。此外，「GALA」品牌的雪櫃、洗衣機、抽油煙機以及抽濕機亦保持平穩的銷售表現。

「**OGENERAL**」VRF系統已於二零零二年推出市場，此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。此系統逐漸取得認可及市場普及性，並贏得客戶之良好反應。



Project market

The property market was the most affected under the persistent slowdown of the Hong Kong economy, as revealed by the cutting down on the number of development projects by the property developers, resulting in a tremendous fall in the number of orders from various property developers for air-conditioner installation. Besides, the discouraging conditions in the second-hand market also affected the performance of the household electrical appliance retail business. Prices of the new development projects had been on the decrease, which caused the property developers to urge air-conditioner suppliers to compromise on their pricing of the installation works, resulting in a drop in the Group's gross profit margin. For the year under review, part of the revenue from completed projects had been realized and the revenue of some uncompleted projects will be recognized in the coming years. As at 31 March 2003, the Group had on hand total contract sum amounted to approximately HK\$44,600,000.

Business in the PRC

During the year under review, the competition of the electrical appliance market in the PRC remained fierce. The sale of "OGENERAL" air-conditioners manufactured in Shanghai was affected as the manufacturer Fujitsu General's Shanghai factory insisted to use the quality raw materials and components and this resulted in a high procurement cost borne by the Group. In addition, the keen competition in the market was intensified by the reduction of prices by the local manufacturers, which restrained the Group's viability in the PRC market, within which it concentrated its business, and directly hampered its performance. The Group's operation in the PRC experienced a loss during the year under review, the overall performance of the Group in the year under review was thus directly affected.

工程項目市場

香港經濟持續放緩，物業市場受到最嚴重的影響，物業發展商於年內亦因此減少物業發展計劃，以致本集團所得的冷氣機工程項目訂單大幅度下降。此外，二手樓市市道強差人意，亦直接影響家庭電器零售業務。而新的物業發展項目之價格亦不斷下降，物業發展商要求冷氣機供應商相對地調低價格，導致本集團於工程項目的毛利下跌。於回顧年內，部分來自完成工程項目的收入已變現，而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。於二零零三年三月三十一日，本集團手頭上共有約44,600,000港元之工程項目。

中國業務

於回顧年內，國內電器市場的競爭持續激烈。由於上海製造商「富士通將軍公司」堅持以優質原料及零部件製造產品，使成本高企，因而影響上海製造「OGENERAL」冷氣機內銷業務。另一方面，國內生產商將價格下調，加劇競爭情況，收窄本集團於中國市場的生存空間，直接影響本集團的業績。鑑於本集團於中國的營運於回顧年內錄得虧損，導致本集團於回顧年內之總業績受到拖累。



The Group had been engaging in distribution business in the PRC for 5 years since April 1998. However, the rate of return had been growing at a slow pace, and the investment return period was therefore much lengthened, which resulted in discouraging performance. Thus, the Group reviewed and reorganized businesses in the PRC.

Prospects

The poor economic situation, coupled with the high unemployment rate will continue to hamper the recovery of the local consumption in the retail market. In particular, although SARS epidemic lasting for 2 months was over, its impact is longstanding and represents another burden to the economic recovery. The Group, therefore, believes that its performance will be affected, to a certain extent, in the short run. Hence, the Group looks forward to the economic recovery of Hong Kong.

Looking ahead, the Group plans to diversify its product mix in order to attain a balanced product portfolio and income source to guard against fluctuations in market demand. The Group looks forward to the gradual stabilizing of the property market and the second-hand property market in the short run, which would increase the contribution from the installation works to its revenue. The Group intends to introduce new products "Goldline" gas built-in hob and the "LG" Plasma and LCD television models to its projects so as to diversify its development.

The Group will also capitalize on its strong brand recognition in order to retain market share and maintain a steady performance. Therefore, the Group will continue to boost the brand name "**OGENERAL**" in the electrical appliance market in Hong Kong and establish partnership with dealers. In addition, the Group strongly believes that by providing comprehensive sales and after-sales support to customers and dealers is one of the key elements to remain competitive.

本集團始於一九九八年四月在國內開始分銷業務，至今已投入五年，但回報速度較緩慢，回報期相對地被延長，成績未如理想。因此，本集團已重新部署國內業務。

前瞻

惡劣的經濟環境與及高失業率將持續妨礙零售市場及本地消費力之復甦。持續近兩個月的非典型肺炎雖然已告一段落，但其影響深遠，對消費市道構成連番打擊，故本集團相信業績於短期內仍會受到一定影響。本集團期望香港消費市道將得以改善。

展望將來，本集團計劃發展多元化的產品組合，旨在達致平衡的產品種類及收入來源，以應付瞬息萬變的市場需求。本集團亦期望香港之地產市場，以至二手樓市市場能於短期內逐漸穩定，以增加本集團自工程項目所獲得的盈利貢獻。本集團將於工程項目之中引入更多產品，其中包括「澳燃牌」嵌入式煤氣爐具、「LG」等離子及液晶電視機等，使本集團的發展更趨多元化。

本集團亦將把握其廣受認可的品牌效應以保持市場佔有率及平穩之業務表現。因此，本集團將繼續加強「**OGENERAL**」品牌在本港電器市場上的宣傳，以及與經銷商建立夥伴關係。同時，本集團深信，為客戶及經銷商提供全面的銷售及售後支援是保持競爭力的重要元素之一。



Chairman's Statement 主席報告

In accordance with the “Closer Economic Partnership Arrangement” signed by Hong Kong and the PRC, 90% of the Hong Kong Origin products can enjoy the “Zero Import Tariff” arrangements, promoting their price competitiveness. Enjoying the first-mover advantage given by the PRC on implementing the “Zero Import Tariff” arrangements first in Hong Kong, the Hong Kong companies can become the sole retailers and traders in the PRC. Hong Kong, therefore, is made privileged over other countries. The Group is going to have careful marketing analysis and research in advance for differentiating the appropriate opportunities and capturing them correspondingly by leveraging on its inherent professional knowledge and management experience that would enable the Group to further consolidate its position in the local market and restructure its sales network in the PRC.

Acknowledgements

I would like to take this opportunity to acknowledge the contributions of our staff members who dedicated their utmost efforts throughout the year. And thanks to our customers for their continual support for our products and services and our shareholders for years of trust.

By Order of the Board
Chu Ka Lok, Peter
Chairman

HKSAR, 24 July 2003

根據香港和內地簽署的「更緊密經貿關係安排」，香港九成貨品可於二零零四年初享有優於世貿的「零關稅」待遇，有助提高香港產品的價格競爭力。中國率先給本港輸往內地貨品零關稅優惠，香港商人可於內地獨資經營零售業和外貿，令香港較其他國家佔領優勢。本集團將進行審慎的市場分析及研究，以選擇合適的發展機會，及抓緊商機，並憑藉固有的專業知識及管理經驗，進一步鞏固於本地市場之地位及重整國內市場之銷售網絡。

致謝

本人藉此機會感謝全體員工多年來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。

承董事會命
主席
朱嘉樂

香港特別行政區，二零零三年七月二十四日