



ALPHA GENERAL (HOLDINGS) LIMITED

(Incorporated in Bermuda with limited liability)

(Stock code: 73)

ANNOUNCEMENT

PROPOSED PRIVATISATION OF ALPHA GENERAL (HOLDINGS) LIMITED BY WAY OF A SCHEME OF ARRANGEMENT AND WITHDRAWAL OF LISTING

Financial adviser to Alpha General (Holdings) Limited



The Board announces that the Company intends to put forward a proposal to the Scheme Shareholders regarding the privatisation of the Company by way of a scheme of arrangement under Section 99 of the Companies Act. The Company proposes that all Scheme Shares will be cancelled in exchange for HK\$0.70 in cash for each Scheme Share. As at the date of this announcement, the Scheme Shareholders are interested in 67,774,900 Shares, representing approximately 34.9 per cent. of the issued share capital of the Company.

As at the date of this announcement, the Company has granted Options under the Share Option Scheme in favour of its employees to subscribe for 5,900,000 Shares with initial subscription prices at HK\$0.5504 per Share (with exercisable period up to and including 16 April 2011) and HK\$0.7920 per Share (with exercisable period up to and including 16 December 2011) respectively. Under the terms of the Share Option Scheme and as a result of the Proposal, all Options will conditionally lapse and will cease to be exercisable two months after the date of the giving of the notice of the meeting to consider the Scheme or upon the Scheme becoming effective, whichever is the earlier.

Mr. Chu Ka Lok, Peter (Chairman and President) and Ms Chu Maria Teresa (executive Director), holders of Options to subscribe for 3,000,000 Shares with an initial subscription price of HK\$0.5504 per Share (with exercisable period up to and including 16 April 2011) and parties acting in concert with Charmwood, have agreed to waive their rights to accept the cancellation price for their Options under the Share Option Proposal. Although the remaining Options (held by other employees of the Group) to subscribe for 2,900,000 Shares with an initial subscription price of HK\$0.7920 per Share (with exercisable period up to and including 16 December 2011) are "out-of-money", the Company intends to offer, under the terms of the Share Option Proposal, and conditional upon the Scheme becoming effective to pay a cash amount of HK\$0.01 per Share covered by such Options. If however, any of the holders of these Options shall exercise their subscription rights attaching to the Options in accordance with the terms of the Share Option Scheme, the Shares which fall to be issued shall form part of the Scheme Shares.

Based on the number of Shares in issue and the number of Options granted as at the date of this announcement, the maximum amount of cash required to effect the Proposal and the Share Option Proposal will be approximately HK\$47.5 million. Funding to effect the Proposal and the Share Option Proposal is to be made out of the internal resources of the Company.

Upon the Scheme becoming effective, the listing of the Shares on the Stock Exchange will be withdrawn and the Company will become a wholly-owned subsidiary of Charmwood. The Proposal is conditional upon fulfillment or waiver, as applicable, of the conditions including the approvals by the Independent Shareholders at the Court Meeting and by the Shareholders at the Special General Meeting as described in the section headed "Conditions of the Proposal" below.

An independent financial adviser will be appointed to advise the Independent Board Committee to the Independent Shareholders in relation to the Proposal and the Share Option Proposal as soon as possible. An announcement will be made once the appointment is made.

A scheme document containing, among other matters, further details of the Proposal and the Share Option Proposal, the expected timetable, an explanatory statement required under the Companies Act, the recommendation of the Independent Board Committee in relation to the Proposal and the Share Option Proposal, a letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable. The scheme document will also be sent to holders of the Options.

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. (Hong Kong time) on 12 October 2004, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. (Hong Kong time) on 14 October 2004.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions as set out in the section headed "Conditions of the Proposal" below being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. They are advised to exercise caution when dealing in the Shares.

INTRODUCTION

The Board announces that the Company intends to put forward a proposal as detailed below to the Scheme Shareholders for the cancellation of the Scheme Shares and to the holders of the Options granted under the Share Option Scheme for the cancellation of such Options to effect the privatisation of the Company by way of the Scheme.

THE PROPOSAL AND THE SHARE OPTION PROPOSAL

The Proposal

The Proposal made by the Company is to privatise the Company by way of the Scheme, which will involve the cancellation of all the Scheme Shares and a reduction of the issued share capital of the Company under Section 46 of the Companies Act. The Scheme also provides that the Scheme Shares be cancelled and, in consideration thereof, holders of each Scheme Share held will be entitled to receive the Price, being HK\$0.70 per Scheme Share, in cash from the Company.

The Price represents:

- a premium of approximately 125.8 per cent. over the closing price of HK\$0.31 per Share as quoted on the Stock Exchange on 11 October 2004 (being the last trading day prior to the suspension of trading in the Shares pending the issue of this announcement);
- a premium of approximately 133.3 per cent. over the average closing price of approximately HK\$0.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 5 trading days up to and including 11 October 2004;
- a premium of approximately 133.3 per cent. over the average closing price of approximately HK\$0.30 per Share based on the daily closing prices as quoted on the Stock Exchange for the 10 trading days up to and including 11 October 2004;
- a premium of approximately 133.3 per cent. over the average closing price of approximately HK\$0.30 per Share based on the daily closing prices as quoted on the Stock Exchange over the 30 trading days up to and including 11 October 2004;
- a premium of approximately 125.8 per cent. over the average closing price of approximately HK\$0.31 per Share based on the daily closing prices as quoted on the Stock Exchange over the 90 trading days up to and including 11 October 2004;
- a premium of approximately 112.1 per cent. over the average closing price of approximately HK\$0.33 per Share based on the daily closing prices as quoted on the Stock Exchange over the 180 trading days up to and including 11 October 2004; and
- a discount of approximately 47.4 per cent. to the audited consolidated net tangible asset value per Share of approximately HK\$1.33 as at 31 March 2004.

In determining the Price, the Directors have taken into account factors such as the trading liquidity and average market prices of the Shares, as well as the factors further discussed in the section headed "Background to and reasons for and benefits of the Proposal" below.

The Share Option Proposal

Under the terms of the Share Option Scheme and as a result of the Proposal, all Options will conditionally lapse and will cease to be exercisable two months after the date of the giving of the notice of the meeting to consider the Scheme or upon the Scheme becoming effective, whichever is the earlier.

Mr. Chu Ka Lok, Peter and Ms Chu Maria Teresa, holders of Options to subscribe for 3,000,000 Shares with an initial subscription price of HK\$0.5504 per Share (with exercisable period up to and including 16 April 2011) and parties acting in concert with Charmwood, have agreed to waive their rights to accept the cancellation price for their Options under the Share Option Proposal. Although the remaining Options (held by other employees of the Group) to subscribe for 2,900,000 Shares with an initial subscription price of HK\$0.7920 per Share (with exercisable period up to and including 16 December 2011) are "out-of-money", the Company intends to offer, under the terms of the Share Option Proposal, and conditional upon the Scheme becoming effective to pay a cash amount of HK\$0.01 per Share covered by such Options. If however, any of the holders of these Options shall exercise their subscription rights attaching to the Options in accordance with the terms of the Share Option Scheme, the Shares which fall to be issued shall form part of the Scheme Shares.

Funding

As at the date of this announcement, there are 194,165,900 Shares in issue, of which the Scheme Shareholders are interested in 67,774,900 Shares, representing approximately 34.9 per cent. of the issued share capital of the Company.

At the Price, the Proposal values the entire issued share capital of the Company as at the date of this announcement at approximately HK\$135.9 million.

Based on the number of Shares in issue and the number of Options granted as at the date of this announcement, the maximum amount of cash required to effect the Proposal and the Share Option Proposal will be approximately HK\$47.5 million.

Funding to effect the Proposal and the Share Option Proposal is to be made out of the internal resources of the Company. Access Capital, the financial adviser to the Company, is satisfied that sufficient financial resources are available to the Company for the implementation of the Proposal and the Share Option Proposal.

In accordance with Rule 2.3 of the Takeovers Code, if the Proposal is either not recommended by the Independent Board Committee or is not recommended as fair and reasonable by the independent financial adviser to the Independent Board Committee, all expenses incurred by the Company in connection with the Proposal and the Share Option Proposal shall be borne by Charmwood if the Scheme is not approved.

CONDITIONS OF THE PROPOSAL

The Scheme will become effective and binding on the Company and all Shareholders subject to fulfillment or waiver (as applicable) of the following conditions:

- (a) the approval of the Scheme by a majority in number representing not less than three-fourths in value of the Independent Shareholders present and voting either in person or by proxy at the Court Meeting, provided that:
 - (i) the Scheme is approved by at least 75 per cent. in value of the votes attaching to those Shares that are voted either in person or by proxy at the Court Meeting (by way of poll); and
 - (ii) the number of votes cast against the resolution to approve the Scheme at the Court Meeting (by way of poll) is not more than 10 per cent. in value of those votes attaching to all of the Shares held by the Independent Shareholders;
- (b) the passing by the Shareholders of a special resolution to approve and give effect to the Scheme (including the cancellation of the Scheme Shares and the reduction of the ordinary share capital of the Company) at the Special General Meeting;
- (c) the sanction of the Scheme (with or without modifications) by the Supreme Court and the delivery to the Registrar of Companies in Bermuda of a copy of the order of the Supreme Court for registration;
- (d) the compliance with the procedural requirements of Section 46 of the Companies Act in relation to the reduction of the issued share capital of the Company;
- (e) all Authorisations in connection with the Proposal having been obtained or made from, with or by (as the case may be) the Relevant Authorities in Bermuda and/or Hong Kong and/or any other relevant jurisdictions;
- (f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any Relevant Authorities which is not expressly provided for, or is in addition to the requirements expressly provided for, in relevant laws, rules, regulations or codes in connection with the Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective; and
- (g) all necessary consents which may be required under any existing contractual obligations of the Company being obtained.

The Company reserves the right to waive condition (g) either in whole or in part in respect of any particular matter. Conditions (a) to (f) above cannot be waived as they are imposed either by law or by the Takeovers Code.

SHAREHOLDING STRUCTURE

As at the date of this announcement, the Company has 194,165,900 Shares in issue. Charmwood and parties acting in concert with it are beneficially interested in 126,391,000 Shares, representing approximately 65.1 per cent. of the issued share capital of the Company. The table below sets out the shareholding structure of the Company as at the date of this announcement and immediately after the Scheme becoming effective and the withdrawal of listing of the Shares on the Stock Exchange:

| Shareholders | As at the date of this announcement | | Immediately after the Scheme becoming effective and the withdrawal of listing of the Shares on the Stock Exchange | |
|--|-------------------------------------|--------------|---|--------------|
| | Number of Shares | % | Number of Shares | % |
| Charmwood and parties acting in concert with it, but excluding Mr. Wat Hon Keung and Mr. Chan Kai Kwok (both being executive Directors and are presumed to be acting in concert with Charmwood under the Proposal) | 126,391,000 | 65.1 | 126,391,000 | 100.0 |
| Scheme Shareholders | | | | |
| Mr. Wat Hon Keung | 933,000 | 0.5 | 0 | 0.0 |
| Mr. Chan Kai Kwok | 935,500 | 0.5 | 0 | 0.0 |
| Independent Shareholders | 65,906,400 | 33.9 | 0 | 0.0 |
| Sub-total | 67,774,900 | 34.9 | 0 | 0.0 |
| Total | 194,165,900 | 100.0 | 126,391,000 | 100.0 |

Save as aforesaid, there are no other outstanding options, warrants or convertible securities of the Company as at the date of this announcement. Save as disclosed above, no other Director has any interest in the Shares.

Upon the Scheme becoming effective and the withdrawal of listing of the Shares on the Stock Exchange, the Company will become a wholly-owned subsidiary of Charmwood.

BACKGROUND TO AND REASONS FOR AND BENEFITS OF THE PROPOSAL

From 1998 to until very recently, the economy of Hong Kong has suffered from deterioration of the real estate market, which in turn, weakened the consumption power of local consumers. Weakness in consumer confidence has also adversely affected the demand for electrical household appliances, including white goods such as air conditioners, refrigerators and washing machines. In addition, the influx of low-priced imports of white goods from the PRC, has significantly increased market competition for the foreign made white goods marketed by the Group in Hong Kong. Despite signs of gradual recovery of the overall economy in Hong Kong recently, the Directors anticipate the Group's business will continue to face keen competition.

Putting this in the context of the Group's financial performance, the Group has experienced a period of general decline in turnover which fell from approximately HK\$682 million (audited) in the year ended 31 March 1999 to the range of between approximately HK\$572 million (audited) and HK\$581 million (audited) for the financial years ended 31 March 2000 and 31 March 2001 respectively. This was followed by consistent decline in the ensuing years to approximately HK\$203 million (audited) in the year ended 31 March 2004. In terms of profitability, the Group has registered a decline in profitability since the financial year ended 31 March 1998 and in the last two years ended 31 March 2003 and 2004, the Group sustained net losses in the amount of approximately HK\$17.7 million (audited) and HK\$12.6 million (audited) respectively. The Group has not paid any dividend for the financial years ended 31 March 2003 and 31 March 2004 respectively.

In terms of trading in the Shares, the average trading volume of the Shares has remained low. The average daily trading volume of the Shares in the past 30 and 90 trading days (up to and including, 11 October 2004, the latest practicable date prior to suspension of trading in the Shares) have been less than 136,534 Shares (approximately 0.07 per cent. of the existing issued share capital of the Company) and 115,672 Shares (approximately 0.06 per cent. of the existing issued share capital of the Company) respectively. During the same period, the Shares have been consistently traded at prices at discounts to the net asset value of the Company.

Given the abovementioned background and the uncertain business outlook, Mr. Chu Ka Lok, Peter, the Chairman initiated the Proposal for the Board to consider. Taking into account the abovementioned reasons, the Directors believe that the Proposal represents a good opportunity for the Shareholders to realise their investment at a cash price substantially above the levels at which the Shares have consistently been traded for the past 24 months. The Directors also believe that the Price is also significantly in excess of any price they might obtain from open market sale under the current market conditions. The Directors also believe that after the Scheme becomes effective, the Company will be able to operate more efficiently without additional complexity and cost to maintain as a listed company.

The entire issued share capital of Charmwood is held by the trustee of a discretionary trust in which Mr. Chu Ka Lok, Peter is included as a beneficiary. Since Charmwood and parties acting in concert with it already own approximately 65.1 per cent. of the issued share capital of the Company as at the date of this announcement, the Directors believe that it is unlikely that the minority Shareholders will receive any other offer to acquire the Shares from a third party without the consent of Charmwood. In addition, Shareholders should note that no discussions have taken place (or are taking place) with any third party regarding the disposal of any of the Shares held by Charmwood and parties acting in concert with it.

INFORMATION ON THE GROUP

The Company is an investment holding company incorporated in Bermuda with limited liability and the Shares are listed on the Stock Exchange. Its subsidiaries are principally engaged in the import, marketing and distribution of consumer electrical appliances such as air conditioners, refrigerators, and washing machines. The Company also provides after-sales and maintenance services. A summary of the audited consolidated results of the Company for each of the two years ended 31 March 2004 and the unaudited consolidated results of the Company for the six months ended 30 September 2003 are set out below:

| | (Audited) For the year ended 31 March 2003 in HK\$ million | (Audited) For the year ended 31 March 2004 in HK\$ million | (Unaudited) For the six months ended 30 September 2003 in HK\$ million |
|--|---|---|---|
| Turnover | 333.4 | 202.9 | 113.8 |
| (Loss) profit from ordinary activities before taxation | (19.6) | (12.4) | (8.6) |
| (Loss) profit after taxation (Note) | (17.7) | (12.6) | (8.8) |
| Profit attributable to Shareholders | (17.7) | (12.6) | (8.8) |

Note: No extraordinary items has been recorded by the Group for the abovementioned financial years/period.

The audited consolidated net assets of the Group were approximately HK\$270.8 million as at 31 March 2003 and approximately HK\$258.2 million as at 31 March 2004 respectively.

Based on the Company's interim report for the six months ended 30 September 2003, the Company recorded an unaudited consolidated net loss of approximately HK\$8.8 million for the six months ended 30 September 2003 and an unaudited consolidated net tangible assets of approximately HK\$263.3 million as at 30 September 2003.

FUTURE INTENTIONS AND WITHDRAWAL OF LISTING OF THE SHARES

Upon the Scheme becoming effective, all Scheme Shares will be cancelled. Share certificates for the Shares held by the Scheme Shareholders will thereafter cease to have effect as documents or evidence of title. The Company will apply to the Stock Exchange pursuant to Rule 6.12 of the Listing Rules for the withdrawal of the listing of the Shares on the Stock Exchange immediately following the effective date of the Scheme. The Scheme Shareholders will be notified by way of a press announcement of the exact dates on which the Scheme and the withdrawal of the listing of the Shares on the Stock Exchange will become effective. A detailed timetable of the Scheme will be included in a scheme document, which will also contain, inter alia, further details of the Proposal. An announcement will be made by the Company regarding the detailed timetable for the Proposal and the Share Option Proposal as soon as practicable.

It is the intention of Charmwood to maintain the existing businesses of the Group upon successful privatisation of the Company. Charmwood does not intend to introduce any major changes to the existing operating and management structure of the Group, or to discontinue the employment of any employees of the Group, as a result of the implementation of the Proposal. Charmwood will, however, be solely responsible for the funding or to procure funding for the on-going requirements of the Group's business after the successful implementation of the Proposal. The Directors also expect that there will be no material change to the existing business (such as business strategy and operating mode) of the Group as a result of the implementation of the Proposal.

OVERSEAS SHAREHOLDERS

The making of the Proposal to Shareholders not resident in Hong Kong may be subject to the laws of the relevant jurisdictions in which such Shareholders are resident. Such Shareholders should inform themselves about and observe any applicable legal and regulatory requirements. It is the responsibility of any overseas Shareholders wishing to accept the Proposal to satisfy themselves as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities and the payment of any issue, transfer or other taxes due in such jurisdiction.

GENERAL

None of Charmwood or parties acting in concert with it has dealt in any Shares during the six months immediately preceding the date of this announcement.

As at the date of this announcement, the Board 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.

As at the date of this announcement, Charmwood and parties acting in concert with it are beneficially interested in 126,391,000 Shares, representing approximately 65.1 per cent. of the issued share capital of the Company. Shares held by Charmwood and parties acting in concert with it will not form part of the Scheme Shares. Accordingly, Charmwood and parties acting in concert with it and their respective associates will abstain from voting at the Court Meeting.

Mr. Wat Hon Keung and Mr. Chan Kai Kwok (both being executive Directors) and their associates are beneficially interested in 1,868,500 Shares, representing approximately 1.0 per cent. of the issued share capital of the Company. Given that they are executive Directors, they are presumed to be acting in concert with Charmwood and considered not to be independent under the Proposal. Hence, Mr. Wat Hon Keung and Mr. Chan Kai Kwok and parties acting in concert with any of them and their respective associates will abstain from voting at the Court Meeting. However, their shareholdings in the Company will still be part of the Scheme Shares.

Charmwood and parties acting in concert with it have indicated that if the Scheme is approved at the Court Meeting, Charmwood and parties acting in concert with it and their respective associates will vote in favour of the special resolution to be proposed at the Special General Meeting to approve and give effect to the Scheme.

Access Capital has been retained by the Company as its financial adviser in relation to the Proposal and the Share Option Proposal.

An Independent Board Committee will be established to advise the Independent Shareholders in relation to the Proposal and the Share Option Proposal. An independent financial adviser will be appointed to advise the Independent Board Committee in relation to the Proposal and the Share Option Proposal. An announcement will be made by the Company once the appointment is made.

A scheme document containing, among other matters, further details of the Proposal and the Share Option Proposal, the expected timetable, an explanatory statement as required under the Companies Act, information regarding the Company, the recommendation of the Independent Board Committee with respect to the Proposal and the Share Option Proposal, a letter of advice from the independent financial adviser to the Independent Board Committee, a notice of the Court Meeting and a notice of the Special General Meeting will be despatched to the Shareholders as soon as practicable. The scheme document will also be sent to holders of the Options for information purpose.

SUSPENSION AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:30 a.m. (Hong Kong time) on 12 October 2004, pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares on the Stock Exchange with effect from 9:30 a.m. (Hong Kong time) on 14 October 2004.

Shareholders and potential investors should be aware that the implementation of the Proposal is subject to the conditions as set out above being fulfilled or waived, as applicable, and thus the Proposal may or may not become effective. They are advised to exercise caution when dealing in the Shares.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise.

| | |
|-------------------------------|---|
| "Access Capital" | Access Capital Limited, financial adviser to the Company, a deemed licensed corporation under the Securities and Futures Ordinance permitted to engage in types 1, 4, 6 and 9 regulated activities |
| "associate(s)" | has the meaning ascribed thereto under the Listing Rules |
| "Authorisations" | all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Proposal |
| "Board" | the board of Directors |
| "Bye-laws" | the bye-laws of the Company |
| "Charmwood" | Charmwood Development Limited, a company incorporated in Liberia, Charmwood and parties acting in concert with it hold approximately 65.1 per cent. of the issued share capital as at the date of this announcement |
| "Companies Act" | the Companies Act 1981 of Bermuda |
| "Company" | Alpha General (Holdings) Limited, a company incorporated in Bermuda with limited liability, whose Shares are currently listed on the Stock Exchange |
| "Court Meeting" | a meeting of the Independent Shareholders to be convened at the direction of the Supreme Court at which the Scheme will be voted upon |
| "Directors" | directors of the Company |
| "Group" | the Company and its subsidiaries |
| "Hong Kong" | the Hong Kong Special Administrative Region of the PRC |
| "Independent Board Committee" | the independent board committee of the Company to be established for the purpose of advising the Independent Shareholders in relation to the Proposal and holders of the Options in relation to the Share Option Proposal |
| "Independent Shareholders" | Shareholders, other than Charmwood, the executive Directors and their respective associates and parties acting in concert with any of them |
| "Listing Rules" | The Rules Governing the Listing of Securities on the Stock Exchange |
| "Options" | options granted under the Share Option Scheme |
| "PRC" | The People's Republic of China |
| "Price" | the cancellation price of HK\$0.70 per Scheme Share payable in cash by the Company to the Scheme Shareholders under the Scheme |
| "Proposal" | the proposal for the privatisation of the Company by way of the Scheme |
| "Relevant Authorities" | appropriate governments and/or governmental bodies, regulatory bodies, courts or institutions |
| "Scheme" | a scheme of arrangement under Section 99 of the Companies Act involving the cancellation of all the Scheme Shares |
| "Scheme Share(s)" | Share(s) held by the Scheme Shareholders |
| "Scheme Shareholder(s)" | Shareholder(s) other than Charmwood and parties acting in concert with it, but including Mr. Wat Hon Keung and Mr. Chan Kai Kwok who are presumed to be acting in concert with Charmwood under the Proposal |
| "Share(s)" | share(s) of HK\$0.20 each in the issued share capital of the Company |
| "Shareholders" | registered holders of the Shares |
| "Share Option Proposal" | the proposal to holders of the Options for cancellation of all outstanding Options granted under the Share Option Scheme |
| "Share Option Scheme" | the Share Option Scheme for employees of the Company adopted on 21 July 1997 and as it may from time to time be amended or supplemented |
| "Special General Meeting" | the special general meeting of the Company to be held to consider and approve, among other matters, the Proposal or any adjournment thereof |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "Supreme Court" | the Supreme Court of Bermuda |
| "Takeovers Code" | The Hong Kong Code on Takeovers and Mergers |
| "HK\$" | Hong Kong dollar(s), the lawful currency of Hong Kong |

By Order of the Board of
Alpha General (Holdings) Limited
Chu Ka Lok, Peter
Chairman

Hong Kong, 13 October 2004

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.