



ALPHA GENERAL (HOLDINGS) LIMITED

(incorporated in Bermuda with limited liability)

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

(Stock Code: 73)

**INTERIM RESULTS ANNOUNCEMENT
FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004**

The Board of Directors (the “Board”) of Alpha General (Holdings) Limited (the “Company”) announces the unaudited consolidated results of the Company and its subsidiaries (the “Group”) for the six months ended 30 September 2004 together with comparative figures for the corresponding period of 2003 are as follows:

CONDENSED CONSOLIDATED INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2004

	NOTES	Six months ended	
		30.9.2004 HK\$'000 (Unaudited)	30.9.2003 HK\$'000 (Unaudited)
Turnover	3	139,075	113,778
Cost of sales		(108,825)	(85,827)
Gross profit		30,250	27,951
Other operating income		1,586	1,299
Interest income		272	1,020
Gain on disposal of investments			
in securities		324	–
Unrealised holding gain on investments			
in securities		705	–
Written back on allowance for inventories		819	–
Distribution costs		(7,856)	(8,064)
Allowance for doubtful debts		(3,836)	(9,263)
Allowance for inventories		(1,320)	–
Administrative expenses		(27,727)	(21,178)
Loss from operations	4	(6,783)	(8,235)
Finance costs		(869)	(411)
Loss before taxation		(7,652)	(8,646)
Taxation	5	(19)	(115)
Net loss for the period		<u>(7,671)</u>	<u>(8,761)</u>
Dividends	6	–	–
Loss per share	7		
– Basic		<u>(3.95) cents</u>	<u>(4.51) cents</u>
– Diluted		<u>N/A</u>	<u>N/A</u>

Notes:

1. BASIS OF PREPARATION

The condensed financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and with Statement of Standard Accounting Practice (“SSAP”) No. 25 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants.

2. PRINCIPAL ACCOUNTING POLICIES

The condensed financial statements have been prepared under the historical cost convention.

The accounting policies adopted are consistent with those followed in the preparation of the Group’s annual financial statements for the year ended 31 March 2004.

3. TURNOVER AND SEGMENT INFORMATION

An analysis of the Group’s turnover and contribution to profit from operations by geographical segment is as follows:

	Six months ended 30.9.2004			Six months ended 30.9.2003		
	Hong Kong and Macau	The PRC	Total	Hong Kong and Macau	The PRC	Total
	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>	<i>HK\$’000</i>
Turnover	<u>131,960</u>	<u>7,115</u>	<u>139,075</u>	<u>103,237</u>	<u>10,541</u>	<u>113,778</u>
Results	<u>(6,955)</u>	<u>(100)</u>	<u>(7,055)</u>	<u>(9,332)</u>	<u>77</u>	<u>(9,255)</u>

4. LOSS FROM OPERATIONS

Loss from operations has been arrived at after charging:

	Six months ended	
	30.9.2004 <i>HK\$’000</i>	30.9.2003 <i>HK\$’000</i>
Depreciation	<u>1,300</u>	<u>1,438</u>
Loss on disposal of property, plant and equipment	<u>53</u>	<u>169</u>

5. TAXATION

	Six months ended	
	30.9.2004	30.9.2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
The charge comprises:		
Deferred taxation		
– Current period	19	35
– Attributable to the change in tax rate	–	80
	<u>19</u>	<u>115</u>

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both periods.

6. DIVIDENDS

The directors do not recommend the payment of any interim dividend (2003: Nil).

7. LOSS PER SHARE

The calculation of the basic loss per share for the period is based on the following data:

	Six months ended	
	30.9.2004	30.9.2003
	<i>HK\$'000</i>	<i>HK\$'000</i>
Loss for the purposes of basic and diluted loss per share (net loss for the period)	<u>(7,671)</u>	<u>(8,761)</u>
Number of ordinary shares for the purpose of basic earnings per share	<u>194,165,900</u>	<u>194,165,900</u>

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

INTERIM RESULTS

For the six months ended 30 September 2004, turnover was approximately HK\$139,075,000, representing an increase of approximately 22.2% from the corresponding period last year (2003: HK\$113,778,000). Loss attributable to shareholders was approximately HK\$7,671,000 (2003: loss attributable to shareholders: HK\$8,761,000). Loss per share was 3.95 HK cents (2003: loss per share: 4.51 HK cents).

BUSINESS REVIEW

Electrical household appliances are seasonal and durable products. During the hard time of Hong Kong which is the principal market of the Group, the Group lowered the price to remain competitive. Even worst, competition was fiercer for the period under review as the competitors imported lower-priced products from the PRC.

Business in Hong Kong and Macau

The turnover in Hong Kong and Macau amounted to HK\$131,960,000 (2003: HK\$103,237,000), representing an increase of approximately 27.8% when compared with the corresponding period last year.

Retail market

The Group's principal product, the "OGENERAL" air conditioner, which targeted medium-to-high customers, remained major contributor of the Group, accounting for 76.7% of total turnover.

The Group's AV products – "LG" Plasma, LCD and DLP projection TV rightly respond to the consumers' demand for the quality TV. The Group's sales of "LG" AV products recorded steady growth compared with that of last year.

Appointed as the Sole Agent of the "Goldline" gas built-in hob in Hong Kong and Macau since January 2003, the sales performance of gas built-in hob during the period was encouraging.

Project market

During the period under review, the Group's turnover from projects business recorded a slight rebound when compared with the corresponding period last year. The recent recovery in the property market sentiment did not change the business environment due to the property developers continue to implement a stringent cost control on their procurements.

The Group obtained contracts from property developments for providing large residential development projects with the "OGENERAL" air-conditioners. As at 30 September 2004, the Group had on hand total contract sum amounted to approximately HK\$55,000,000.

PROSPECTS

Looking forward, the "OGENERAL" air conditioner will still be the major contributor of the Group and "LG" Plasma, LCD and DLP projection TV will broaden the income source of the Group but still the income base is far too small.

By an announcement dated 13 October 2004, the Company announced that it intended to privatize the Company by way of a Scheme of Arrangement and proposed that all Scheme Shares will be cancelled in exchange for HK\$0.70 in cash for each Scheme Share. Upon the Scheme becoming effective, the listing of the Shares on the Stock Exchange will be withdrawn.

EMPLOYMENT AND REMUNERATION POLICY

As at 30 September 2004, the Group employed approximately 120 employees, of which about 116 in Hong Kong and 4 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 six months ended 30 September 2004, the Group generated a net cash inflow from operating activities of approximately HK\$8,000,000 as compared to a net cash inflow of HK\$8,000,000 in the corresponding period last year. As at 30 September 2004, the current ratio of the Group was 3.6.

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.

COMPLIANCE WITH CODE OF BEST PRACTICE

None of the directors is aware of any information that would reasonably indicate that the Company is not, or was not for any part of the six months ended 30 September 2004 in compliance with the Code of Best Practice as set out in Appendix 14 of the Listing Rules, except that the independent non-executive directors of the Company are not appointed for a specific term but are subject to retirement by rotation in accordance with the Company's By-laws.

AUDIT COMMITTEE

The Audit Committee of the Company has reviewed the unaudited interim financial statements of the Company for the six months ended 30 September 2004.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

During the period under review, the Company has not redeemed any of its securities. Neither the Company, nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the six months ended 30 September 2004.

APPRECIATION

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 for our products and services, and our shareholders for their trust and support.

By Order of the Board
Chu Ka Lok, Peter
Chairman

HKSAR, 19 November 2004

As at the date of this announcement, the Board of the Company comprises seven directors, of which (i) four are executive directors, namely Mr. Chu Ka Lok, Peter, Mr. Wat Hon Keung, Mr. Chan Kai Kwok and Ms. Chu Maria Teresa, and (ii) three are independent non-executive directors, namely Mr. Chan Chi Keung, Chris, Dr. Wu Shu Chih, Alex and Mr. Kwok Ping Ki, Albert.

All information required by paragraphs 46(1) to 46(6) of Appendix 16 of the Listing Rules will be published on the Stock Exchange's website as soon as possible.

The full text of the Company's announcement of interim results can be accessed through internet at: <http://www.irasia.com/listco/hk/alphageneral>.

Please also refer to the published version of this announcement in The Standard dated 22 November 2004.