



ALPHA GENERAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liabilities)

website: <http://www.irasia.com/listco/hk/alphageneral>

(Stock Code: 0073)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 MARCH 2004

RESULTS

The Board of Directors of Alpha General (Holdings) Limited (the "Company") announces the audited combined results of the Company and its subsidiaries (collectively referred to as the "Group") for the year ended 31 March 2004, together with the comparative figures for the previous year as follows:

	Notes	For the year ended 31 March	
		2004 HK\$'000	2003 HK\$'000 (As restated)
Turnover	2	202,864	333,424
Cost of sales		(155,206)	(262,346)
Gross profit		47,658	71,078
Other operating income		5,910	1,483
Allowances for doubtful debts		(9,268)	(17,794)
Allowances for inventories		(1,108)	(1,159)
Unrealised holding loss on investment in securities		(1,755)	-
Distribution costs		(11,245)	(17,423)
Administrative expenses		(41,787)	(53,942)
Loss from operations		(11,595)	(17,757)
Finance costs		(740)	(1,800)
Loss on disposal of a subsidiary		(20)	-
Loss before taxation		(12,355)	(19,557)
Taxation (charge) credit	3	(232)	1,895
Net loss for the year		(12,587)	(17,662)
Dividends	4	-	-
Loss per share	5		
– Basic		HK(6.48) cents	HK(9.06) cents

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Notes:

1. BASIS OF PREPARATION AND ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS

In the current year, the Group adopted, for the first time, the following Hong Kong Financial Reporting Standards ("HKFRS(s)") issued by the Hong Kong Society of Accountants ("HKSA"). The term of HKFRS is inclusive of Statements of Standard Accounting Practice ("SSAP(s)") and Interpretations approved by the HKSA.

SSAP 12 (Revised) Income taxes

The principal effect of the implementation of SSAP 12 (Revised) is in relation to deferred tax. In previous years, partial provision was made for deferred tax using the income statement liability method, i.e. a liability was recognised in respect of timing differences arising, except where those timing differences were not expected to reverse in the foreseeable future. SSAP 12 (Revised) requires the adoption of a balance sheet liability method. Whereby deferred tax is recognised in respect of all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, with limited exceptions. In the absence of any specific transitional requirements in SSAP 12 (Revised), the new accounting policy has been applied retrospectively. Comparative amounts have been restated accordingly. This change in accounting policy has resulted in a decrease of accumulated profits by HK\$708,000 at 1 April 2003 (2002: decrease of accumulated profits by HK\$855,000). The net loss for the year has been increased by HK\$232,000 (2003: net loss for the year decreased by HK\$147,000).

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Geographical segments

For management purposes, the Group is currently organised into two geographical segments – Hong Kong and Macau, and the PRC. These geographical segments are the basis on which the Group reports its primary segment information.

Segment information about these geographical segments is presented below:

	2004			2003 (As restated)		
	Hong Kong and Macau	The PRC	Total	Hong Kong and Macau	The PRC	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Turnover	190,193	12,671	202,864	301,130	32,294	333,424
Result	(11,577)	(38)	(11,615)	(11,636)	(6,121)	(17,757)
Finance costs			(740)			(1,800)
Loss before taxation			(12,355)			(19,557)
Taxation (charge) credit			(232)			1,895
Net loss for the year			(12,587)			(17,662)

3. TAXATION (CHARGE) CREDIT

	2004	2003
	HK\$'000	HK\$'000
		(As restated)
The (charge) credit comprises:		
Current tax:		
– Hong Kong Profits Tax for the year	–	–
– overprovision in prior years	–	1,228
Other jurisdictions	–	1,228
– underprovision in the prior year	–	(332)
Deferred taxation	–	896
Current year	(47)	999
Attributable to a change in tax rate	(185)	–
	(232)	1,895

No provision for Hong Kong Profits Tax has been made in the financial statements as the Group incurred a tax loss for the year.

Taxation outside Hong Kong is calculated at the rates prevailing in the respective jurisdictions.

4. DIVIDENDS

The Directors do not recommend the payment of a final dividend for the year ended 31 March 2004 (2003: nil).

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5. LOSS PER SHARE

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

	<u>2004</u>	<u>2003</u>
	<i>HKS '000</i>	<i>HKS '000</i> (As restated)
Loss for the purposes of basic and diluted loss per share		
Net loss for the year	<u>(12,587)</u>	<u>(17,662)</u>
Weighted average number of ordinary shares for the purpose of basic earnings per share	<u>194,165,900</u>	<u>195,011,581</u>

No diluted loss per share has been presented as the exercise of share options would result in a reduction in loss per share.

The adjustment to comparative basic loss per share, arising from the changes in accounting policies shown in note 1 above, is as follows:

	<u>Basic</u>
	<i>HK cents</i>
Reconciliation of 2003 loss per share:	
Reported figure before adjustments	(9.13)
Adjustments arising from the adoption of SSAP 12 (Revised)	<u>0.07</u>
Restated	<u>(9.06)</u>

6. SHARE CAPITAL

With effect on and from 28 January 2003, every 20 issued and unissued shares of HK\$0.01 each in the capital of the Company were consolidated into one new share of HK\$0.20 each.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from 24 August 2004 to 30 August 2004, both days inclusive, during which period no transfer of shares will be effected.

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 23 August 2004.

BUSINESS REVIEW

During the year under review, the economy of Hong Kong was seriously suffered from the outbreak of the Severe Acute Respiratory Syndrome (SARS) in the second quarter. It has weakened the consumption power and sentiment of the local consumers. It inevitably affected the market sentiment for the third quarter of which was peak season for air conditioner sales. Together with the influx of low-priced imports from the PRC, the year under review was an extremely difficult one for the retail household appliance market.

Until the third quarter of the year, the launch of the "Individual Visit Scheme" by the PRC government and the recovery of Hong Kong from SARS have stimulated the Hong Kong economy and the retail sector is benefited.

Business in Hong Kong and Macau

During the year, turnover in Hong Kong and Macau amounted to HK\$190,193,000 (2003: HK\$301,130,000), representing a decrease of 36.84% when compared with last year.

The transformation of Macau into "Asian Las Vegas" after the issuance of more casino-operating licences by the Macau Government provided positive opportunity for the Macau retail business during the year under review.

Retail market

"GENERAL" air-conditioner remained to be one of the most popular and top selling brands in Hong Kong, the Group is dedicated to develop new products with regard to the consumer needs. To go with the rising concerns on energy conservation and environmental protection, the Group launched a new energy saving series, "GENERAL" inverter ceiling wall split type air conditioner. It has several distinctive features such as self-cleaning filter, UV sterilization lamp and negative ion generator. The new series not only gained recognition and support in the market, but also contributed additional revenue to the Group.

"GENERAL" VRF System, a new combination of three compressors and power accumulation technology assuring a smooth and efficient operation was launched in 2002. For the year under review, the sale of VRF system grew steadily.

Digital broadcasting system will gradually replace the existing analog system. As a result, it is expected that there will be an exponential growth of digital TV demand from 2004 and onwards. Therefore, the growth in "LG" LCD TV and plasma TV was satisfactory during the year under review.

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To couple with the dynamic market demand, the Group not only maintained leading position in the air-conditioner sector, but also diversified the product portfolio and identified new investment. During the year under review, the Group launched a series of new AV products including “LG” 44 inch DLP projection TV and the world’s first and slimmest 40-inch TV to grasp the business opportunities brought by the high-end electrical appliance market.

With regard to other electrical appliances, since January 2003, the Group has been awarded the Sole Agent of the new “Goldline” gas built-in hob in Hong Kong and Macau. Until the second half of 2003, the gas built-in hob was launched in the market following with a satisfied sales performance. In addition, the “GALA” refrigerators, washing machines, dryer, range hoods, dehumidifiers and air purifiers maintained a stable performance during the year.

Project market

During the year under review, the property market in Hong Kong has not yet recovered and the number of completed development and new project tenders had a sharp decrease. Therefore, the project business which is highly relied on the property development market was affected.

During the year under review, the Group started to sell plasma to the project market.

Business in the PRC

In view of the PRC market, the Group continued to focus on the distribution of products in Guangdong pursuant to the Group’s plan for strategic re-allocation of the resources.

PROSPECTS

The recovery in local consumer demand will gather further strength, as consumer confidence revive amidst a brighter economic outlook, improved employment and a steadily reviving property market. According to the government statistics, Composite Consumer Price Index in April 2004 showed a cumulative increase by 1.2%. Along with the upturn in the retail market, the Group believes that the prices of consumer items like electrical and household appliances will tend to be stable.

In light of the business opportunities trigger by the improving economy, the Group will continue to heighten the brand name “GENERAL” air-conditioners and “LG” LCD TV and plasma products in the electrical appliance market in Hong Kong. The Group believes that LCD TV and plasma will continue to be the growth driver in the forthcoming few years.

In addition, the Group will focus on sourcing new products which are featured with new technology and trendy in order to maintain its leading position in the market. These new products are mature products in the developed countries and fit the taste of the generation.

EMPLOYMENT, TRAINING, DEVELOPMENT AND REMUNERATION POLICY

As at 31 March 2004, the Group employed approximately 117 employees, of which about 111 in Hong Kong and 6 in the PRC.

The remuneration policy and package of the Group’s employees are based on industry’s practices. In addition, discretionary bonus and other merit payments are linked to the profit performance of the Group and individual performance as recognition and reward for value creation. Its staff benefits, welfare and statutory contributions if any, are made in accordance with prevailing labor laws of its operating entities.

LIQUIDITY AND CAPITAL RESOURCES

The Group generally finances its operations with internally generated cash flow and facilities provided by bankers in Hong Kong.

During the year under review, the Group recorded a net cash outflow from operating activities of approximately HK\$712,000 as compared to a net cash inflow of HK\$57,187,000 in the corresponding period last year. The Group obtained additional funding from short term bank loans of about HK\$23,709,000 and repaid trust receipt loans of about HK\$19,159,000 during the year. As at 31 March 2004, the current ratio of the Group was 3.06 times.

Taking into consideration the anticipated internally generated funds and the available unutilized banking facilities, the Directors believe that the Group has sufficient resources to meet its foreseeable capital expenditure and working capital requirements.

AUDIT COMMITTEE

The Company has an audit committee, which was established in accordance with requirements of the Code of Best Practice as set out in Appendix 14 of the Listing Rules, for the purposes of reviewing and providing supervision over the Group’s financial reporting process and internal controls. The audit committee comprises Mr. Chan Chi Keung, Chris and Dr. Wu Shiu Chih, Alex, all being independent non-executive directors of the Company. The members of the audit committee, together with the management and the Company’s auditor, had reviewed the audited financial statements of the Group for the year ended 31 March 2004 before recommending it to the Board for approval.

COMPLIANCE WITH THE CODE OF BEST PRACTICE

In the opinion of the Directors, the Company has complied with the Code of Best Practice as set out in Appendix 14 of the Listing Rules throughout the accounting period covered by the annual report, except that the independent non-executive directors of the Company are not appointed for specific terms but are subject to retirement by rotation in accordance with the Company’s Bye-laws.

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PUBLICATION OF THE FINAL RESULTS ON THE INTERNET WEBSITE OF THE STOCK EXCHANGE OF HONG KONG LIMITED

The financial and other information required by Paragraphs 45(1) to 45(3) of Appendix 16 of the Listing Rules will be published on the website of The Stock Exchange of Hong Kong Limited in due course.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES

During the year under review, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

By Order of the Board
Chu Ka Lok, Peter
Chairman

HKSAR, 23 July 2004

As at the date of this announcement, the Board of Directors comprises four executive directors, namely Mr. Chu Ka Lok, Peter, Mr. Wat Hon Keung, Mr. Chan Kai Kwok, Ms. Chu Maria Teresa and two independent non-executive directors, namely Mr. Chan Chi Keung, Chris and Dr. Wu Shiu Chih, Alex.

** For identification purpose only*

Please also refer to the published version of this announcement in The Standard dated 26 July 2004.