SUGA INTERNATIONAL HOLDINGS LIMITED

信佳國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 912)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 MARCH 2007

FINANCIAL HIGHLIGHTS

– Revenue amounted to HK$696 million (2006: HK$772 million)

– Gross profit was HK$90 million (2006: HK$86 million)

– Profit attributable to shareholders was HK$12.1 million (2006: HK$1.3 million)

– Basic earnings per share was HK5.29 cents (2006: HK0.60 cent)

– The Board proposed a final dividend of HK2.0 cents per share (2006: nil)

– Total dividends per share for the year amounted to HK2.5 cents (2006: HK1.5 cents)

– Net cash inflow from operations was HK$100.9 million (2006: HK$17.3 million)

FINAL RESULTS

The Board of Directors (the "Directors") of Suga International Holdings Limited would like to announce the consolidated results of the Company and its subsidiaries (together "SUGA" or the "Group") for the year ended 31 March 2007.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2007

	Note	2007 HK$'000	2006 HK$'000
Revenue	2	696,346	771,968
Cost of sales	4	(606,304)	(685,992)
Gross profit		90,042	85,976
Other income	3	465	1,027
Distribution and selling expenses	4	(15,558)	(18,498)
General and administrative expenses	4	(54,268)	(53,936)
		20,681	14,569
Finance income	5	1,205	329
Finance costs	5	(6,866)	(9,207)
Finance costs - net	5	(5,661)	(8,878)
Share of loss and impairment of an associate		-	(2,260)
Profit before income tax		15,020	3,431
Income tax expense	6	(2,967)	(2,082)
Profit for the year		12,053	1,349
Attributable to:			
Equity holders of the Company		12,053	1,349
Minority interests		-	-
		12,053	1,349
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic (HK cents)	7	5.29	0.60
- Diluted (HK cents)	7	5.25	0.60
Dividends	8	5,749	3,419

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2007

	Note	2007 HK$'000	2006 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		78,028	94,115
Land use rights		4,443	4,505
Goodwill		1,059	1,059
Interest in an associate		-	-
Deferred income tax assets		3,063	3,489
		86,593	103,168
Current assets			
Inventories		130,210	164,695
Trade and other receivables	*9*	119,902	169,531
Tax recoverable		577	1,037
Cash and cash equivalents		45,099	62,899
		295,788	398,162
Total assets		382,381	501,330
LIABILITIES			
Current liabilities			
Bank borrowings		41,658	155,300
Trade and other payables	*10*	76,058	105,772
Finance lease liabilities		77	946
Bank advances for factored receivables		8,602	5,019
Income tax payable		13,243	11,250
		139,638	278,287
Non-current liabilities			
Finance lease liabilities		123	200
Deferred income tax liabilities		3,902	3,986
		4,025	4,186
Total liabilities		143,663	282,473

	Note	2007 *HK$'000*	2006 *HK$'000*
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		22,994	22,794
Other reserves		78,442	69,879
Retained earnings			
- Proposed dividend		4,609	-
- Others		132,673	126,184
		238,718	218,857
Minority interests		-	-
Total equity		238,718	218,857
Total equity and liabilities		382,381	501,330
Net current assets		156,150	119,875
Total assets less current liabilities		242,743	223,043

Notes:

1. Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Standards, amendments and interpretations effective in current year but not relevant for the Group's operations

The following standards, amendments and interpretations are mandatory for accounting periods beginning on or after 1 April 2006 but are not relevant to or have no significant impact on the Group's operations:

- HKAS 19 (Amendment), Actuarial Gains and Losses, Group Plans and Disclosures;
- HKAS 21 (Amendment), Net Investment in a Foreign Operation;
- HKAS 39 (Amendment), Cash Flow Hedge Accounting of Forecast Intragroup Transactions;
- HKAS 39 (Amendment), The Fair Value Option;
- HKAS 39 and HKFRS 4 (Amendment), Financial Guarantee Contracts;
- HKFRS 6, Exploration for and Evaluation of Mineral Resources;

- HKFRS 1 (Amendment), First-time Adoption of International Financial Reporting Standards and HKFRS 6 (Amendment), Exploration for and Evaluation of Mineral Resources;

- HK(IFRIC) – Int 4, Determining whether an Arrangement contains a Lease;

- HK(IFRIC) – Int 5, Rights to Interest arising from Decommissioning, Restoration and Environmental Rehabilitation Funds;

- HK(IFRIC) – Int 6, Liabilities arising from Participating in a Specific Market - Waste Electrical and Electronic Equipment; and

- HK(IFRIC) – Int 7, Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyperinflationary Economies.

Standards, amendments and interpretations that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations have been published but are not effective for the current year and have not been early adopted:

- HK(IFRIC) - Int 8, Scope of HKFRS 2 (effective for annual periods beginning on or after 1 May 2006). HK(IFRIC) 8 requires consideration of transactions involving the issuance of equity instruments - where the identifiable consideration received is less than the fair value of the equity instruments issued - to establish whether or not they fall within the scope of HKFRS 2. The Group will apply HK(IFRIC) - Int 8 from 1 April 2007, but it is not expected to have any significant impact on the Group's consolidated financial statements;

- HK(IFRIC) - Int 10, Interim Financial Reporting and Impairment (effective for annual periods beginning on or after 1 November 2006). HK(IFRIC) - Int 10 prohibits the impairment losses recognised in an interim period on goodwill, investments in equity instruments and investments in financial assets carried at cost to be reversed at a subsequent balance sheet date. The Group will apply HK(IFRIC) - Int 10 from 1 April 2007, but it is not expected to have any impact on the Group's consolidated financial statements;

- HK(IFRIC) - Int 11, HKFRS 2, Group and Treasury Share Transactions (effective for annual periods beginning on or after 1 March 2007). The Group will apply this interpretation from annual period beginning 1 April 2007, but it is not expected to have any significant impact on the Group's consolidated financial statements;

- HKFRS 7, Financial Instruments: Disclosures (effective for annual periods beginning on or after 1 January 2007).HKAS 1, Amendments to capital disclosures (effective for annual periods beginning on or after 1 January 2007). The Group assessed the impact of HKFRS 7 and the amendment to HKAS 1 and concluded that the main additional disclosures will be the sensitivity analysis to market risk and capital disclosures required by the amendment of HKAS 1. The Group will apply HKFRS 7 and the amendment to HKAS 1 from 1 April 2007; and

- HKFRS 8, Operating Segments (effective for accounting periods commencing on or after 1 January 2009). The Group will apply HKFRS 8 from annual period beginning on 1 April 2009, but it is not expected to have any significant impact on the Group's consolidated financial statements other than presentation changes and additional disclosures in respect of segment information.

Interpretations to existing standards that are not yet effective and not relevant for the Group's operations

- HK(IFRIC) - Int 9, Reassessment of embedded derivatives (effective for annual periods beginning on or after 1 June 2006). HK(IFRIC) - Int 9 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the entity first becomes a party to the contract. Subsequent reassessment is prohibited unless there is a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract, in which case reassessment is required. As none of the group entities have changed the terms of their contracts, HK(IFRIC) - Int 9 is not relevant to the Group's operations.

- HK(IFRIC) - Int 12, Service Concession Arrangements (effective for annual periods beginning on or after 1 January 2008). HK(IFRIC) - Int 12 is not relevant to the Group's operations.

2. Segment information

(a) Primary reporting format - business segments:

The Group has categorised its business segment by product types into consumer electronics appliances, telecommunication products and digital A/V products. An analysis of the Group's segment information by business segment is set out as follows:

	2007				
	Consumer electronics appliances and other products	**Telecom-munication products**	**Digital A/V products**	**Eliminations**	**Total**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total segment revenue	464,051	198,987	33,308	-	696,346
Inter-segment revenue	11,886	-	-	(11,886)	-
	475,937	198,987	33,308	(11,886)	696,346
Segment results	26,750	2,129	(5,880)	(2,783)	20,216
Other income					465
Finance income					1,205
Finance costs					(6,866)
Income tax expense					(2,967)
Profit for the year					12,053
Segment assets	276,644	54,207	2,791	-	333,642
Unallocated assets					48,739
					382,381
Segment liabilities	64,712	19,132	816	-	84,660
Unallocated liabilities					59,003
					143,663
Other information					
Depreciation	17,019	3,798	287	-	21,104
Amortisation of land use rights	116	10	-	-	126
Capital expenditures	3,496	331	15	-	3,842

	2006				
	Consumer electronics appliances and other products HK$'000	Telecom-munication products HK$'000	Digital A/V products HK$'000	Eliminations HK$'000	Total HK$'000
Total segment revenue	430,305	293,042	48,621	-	771,968
Inter-segment revenue	19,020	-	-	(19,020)	-
	449,325	293,042	48,621	(19,020)	771,968
Segment results	29,617	5,806	(17,983)	(3,898)	13,542
Other income					1,027
Finance income					329
Finance costs					(9,207)
Income tax expense					(2,082)
Share of loss and impairment of an associate					(2,260)
Profit for the year					1,349
Segment assets	284,350	138,834	10,721	-	433,905
Unallocated assets					67,425
					501,330
Segment liabilities	68,796	41,444	551	-	110,791
Unallocated liabilities					171,682
					282,473
Other information					
Depreciation	13,214	5,949	141	-	19,304
Amortisation of land use rights	87	18	-	-	105
Capital expenditures	34,151	2,791	385	-	37,327

(b) Secondary reporting format - geographical segments:

An analysis of the Group's segment information by geographical segments is set out as follows:

Analysis by revenue and segment results - by location of customers

	2007		2006	
	Revenue *HK$'000*	Segment results *HK$'000*	Revenue *HK$'000*	Segment results *HK$'000*
The United States of America	264,683	22,471	296,027	27,980
Asia Pacific Region (excluding the PRC)	303,641	(5,212)	233,152	(19,808)
The PRC	88,323	1,308	233,743	5,342
Europe	39,699	1,649	9,046	28
	696,346	20,216	771,968	13,542

3. Other income

	2007 *HK$'000*	2006 *HK$'000*
Other income		
- Scrap sales	465	1,027

4. Expenses by nature

Expenses included in cost of sales, distribution and selling expenses and general and administrative expenses are analysed as follows:

	2007 *HK$'000*	2006 *HK$'000*
Cost of inventories	539,647	632,405
Depreciation of property, plant and equipment		
- owned assets	21,020	17,216
- assets held under finance leases	84	2,088
Amortisation of land use rights	126	105
Loss on disposals of property, plant and equipment	222	20
Loss on disposal of financial assets at fair value through profit or loss	-	44
Operating lease rental of premises	2,128	2,461
Staff costs, including directors' remuneration	69,711	58,347
Provision for impairment of trade receivables	559	4,420
Provision for obsolete and slow-moving inventories (included in cost of sales)	-	1,372
Write back of provision for obsolete and slow-moving inventories (included in cost of sales)	(1,177)	-
Auditor's remuneration	1,453	1,250
Impairment/amortisation of deferred development cost (included in general and administrative expenses)	-	1,226
Research and development cost	3,941	6,772
Other expenses	38,416	30,700
Total cost of sales, distribution and selling expenses and general and administrative expenses	676,130	758,426

5. Finance income and finance costs

	2007 *HK$'000*	2006 *HK$'000*
Interest on:		
- bank borrowings wholly repayable within five years	(6,839)	(9,005)
- finance lease liabilities	(27)	(202)
Finance costs	(6,866)	(9,207)
Finance income	1,205	329
Finance costs - net	(5,661)	(8,878)

6. Income tax expense

(a) Bermuda and British Virgin Islands income tax

The Company is exempted from taxation in Bermuda until 2016. The Company's subsidiaries in the British Virgin Islands are incorporated under the International Business Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income taxes.

(b) Hong Kong profits tax

Hong Kong profits tax has been provided at the rate of 17.5% (2006: 17.5%) on the estimated assessable profit for the year.

(c) PRC enterprise income tax

Subsidiaries of the Group in the PRC are subject to PRC enterprise income tax ranging from 15% to 27% (2006: 15% to 24%) on their taxable income determined according to the PRC tax laws.

(d) Macao taxation

A subsidiary of the Group established in Macao and is exempted from Macao Complementary Tax (2006: Nil).

The amount of income tax charged to the consolidated income statement represents:

	2007 *HK$'000*	2006 *HK$'000*
Current income tax:		
- Hong Kong profits tax	1,553	4,092
- Income tax outside Hong Kong	1,191	396
- Over-provision in prior years	(119)	(227)
Deferred income tax relating to the origination and reversal of temporary differences	342	(2,179)
	2,967	2,082

7. Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	2007	2006
Profit attributable to equity holders of the Company (HK$'000)	12,053	1,349
Weighted average number of ordinary shares in issue ('000)	227,962	227,940
Basic earnings per share (HK cents)	5.29	0.60

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options granted to employees. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	2007
Profit attributable to equity holders of the Company (HK$'000)	12,053
Weighted average number of ordinary shares in issue ('000)	227,962
Adjustments for share options ('000)	1,596
Weighted average number of ordinary shares for diluted earnings per share ('000)	229,558
Diluted earnings per share (HK cents)	5.25

Diluted earnings per share is the same as basic earnings per share in 2006 as the outstanding options for the year ended 31 March 2006 are anti-dilutive.

8. Dividends

	2007	2006
	HK$'000	*HK$'000*
Interim dividend, paid, of HK0.5 cent (2006: HK1.5 cents) per ordinary share	1,140	3,419
Final dividend, proposed, of HK2.0 cents (2006: nil) per ordinary share	4,609	-
	5,749	3,419

At a meeting held on 17 July 2007, the directors proposed the payment of a final dividend of HK2.0 cents per share for the year ended 31 March 2007. This proposed dividend is not reflected as a dividend payable in the financial statements, but will be reflected as an appropriation of distributable reserves in the year ending 31 March 2008.

9. Trade and other receivables

The ageing analysis of trade receivables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	98,840	122,676
31 to 60 days	4,941	20,060
61 to 90 days	1,950	13,865
91 to 180 days	4,416	7,027
Over 180 days	9,399	7,224
	119,546	170,852
Less: Provision for impairment	(9,224)	(8,665)
Trade receivables, net	110,322	162,187
Prepayment, deposits and other receivables	9,580	7,344
	119,902	169,531

10. Trade and other payables

The ageing analysis of the trade payables is as follows:

	2007	2006
	HK$'000	*HK$'000*
0 to 30 days	54,186	70,165
31 to 60 days	8,849	7,281
61 to 90 days	234	6,087
91 to 180 days	1,712	4,329
Over 180 days	380	8,492
Trade payables	65,361	96,354
Accruals and other payables	10,697	9,418
	76,058	105,772

CHAIRMAN'S MESSAGE

SUGA recorded a turnover of approximately HK$696 million for the year under review, a 9.8% decrease compared with last year. The decline was mainly due to a marked-drop in sales of networking products during the year. Nevertheless, SUGA managed to secure new businesses with higher profit margin and at the same time implemented stringent cost control measures to improve profitability. As a result, the Group's net profit recorded significant growth in fiscal year 2007.

The Group's gross profit increased 4.7% to HK$90 million, against HK$86 million in the previous year; while gross profit margin improved from last year's 11.1% to 12.9% this year.

Profit attributable to shareholders was HK$12.1 million, a surge of 793.5% against last year's HK$1.3 million. Net profit in the second half of fiscal year 2007 was stronger than that in the first half (fiscal year 2007 1H: HK$4.6 million). The Group's decision to focus on higher margin products paid off, as evidenced in the continuously improving results. Net profit margin increased from 0.2% to1.7% in fiscal year 2007. Basic earnings per share were HK5.29 cents (fiscal year 2006: HK0.60 cent).

BUSINESS OVERVIEW

Consumer Electronics Appliances

Revenue from consumer electronics appliances business grew significantly to HK$464 million, up 7.8% compared with last year, and accounted for 66.6% of the Group's total revenue. This segment remained as the Group's major source of revenue.

Starting from the end of last fiscal year, the Group has been exploring new businesses with higher margins. We have been looking for opportunities to partner with European customers, who favour working with green manufacturers. SUGA has had a Green Product Management System in place since 2004. Our environmentally conscious strategy has given us the competitive advantage to attract more European customers. During the year, SUGA won two new European customers, one of whom is an OEM customer for Interactive Educational Products. The win is a major milestone for the Group in tapping the educational product sector that promises higher profit margin. The first batch of Interactive Educational Products to the European customer was shipped in August 2006. The other new European customer specializes in producing blue-tooth headsets. Although business with this customer generated only a small revenue during fiscal year 2007, the Group expects order from this customer to grow and translate into more significant profit contributions in the coming year.

Pet training devices continued to achieve steady income and satisfactory gross margin. In fiscal year 2007, the Group's major pet training devices client acquired its key competitor in the US. When the two companies completed consolidation of their businesses, which will be soon, our customer will be the largest pet devices retailer in the US with more than 50% share of the pet devices retail market. Having been a partner of this customer for over a decade, SUGA stands to benefit from this merger.

Telecommunication products

Total revenue of telecommunication products amounted to HK$199 million for the year ended 31 March 2007, a decline of 32.1% compared with last year and accounting for 28.6% of the Group's total revenue. The decrease was mainly due to the substantial drop in orders from one of the Group's major networking products customers in China, who sold a significant portion of its business to another leading networking products provider in China in June 2006. However, with extensive experience in manufacturing networking products, SUGA managed to secure a new Japanese customer and widened the profit margin of its networking products. That helped to partially offset the loss in revenue and profit caused by the reduced order from the networking product customer in China.

Digital Audio-Visual ("A/V") Products

Digital A/V products reported revenue of HK$33 million, representing a decrease of 31.5% as compared with last year. Facing a very competitive digital A/V market, the Group resolved to adopt a prudent approach and has stopped injecting more resources into digital A/V products trading business since July 2006. Hence, the scale of trading business in the segment has significantly reduced. However, the performance of digital photo albums produced on ODM basis, was satisfactory during the fiscal year. As ODM business promises better profit margin, we will focus on it and collaborate closely with major customers to design and develop more new ODM products with stronger value-added features.

PROSPECT

Armed with proven manufacturing capabilities, research and development expertise, effective logistic planning and stringent quality assurance processes, SUGA is committed to maintaining focus on higher margin products and providing one-stop EMS to customers. The Group will continue to provide existing partners with tailor-made ODM services and at the same time secure new customers with products that have niche advantages and good growth potential.

The markets for consumer electronics appliances will remain strong in the foreseeable future and provide the Group with strong impetus for growth in the coming fiscal year. The new contract with the European customer in producing Interactive Educational Products will contribute more revenue in the year to come. The customer is ready to tap the PRC market, and will increase its orders substantially. Revenue from this product in the coming fiscal year is expected to be several times more than that in fiscal year 2007. We are confident of such new contracts boosting our revenue and profit. As for business with the other European customer supplying blue-tooth headsets, the satisfactory margins will translate into meaningful profit for the Group.

Furthermore, the Group has recently secured a well known Australian customer who is a world leader in the development and supply of integrated fare management and software systems and smart card systems and services for the transit industry. SUGA has received orders of significant quantities and value from this customer to produce electronic ticket processor and the related contribution will be reflected in fiscal year 2008.

The Group expects its pet training devices to continue to be the major revenue contributor in the consumer electronics appliances business. The Group believes orders for its pet training devices will increase substantially after the client completed the consolidation of its recent acquisition. With also new pet training products in the pipeline to be launched in the coming year, the Group is optimistic about the segment's continuous growth.

As for the telecommunication products business, VoIP phones and key telephone systems continue to generate stable revenue for the Group. For digital A/V products, the resources freed from the trading business will be used to develop niche products with higher profit margins. With strong research and development expertise, SUGA will explore ways to add value to our customers' products, for example, to exploit the popularity of blue-tooth or Wi-Fi wireless and integrate the technology into products like digital photo albums and photo frames. We expect this segment to start bringing in contribution to the Group in fiscal year 2008.

Moving ahead, we are confident that our strategy of focusing on high margin businesses will enhance our competitiveness and profitability. With a clear business direction and a solid outlook, SUGA will strive to bring ample rewards to its shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

Net cash inflow from operations during the year was HK$100.9 million (last year: HK$17.3 million). The significant improvement in our liquidity was primarily a result of the decrease in inventories held, the trade and other receivables amount and the investment in capital expenditure of HK$34.5 million, HK$49.6 million and HK$33.5 million respectively for the year under review as compared with last year. The cash and bank balances as at the year ended 31 March 2007 amounted to HK$45.1 million, of which 12.8% in Hong Kong dollars (“HKD”), 59.8% in US dollars (“USD”), 25.3% in Renminbi (“RMB”) and 2.1% in other currencies.

As at 31 March 2007, net current assets of the Group maintained at a healthy level of approximately HK$156.2 million with a liquidity ratio of 2.12, up from 1.43 last year. Gearing ratio calculated by dividing total bank borrowings by total equity decreased significantly from 71.5% to17.5%. The Group was able to maintain a net cash of HK$3.2 million as at balance sheet date compared of net borrowings of HK$93.5 million last year.

As at 31 March 2007, the Group had aggregate banking facilities of approximately HK$366 million (2006: HK$405 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK$267 million (2006: HK$194 million).

The Group generally finances its operations by internally generated resources and banking facilities provided by its principal bankers in Hong Kong. Banking facilities used by the Group include revolving loans, trust receipt loans, overdrafts, leasing and term loans, which are primarily on floating interest rates basis.

During the year under review, the Group fully repaid and prepaid the three years HK$120 million syndicated loan facilities signed on 23 September 2004.

FOREIGN EXCHANGE EXPOSURE

Most of the Group's business transactions are denominated either in HKD, USD or RMB. As USD is pegged to HKD, the Group does not expect any significant movements in the USD/HKD exchange rate.

As all of the Group's production plants are based in the People's Republic of China, most wages and salaries and manufacturing overheads are mainly denominated in RMB. The continued appreciation of RMB since July 2005 inevitably increased our production costs. The Group currently does not have a foreign currency hedging policy. However, management will continue to monitor foreign currency exchange exposure and will take prudence measures to minimize the currency translation risk. The Group will consider hedging significant foreign currency exposure should the need arise.

PLEDGE OF ASSETS

As at 31 March 2007, the Group did not pledge any of its assets (2006: nil) as securities for generating banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2007, the Group had an outstanding capital commitment of approximately HK$18.4 million (2006: HK$29.9 million) for investments in the PRC subsidiaries. Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 31 March 2007 amounted to HK$90.6 million (2006: HK$165.2 million) and the Group did not have any significant contingent liability.

HUMAN RESOURCES

As at 31 March 2007 the Group employed 2,197 employees, of which 66 were based in Hong Kong, Macao and Singapore while the rest were mainly in the PRC. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the individual and company performance. In addition to salaries and other usual benefits like annual leave, medical insurance and various mandatory pension schemes, the Group also provides educational sponsorship subsidies, discretionary performance bonus and share options. A share option scheme was adopted on 17 September 2002 which is valid and effective for a period of 10 years from the adoption date.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its shares during the year. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the year.

CORPORATE GOVERNANCE

The Company is committed to maintain a high standard of corporate governance practices as set out in the Code of Corporate Governance Practice (the"CG Code”) in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules”).

The Company has applied the principles and complied with the CG Code except for certain deviations from CG Code A.4.2 in respect of the service term, rotation and re-election of directors and CG Code A.2.1 in respect of the roles of Chairman and Chief Executive Officer should be separate.

To ensure compliance with the CG Code A4.2, the Company's Bye-Laws were amended during the fiscal year 2007 to align with certain provisions of the code and some minor housekeeping amendments of the Listing Rules.

CG Code A2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not performed by the same individual. Up to the date of this report, the Group does not have a separate Chairman and Chief Executive Officer and Mr. Ng Chi Ho currently holds both positions. The Board believes that vesting the roles of Chairman and Chief Executive Officer in the same person provides the Group with strong and consistent leadership in the development and execution of long-term business strategies. Going forward, the Group will periodically review the effectiveness of this arrangement and considers appointing an individual as Chief Executive Officer when it thinks appropriate.

Save the abovementioned deviation, none of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not for the year under review, in compliance with the code provisions set out in the CG Code.

A detailed Corporate Governance Report setting out the Group's framework of governance and explanation about how the provisions of the Code have been applied will be included in the Company's Annual Report 2006/07.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors of the Company. The audit committee had reviewed with the management the accounting principles and practices adopted by the Group and discussed, among other things, the internal control and financial reporting matters including the audited financial statements of the Group for the year ended 31 March 2007.

ANNUAL GENERAL MEETING

The 2007 Annual General Meeting will be held at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Tuesday, 28 August 2007 at 4:00 p.m.. For details of the 2007 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about 27 July 2007.

FINAL DIVIDEND

The directors recommended the payment of a final dividend of HK2.0 cents per ordinary share (fiscal year 2006: nil) to shareholders whose names appear on the Register of Shareholders of the Company on 28 August 2007. Subject to approval of the shareholders at the 2007 Annual General Meeting, the final dividend will be paid on or before 6 September 2007.

CLOSURE OF REGISTERS OF SHAREHOLDERS

The register of shareholders of the Company will be closed from 22 August 2007 to 28 August 2007 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the final dividend and to determine the identity of the shareholders who are entitled to attend and vote at the 2007 Annual General Meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712 - 1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 21 August 2007 for registration.

PUBLICATION OF FINAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website at www.hkex.com.hk and the Company's website at www.suga.com.hk. The annual report will be dispatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

On behalf of the board of directors
NG Chi Ho
Chairman

Hong Kong, 17 July 2007

The Directors of the Company as at the date of this announcement are Mr. Ng Chi Ho, Mr. Ma Fung On and Mr. Wong Wai Lik, Lamson as executive directors; Professor Wong Sook Leung, Joshua, Mr. Murase Hiroshi and Mr. Leung Yu Ming, Steven as independent non-executive directors.