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 2008

FINANCIAL HIGHLIGHTS

– Revenue amounted to HK$708 million (2007: HK$696 million)

– Gross profit was HK$93 million (2007: HK$90 million)

– Profit attributable to shareholders was HK$20.7 million (2007: HK$12.1 million)

– Basic earnings per share was HK8.97 cents (2007: HK5.29 cents)

– The Board proposed a final dividend of HK3.0 cents per share (2007: HK2.0 cents)

– Total dividends per share for the year amounted to HK 4.0 cents (2007: HK2.5 cents)

FINAL RESULTS

The Board of Directors (the “Board”) of Suga International Holdings Limited would like to announce the audited consolidated results of the Company and its subsidiaries (together “SUGA” or the "Group”) for the year ended 31 March 2008:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2008

	Note	2008 *HK$'000*	2007 *HK$'000*
Revenue	*2*	707,711	696,346
Cost of sales	*4*	(614,878)	(606,304)
Gross profit		92,833	90,042
Other income	*3*	336	465
Distribution and selling expenses	*4*	(15,512)	(15,558)
General and administrative expenses	*4*	(53,425)	(54,268)
		24,232	20,681
Finance income	*5*	621	1,205
Finance costs	*5*	(3,226)	(6,866)
Finance costs - net	*5*	(2,605)	(5,661)
Profit before income tax		21,627	15,020
Income tax expense	*6*	(940)	(2,967)
Profit for the year		20,687	12,053
Attributable to:			
Equity holders of the Company		20,687	12,053
Minority interests		-	-
		20,687	12,053
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic (HK cents)	*7*	8.97	5.29
- Diluted (HK cents)	*7*	8.85	5.25
Dividends	*8*	9,239	5,749

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2008

	Note	2008 HK$'000	2007 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		65,195	78,028
Land use rights		4,458	4,443
Goodwill		1,059	1,059
Interest in an associate		-	-
Interest in a jointly controlled entity		-	-
Deferred income tax assets		3,106	3,063
		73,818	86,593
Current assets			
Inventories		139,664	130,210
Trade and other receivables	9	104,565	119,902
Tax recoverable		1,293	577
Derivative financial instruments		1,040	-
Amount due from a jointly controlled entity		16,141	-
Cash and cash equivalents		64,868	45,099
		327,571	295,788
Total assets		401,389	382,381
LIABILITIES			
Current liabilities			
Bank borrowings		19,404	41,658
Trade and other payables	10	80,186	76,058
Finance lease liabilities		81	77
Bank advances for factored receivables		6,777	8,602
Derivative financial instruments		1,875	-
Income tax payable		14,266	13,243
		122,589	139,638
Non-current liabilities			
Long term bank borrowings		10,909	-
Finance lease liabilities		42	123
Deferred income tax liabilities		2,853	3,902
		13,804	4,025
Total liabilities		136,393	143,663

	Note	2008 HK$'000	2007 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		23,084	22,994
Other reserves		90,783	78,442
Retained earnings			
– Proposed dividend		6,925	4,609
– Others		144,204	132,673
		264,996	238,718
Minority interests		-	-
Total equity		264,996	238,718
Total equity and liabilities		401,389	382,381
Net current assets		204,982	156,150
Total assets less current liabilities		278,800	242,743

Notes:

1. Basis of preparation

The consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS") under the historical cost convention except that certain derivatives financial instruments are stated at fair value as at the reporting date.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements.

(a) Standards, amendment and interpretations effective in 2007

HKFRS 7, "Financial Instruments: Disclosures", and the complementary amendment to HKAS 1, "Presentation of financial statements – Capital disclosures", introduces new disclosures relating to financial instruments. This Standard does not have any impact on the classification and valuation of the Group's financial instruments, or the disclosures relating to taxation and trade and other payables.

HK(IFRIC) - Int 8, "Scope of HKFRS 2", 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 in order to establish whether or not they fall within the scope of HKFRS 2. This standard does not have any impact on the Group's financial statements.

HK(IFRIC) - Int 10, “Interim Financial Reporting and Impairment”, prohibits the impairment losses recognised in an interim period on goodwill and investments in equity instruments and in financial assets carried at cost to be reversed at a subsequent balance sheet date. This standard does not have any impact on the Group’s financial statements.

HK(IFRIC) - Int 11, “HKFRS 2 – Group and Treasury Share Transactions”, provides guidance on whether share-based transactions involving treasury shares or involving group entities (for example, options over a parent's shares) should be accounted for as equity-settled or cash-settled share-based payment transactions in the stand-alone financial statements of the parent and group companies. This interpretation does not have an impact on the Group’s financial statements.

(b) Standards, amendments and interpretations effective in 2007 but not relevant to the Group’s operations

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2007 but they are not relevant to the Group’s operations:

- HK(IFRIC) - Int 7, “Applying the Restatement Approach under HKAS 29, Financial Reporting in Hyper-inflationary Economies”; and

- HK(IFRIC) - Int 9, “Re-assessment of Embedded Derivatives”.

(c) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Group

The following standards, amendments and interpretations to existing standards have been published and are mandatory for the Group’s accounting periods beginning on or after 1 January 2008 or later periods, but the Group has not early adopted them:

- HKAS 1 (Revised), “Presentation of Financial Statements” (effective from 1 January 2009). HKAS 1 (Revised) requires all owner changes in equity to be presented in a statement of changes in equity. All comprehensive income is presented in one statement of comprehensive income or in two statements (a separate income statement and a statement of comprehensive income). It requires presenting a statement of financial position as at the beginning of the earliest comparative period in a complete set of financial statements when there are retrospective adjustments or reclassification adjustments. However, it does not change the recognition, measurement or disclosure of specific transactions and other events required by other HKFRSs. The Group will apply HKAS 1 (Revised) from 1 April 2009.

- HKAS 23 (Revised), “Borrowing Costs” (effective from 1 January 2009). The amendment requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (one that takes a substantial period of time to get ready for use or sale) as part of the cost of that asset. The option of immediately expensing those borrowing costs will be removed. The Group will apply HKAS 23 (Revised) from 1 January 2009 but is currently not applicable to the Group as there are no qualifying assets.

- HKFRS 8, “Operating Segments” (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131, ‘Disclosures about segments of an enterprise and related information’. The new standard requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The Group will apply HKFRS 8 from 1 January 2009. The expected impact is still being assessed in detail by management, but it appears likely that the number of reportable segments, as well as the manner in which the segments are reported, will change in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. As goodwill is allocated to Groups of cash-generating units based on segment level, the change will also require management to reallocate goodwill to the newly identified operating segments. Management does not anticipate that this will result in any material impairment to the goodwill balance.

- HK(IFRIC) - Int 14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction" (effective from 1 January 2008). HK(IFRIC) - Int 14 provides guidance on assessing the limit in HKAS 19 on the amount of the surplus that can be recognised as an asset. It also explains how the pension asset or liability may be affected by a statutory or contractual minimum funding requirement. The Group will apply HK(IFRIC) - Int 14 from 1 April 2008, but it is not expected to have any impact on the Group's financial statements.

- HKAS 27 (Revised) "Consolidated and Separate Financial Statements" (effective from annual period beginning on or after 1 July 2009). The amendment requires non-controlling interests (i.e. minority interests) to be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Total comprehensive income must be attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance. Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity. When control of a subsidiary is lost, the assets and liabilities and related equity components of the former subsidiary are derecognised. Any gain or loss is recognised in profit or loss. Any investment retained in the former subsidiary is measured at its fair value at the date when control is lost. The Group will apply HKAS 27 (Revised) from 1 April 2010.

- HKAS 32 and HKAS 1 Amendments "Puttable Financial Instruments and Obligations Arising on Liquidation" (effective from 1 January 2009). The amendment require some puttable financial instruments and some financial instruments that impose on the entity an obligation to deliver to another party a pro rata share of the net assets of the entity only on liquidation to be classified as equity. The Group will apply HKAS 32 and HKAS 1 Amendments from 1 April 2009, but it is not expected to have any impact on the Group's financial statements.

- HKFRS 3 (Revised) "Business Combinations" (effective for business combinations with acquisition date on or after the beginning of the first annual reporting period beginning on or after 1 July 2009). The amendment may bring more transactions into acquisition accounting as combinations by contract alone and combinations of mutual entities are brought into the scope of the standard and the definition of a business has been amended slightly. It now states that the elements are 'capable of being conducted' rather than 'are conducted and managed'. It requires considerations (including contingent consideration), each identifiable asset and liability to be measured at its acquisition-date fair value, except leases and insurance contracts, reacquired right, indemnification assets as well as some assets and liabilities required to be measured in accordance with other HKFRSs. They are income taxes, employee benefits, share-based payment and non current assets held for sale and discontinued operations. Any non-controlling interest in an acquiree is measured either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. The Group will apply HKFRS 3 (Revised) from 1 April 2010.

- HKFRS 2 Amendment "Share-based Payment - Vesting Conditions and Cancellations" (effective from 1 January 2009). The amendment clarifies the definition of "Vesting conditions" and specifies the accounting treatment of "cancellations" by the counterparty to a share-based payment arrangement. Vesting conditions are service conditions (which require a counterparty to complete a specified period of service) and performance conditions (which require a specified period of service and specified performance targets to be met) only. All "non-vesting conditions" and vesting conditions that are market conditions shall be taken into account when estimating the fair value of the equity instruments granted. All cancellations are accounted for as an acceleration of vesting and the amount that would otherwise have been recognised over the remainder of the vesting period is recognised immediately. The Group will apply HKFRS 2 Amendment from 1 April 2009, but it is not expected to have any impact on the Group's financial statements.

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

The following interpretations to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 1 April 2008 or later periods but are not relevant to the Group's operations:

- HK(IFRIC) - Int 12, "Service Concession Arrangements" (effective from 1 January 2008). HK(IFRIC) - Int 12 applies to contractual arrangements whereby a private sector operator participates in the development, financing, operation and maintenance of infrastructure for public sector services. HK(IFRIC) - Int 12 is not relevant to the Group's operations because none of the group companies provide public sector services.

- HK(IFRIC) - Int 13, "Customer Loyalty Programmes" (effective from 1 July 2008). HK(IRFIC) - Int 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement using fair values. HK(IFRIC) - Int 13 is not relevant to the Group's operations because none of the group companies operate any loyalty programmes.

2. **Segment information**

(a) **Primary reporting format - business segments:**

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

	2008		
	Consumer electronics appliances and other products *HK$'000*	Telecom-munication products *HK$'000*	Total *HK$'000*
Total segment revenue	555,518	152,193	707,711
Segment results	20,826	3,070	23,896
Other income			336
Finance income			621
Finance costs			(3,226)
Income tax expense			(940)
Profit for the year			20,687
Segment assets	309,078	22,004	331,082
Unallocated assets			70,307
			401,389
Segment liabilities	75,008	11,955	86,963
Unallocated liabilities			49,430
			136,393
Other information			
Depreciation	18,929	745	19,674
Amortisation of land use rights	126	4	130
Capital expenditures	3,930	202	4,132

	2007		
	Consumer electronics appliances and other products	Telecom-munication products	Total
	HK$'000	*HK$'000*	*HK$'000*
Total segment revenue	497,359	198,987	696,346
Segment results	18,087	2,129	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	271,915	61,727	333,642
Unallocated assets			48,739
			382,381
Segment liabilities	58,008	26,652	84,660
Unallocated liabilities			59,003
			143,663
Other information			
Depreciation	17,306	3,798	21,104
Amortisation of land use rights	116	10	126
Capital expenditures	3,511	331	3,842

Segment assets consist primarily of property, plant and equipment, land use rights, goodwill, inventories and receivables. They exclude deferred income tax assets, tax recoverable, prepayment, deposits and other receivables and operating cash.

Segment liabilities comprise operating liabilities. They exclude items such as taxation and corporate borrowings.

Capital expenditure comprises additions to property, plant and equipment and land use rights.

(b) Secondary reporting format - geographical segments:

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

	2008		2007	
	Revenue	Segment results	Revenue	Segment results
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
The United States of America	235,857	19,059	264,683	22,471
Asia Pacific Region (excluding Mainland China)	357,665	2,029	303,641	(5,212)
Mainland China	30,505	663	88,323	1,308
Europe	83,684	2,145	39,699	1,649
	707,711	23,896	696,346	20,216

3. Other income

	2008	2007
	HK$'000	*HK$'000*
Scrap sales	336	465

4. Expenses by nature

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

	2008 *HK$'000*	2007 *HK$'000*
Cost of inventories	535,839	539,647
Depreciation of property, plant and equipment		
- owned assets	19,590	21,020
- assets held under finance leases	84	84
Amortisation of land use rights	130	126
(Gain)/loss on disposals of property, plant and equipment	(10)	222
Operating lease rental of premises	2,231	2,128
Net foreign currency exchange loss	1,704	1,353
Staff costs, including directors' remuneration	73,179	69,711
Provision for impairment of amount due from a jointly controlled entity	45	-
Provision for impairment of trade receivables	815	559
Provision for/(write back of provision for) obsolete and slow-moving inventories (included in cost of sales)	2,096	(1,177)
Fair value loss on derivative financial instruments	835	-
Auditor's remuneration	1,857	1,453
Research and development cost	3,134	3,941
Other expenses	42,286	37,063
Total cost of sales, distribution and selling expenses and general and administrative expenses	683,815	676,130

5. Finance income and finance costs

	2008 *HK$'000*	2007 *HK$'000*
Interest on:		
− bank borrowings wholly repayable within five years	(3,218)	(6,839)
− finance lease liabilities	(8)	(27)
Finance costs	(3,226)	(6,866)
Finance income	621	1,205
Finance costs - net	(2,605)	(5,661)

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% (2007: 17.5%) on the estimated assessable profit for the year.

(c) PRC enterprise income tax

Suga Electronics (Shenzhen) Co., Ltd. ("SESL"), Suga Networks Equipment (Shenzhen) Co., Ltd. ("SNESL"), Pets & Supplies (Shenzhen) Co., Ltd ("PSSZ"), Nodic-Matsumoto Tooling and Plastic Injection (Huizhou) Co., Ltd. ("Nodic") and Precise Plastic Injection (Shenzhen) Co., Ltd. ("PPISL") are subsidiaries established in Mainland China. Being enterprises established in the special economic zones of Mainland China, they are subject to Mainland Chinese enterprise income tax ("EIT") of 15% to 27% on their taxable income in accordance with the relevant Mainland Chinese tax laws and regulations in year 2007. With the effective of the new Corporate Income Tax Law (the "new CIT Law") from 1 January 2008, the general applicable Mainland China corporate income tax rate under the new CIT Law is 25%. Accordingly, all the Group's subsidiaries in Mainland China are subject to corporate income tax at 25% effective from 1 January 2008.

(d) Macao taxation

A subsidiary of the Group established in Macao and is exempted from Macao Complementary Tax (2007: Nil).

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

	2008 *HK$'000*	2007 *HK$'000*
Current income tax:		
− Hong Kong profits tax	2,102	1,553
− Income tax outside Hong Kong	597	1,191
− Over-provision in prior years	(667)	(119)
Deferred income tax relating to the origination and reversal of temporary differences	(1,092)	342
	940	2,967

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.

	2008	2007
Profit attributable to equity holders of the Company (HK$'000)	20,687	12,053
Weighted average number of ordinary shares in issue ('000)	230,604	227,962
Basic earnings per share (HK cents)	8.97	5.29

(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.

	2008	2007
Profit attributable to equity holders of the Company (HK$'000)	20,687	12,053
Weighted average number of ordinary shares in issue ('000)	230,604	227,962
Adjustments for share options ('000)	3,105	1,596
Weighted average number of ordinary shares for diluted earnings per share ('000)	233,709	229,558
Diluted earnings per share (HK cents)	8.85	5.25

8. Dividends

	2008	2007
	HK$'000	*HK$'000*
Interim dividend, paid, of HK1.0 cent (2007: HK0.5 cent) per ordinary share	2,314	1,140
Final dividend, proposed, of HK 3.0 cents (2007: HK2.0 cents) per ordinary share	6,925	4,609
	9,239	5,749

At a meeting held on 22 July 2008, the directors proposed the payment of a final dividend of HK 3.0 cents per share for the year ended 31 March 2008. 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 2009.

9. Trade and other receivables

The ageing analysis of trade receivables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	63,696	98,840
31 to 60 days	6,220	4,941
61 to 90 days	6,790	1,950
91 to 180 days	9,896	4,416
Over 180 days	11,436	9,399
	98,038	119,546
Less: Provision for impairment	(10,156)	(9,224)
Trade receivables, net	87,882	110,322
Prepayments	2,105	1,218
Rental and other deposits	7,432	6,089
Value added tax receivables	6,512	1,572
Others	634	701
	104,565	119,902

10. Trade and other payables

The ageing analysis of the trade payables is as follows:

	2008	2007
	HK$'000	*HK$'000*
0 to 30 days	55,082	54,186
31 to 60 days	6,108	8,849
61 to 90 days	1,963	234
91 to 180 days	4,882	1,712
Over 180 days	2,566	380
Trade payables	70,601	65,361
Salaries and staff welfare	4,871	3,926
Accrued expenses	2,816	2,577
Value added tax payables	-	2,471
Others	1,898	1,723
	80,186	76,058

CHAIRMAN'S MESSAGE

The manufacturing industry had a year fraught with challenges in 2007 brought by the downturn of the US economy, appreciation of the RMB, rising of wages and raw material prices. In combat, the Group implemented a series of cost control measures to improve operational efficiency, which were effective as reflected in the lowered operation cost and increased profitability during the year.

In the year under review, SUGA recorded a turnover of approximately HK$708 million, representing a slight increase of 1.6% over the prior year. Despite the pressure from rising cost of operation and raw materials, the Group boosted its profit through stringent cost control. Its gross profit increased by 3.1% to HK$92.8 million, against HK$90.0 million in the previous year. Gross profit margin also slightly increased to 13.1% (FY2006/07: 12.9%). With more significant contribution from higher profit margin business and markedly reduced finance cost, profit attributable to shareholders increased 71.6% to HK$20.7 million from last year's HK$12.1 million. Net profit margin was 2.9% (FY2006/07: 1.7%). Earnings per share was HK9.0 cents (FY2006/07: HK5.3 cents).

BUSINESS OVERVIEW

Consumer Electronics Appliances

Sales from the consumer electronic appliances business grew by 11.7% to HK$555.5 million, making up 78.5% of the Group's total sales. This segment continued to grow and remained as the Group's major source of revenue.

The major revenue contributor of this sector, pet training devices, continues to generate satisfactory income for the Group. Building on our long-standing relationship with our US partner, who is the largest supplier in the US pet training device market, we secured more orders of new model products and better margin for the Group.

The Group's continued effort in expanding customer base and enriching product portfolio has paid off. Since 2006, it has been manufacturing interactive educational products for a European customer headquartered in Britain, who is a global leader and innovator in interactive learning technology with the support of a worldwide distribution network. Sales to this client rocketed more than 2.5 times in FY2007/08. We believe orders from this client will continue to surge and this high-margin product will become the second largest revenue contributor of the Group in the coming year.

Business with a second European customer for whom we manufacture Bluetooth headsets is providing the Group with steadily growing income. Another customer we won during the year is from Australia. It specializes in developing and supply of integrated fare management and software system, smart card systems and services for the transit industry. Since the first shipment of such processors was made in September 2007, orders have been growing. More significant order quantity is expected in FY2008/09.

Telecommunication products

Revenue from the telecommunication products segment declined by 23.5% to HK$152.2 million from last year's HK$199.0 million and accounted for 21.5% of the Group's total turnover. The decline was mainly attributable to the departure of a networking product customer, which sold its business to another leading networking provider in China. Nevertheless, riding on our solid relationship with our Japanese customers, we saw strong orders for key telephone systems and voice-over-internet protocol ("VoIP") phones during the year. That helped greatly offset the loss in revenue and profit contribution from the departed networking product customer. In addition, by offering relatively higher profit margin, sales to these Japanese customers boosted the Group's overall profitability.

Accolades for Quality Services

SUGA's quality services have won wide recognition. In October 2007, SUGA was awarded "The Best Vendor for Brookstone 2007" for its efficient, timely and high volume product delivery. In the same month, it secured the "Green Mark" under the Hong Kong Green Mark Certification Scheme acknowledging it as an environmentally friendly enterprise.

PROSPECTS

We are confident of the prospects of the consumer electronic appliances segment in the coming year. This business will continue to be our key revenue contributor in FY2008/09. We will implement two major initiatives to exploit the untapped market potential and expand our customer portfolio.

The Group will strengthen its R&D capability to provide customers with value-added total solutions. SUGA is looking at cooperation opportunities with technology partners in engineering and R&D that can enable it to develop products with niche advantages and rich growth potential for winning more customers. In addition, the Group intends to forge strategic alliances with overseas marketing experts. Marrying their local knowledge with our competence in serving customers in niche markets, we aim to bring in more overseas customers and in turn widen market coverage. The Group now enjoys a net-cash position. The healthy finance position will give it greater flexibility in attracting potential partners in the future.

Striving for organic growth, for pet training devices, we will focus on manufacturing new models for customer, which will boost the margin of the product type further. Pet training devices will remain as this segment's largest income stream.

On the interactive educational products front, at this stage, the products we manufacture for the European customer are mainly distributed in Europe and the United States. The Asian market and the global trend of interactive learning have yet to be explored and tapped, which will be the long-term goal of the Group. We expect orders for interactive educational products to stay strong and the high-margin business to enhance the Group's profitability in the future.

Regarding the business of electronic ticket processors and Bluetooth headsets, these products will be a steadily growing source of income for the Group. Orders for electronic ticket processors in particular are expected to increase notably in the coming year.

As for the telecommunication products business, VoIP phones and key telephone systems will continue to bring stable revenues to the Group. Enjoying long-standing relationship with Japanese customers, we expect the segment to keep delivering steady performance next year.

Our ability in developing high-margin business is mirrored in our improving profitability. Combining this ability with its proven growth strategy, the Group is confident of generating greater returns for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2008, the net current assets of the Group was HK$205.0 million with liquidity ratio maintained at a healthy level of 2.67, up from 2.12 last year. Bank borrowings were reduced to HK$30.4 million from HK$41.9 million last year. Gearing ratio (calculated by dividing total bank borrowings by total equity) decreased from 17.5% to 11.5%. The Group was able to maintain a net cash of HK$34.4 million as at the balance sheet date, up from HK$3.2 million last year.

The Group had an aggregate banking facilities of approximately HK$439 million as at 31 March 2008 (31 March 2007: HK$366 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK$354 million (31 March 2007: HK$267 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.

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 of the wages and salaries and manufacturing overheads are denominated in RMB. The continued appreciation of RMB since July 2005 inevitably increased our production costs. The Group has entered into several foreign exchange contracts during the year to minimize the currency translation risk of RMB against HKD/USD.

PLEDGE OF ASSETS

As at 31 March 2008, other than inventories held under trust receipts bank loan arrangement, the Group did not pledge any of its assets (31 March 2007: nil) as securities for generating banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2008, the Group had no outstanding capital commitment (31 March 2007: nil). Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 31 March 2008 amounted to HK$77.3 million (31 March 2007: HK$90.6 million) and the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 March 2008 the Group employed 2,066 employees, of which 73 were based in Hong Kong and Macao 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 Board of 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").

In the opinion of the Board, the Company has applied the principles and complied with the CG Code except for CG Code A.2.1 in respect of the roles of Chairman and Chief Executive Officer should be separate.

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 2007/08.

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 2008.

ANNUAL GENERAL MEETING

The 2008 Annual General Meeting will be held at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 28 August 2008 at 4:00 p.m.. For details of the 2008 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about 30 July 2008.

FINAL DIVIDEND

The directors recommended the payment of a final dividend of HK3.0 cents per ordinary share (FY2006/07: HK2.0 cents) to shareholders whose names appear on the Register of Shareholders of the Company on 28 August 2008. Subject to approval of the shareholders at the 2008 Annual General Meeting, the final dividend will be paid on or before 12 September 2008.

CLOSURE OF REGISTERS OF SHAREHOLDERS

The register of shareholders of the Company will be closed from 25 August 2008 to 28 August 2008 (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 2008 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 22 August 2008 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 designated website at (www.hkexnews.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 designated website of the Stock Exchange and the website of the Company in due course.

On behalf of the board of directors
NG Chi Ho
Chairman

Hong Kong, 22 July 2008

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.