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 2009

FINANCIAL HIGHLIGHTS

– Revenue amounted to HK$812.0 million (2008: HK$707.7 million)

– Gross profit was HK$96.6 million (2008: HK$92.8 million)

– Profit attributable to shareholders was HK$24.9 million (2008: HK$20.7 million)

– Basic earnings per share was HK10.8 cents (2008: HK9.0 cents)

– The Board proposed a final dividend of HK3.5 cents per share (2008: HK3.0 cents)

– Total dividends per share for the year amounted to HK5.5 cents (2008: HK4.0 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 2009:

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2009

	Note	2009 HK$'000	2008 HK$'000
Revenue	2	**812,034**	707,711
Cost of sales	4	**(715,426)**	(614,878)
Gross profit		**96,608**	92,833
Other income	3	**1,460**	336
Distribution and selling expenses	4	**(16,514)**	(15,512)
General and administrative expenses	4	**(53,001)**	(53,425)
		28,553	24,232
Finance income	5	**1,514**	621
Finance costs	5	**(1,869)**	(3,226)
Finance costs - net	5	**(355)**	(2,605)
Profit before income tax		**28,198**	21,627
Income tax expense	6	**(3,274)**	(940)
Profit for the year		**24,924**	20,687
Attributable to:			
Equity holders of the Company		**24,924**	20,687
Earnings per share for profit attributable to the equity holders of the Company during the year			
- Basic (HK cents)	7	**10.80**	8.97
- Diluted (HK cents)	7	**10.77**	8.85
Dividends	8	**12,766**	9,239

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2009

	Note	2009 HK$'000	2008 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**62,761**	65,195
Land use rights		**4,399**	4,458
Goodwill		**1,059**	1,059
Interest in an associate		**-**	-
Interest in a jointly controlled entity		**-**	-
Deferred income tax assets		**2,179**	3,106
		70,398	73,818
Current assets			
Inventories		**125,341**	139,664
Trade and other receivables	*9*	**96,018**	104,565
Tax recoverable		**1,116**	1,293
Amount due from a jointly controlled entity		**27,601**	16,141
Derivative financial instruments		**-**	1,040
Cash and cash equivalents		**79,647**	64,868
		329,723	327,571
Total assets		**400,121**	401,389
LIABILITIES			
Current liabilities			
Trade and other payables	*10*	**84,111**	80,186
Income tax payable		**14,401**	14,266
Bank borrowings		**8,683**	19,404
Finance lease liabilities		**42**	81
Bank advances for factored receivables		**2,175**	6,777
Derivative financial instruments		**-**	1,875
		109,412	122,589
Non-current liabilities			
Long term bank borrowings		**3,636**	10,909
Finance lease liabilities		**-**	42
Deferred income tax liabilities		**2,746**	2,853
		6,382	13,804
Total liabilities		**115,794**	136,393

	Note	2009 HK$'000	2008 HK$'000
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**23,084**	23,084
Other reserves		**96,732**	90,783
Retained earnings			
– Proposed dividend		**8,149**	6,925
– Others		**156,362**	144,204
Total equity		**284,327**	264,996
Total equity and liabilities		**400,121**	401,389
Net current assets		**220,311**	204,982
Total assets less current liabilities		**290,709**	278,800

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, except that certain derivative financial instruments are stated at fair value as at the reporting dates.

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.

(a) Amendment and interpretations of HKFRS effective in 2008

- HKAS 39, "Financial Instruments: Recognition and Measurement", amendment on reclassification of financial assets permits reclassification of certain financial assets out of the held-for-trading and available-for-sale categories if specified conditions are met. The related amendment to HKFRS 7, "Financial Instruments: Disclosures", introduces disclosure requirements with respect to financial assets reclassified out of the held-for-trading and available-for-sale categories. The amendment is effective prospectively from 1 July 2008. This amendment does not have any impact on the Group's financial statements, as the Group has not reclassified any financial assets.

(b) Interpretation effective in 2008 but not relevant

The following interpretations to published standards are mandatory for accounting periods beginning on or after 1 January 2008 but they are not relevant to the Group's operations:

- HK(IFRIC)-Int 12, "Service Concession Arrangements"
- HK(IFRIC)-Int 14, "HKAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

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

- HKAS 1 (Revised), "Presentation of Financial Statements" (effective from 1 January 2009). The revised standard will prohibit the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the consolidated income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. 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 April 2009.

- HKAS 27 (Revised), "Consolidated and Separate Financial Statements" (effective from 1 July 2009). The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re-measured to fair value and a gain or loss is recognised in profit or loss. The Group will apply HKAS 27 (Revised) prospectively to transactions with non-controlling interests from 1 April 2010.

- HKAS 32 (Amendment), "Financial Instruments: Presentation", and HKAS 1 (Amendment), "Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation" (effective from 1 January 2009). The amended standards require entities to classify puttable financial instruments and instruments, or components of 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 as equity, provided the financial instruments have particular features and meet specific conditions. The Group will apply the HKAS 32 (Amendment) and HKAS 1(Amendment) from 1 April 2009, but it is not expected to have any impact on the Group's financial statements.

- HKFRS 1 (Amendment), "First-time Adoption of Hong Kong Financial Reporting Standards" and HKAS 27 "Consolidated and Separate Financial Statements" (effective from 1 July 2009). The amended standard allows first-time adopters to use a deemed cost of either fair value or the carrying amount under previous accounting practice to measure the initial cost of investments in subsidiaries, jointly controlled entities and associates in the separate financial statements. The amendment also removes the definition of the cost method from HKAS 27 and replaces it with a requirement to present dividends as income in the separate financial statements of the investor. The Company will apply HKAS 27 (Amendment) prospectively from 1 April 2010 in its separate financial statements. This amendment is not relevant to the Group.

- HKFRS 2 (Amendment), "Share-based Payment" (effective from 1 January 2009). The amended standard deals with vesting conditions and cancellations. It clarifies that vesting conditions are service conditions and performance conditions only. Other features of a share-based payment are not vesting conditions. As such these features would need to be included in the grant date fair value for transactions with employees and others providing similar services, that is, these features would not impact the number of awards expected to vest or valuation thereof subsequent to grant date. All cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply HKFRS 2 (Amendment) from 1 April 2009, but it is not expected to have a material impact on the Group's financial statements.

- HKFRS 3 (Revised), "Business Combinations" (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the consolidated income statement. There is a choice on an acquisition by acquisition basis to measure the non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Group will apply HKFRS 3 (Revised) prospectively to all business combinations from 1 April 2010.

- HKFRS 8, "Operating Segments" (effective from 1 January 2009). HKFRS 8 replaces HKAS 14 "Segment Reporting". 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 April 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 reports provided to the chief operating decision-maker. As goodwill is allocated to groups of cash-generating units on a segment level, the change will also require management to reallocate goodwill to the newly identified operating segments.

Apart from the above, the Hong Kong Institute of Certified Public Accountants has also issued certain improvements to HKFRS primarily with a view to remove inconsistencies and clarify wording. The amendments are primarily effective for annual periods beginning on or after 1 January 2009, with earlier application permitted. The Group does not expect adoption of the amendments to have a significant effect on the Group's financial statements.

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

- HKAS 39 (Amendment), "Financial Instruments: Recognition and Measurement – Eligible Hedged Items" (effective from 1 January 2009)

- HK(IFRIC)-Int 13, "Customer Loyalty Programmes" (effective from 1 July 2008)

- HK(IFRIC)-Int 15, "Agreements for Construction of Real Estates" (effective from 1 January 2009)

- HK(IFRIC)-Int 16, "Hedges of a Net Investment in a Foreign Operation" (effective from 1 October 2008)

- HK(IFRIC)-Int 17, "Distributions of Non-cash Assets to Owners" (effective from 1 July 2009)

- HK(IFRIC)-Int 18, "Transfers of Assets from Customers" (effective from 1 July 2009)

2. **Segment information**

(a) Primary reporting format - business segments:

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

	2009		
	Consumer electronic products and other products *HK$'000*	**Telecom-munication products** *HK$'000*	**Total** *HK$'000*
Total segment revenue	**697,854**	**114,180**	**812,034**
Segment results	**24,929**	**2,164**	**27,093**
Other income			**1,460**
Finance income			**1,514**
Finance costs			**(1,869)**
Income tax expense			**(3,274)**
Profit for the year			**24,924**
Segment assets	**295,032**	**44,967**	**339,999**
Unallocated assets			**60,122**
			400,121
Segment liabilities	**78,086**	**8,200**	**86,286**
Unallocated liabilities			**29,508**
			115,794
Other information			
Depreciation	**13,158**	**2,724**	**15,882**
Amortisation of land use rights	**114**	**18**	**132**
Capital expenditures	**9,979**	**2,382**	**12,361**

	2008		
	Consumer electronic products 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

Segment assets consist primarily of property, plant and equipment, land use rights, goodwill, inventories and receivables. They exclude deferred income tax assets, tax recoverable and cash maintained at corporate.

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 segment is set out as follows:

	2009		2008	
	Revenue	**Segment results**	Revenue	Segment results
	HK$'000	***HK$'000***	*HK$'000*	*HK$'000*
The United States of America	**321,321**	**20,383**	235,857	19,059
Asia Pacific Region (including Mainland China)	**256,965**	**2,031**	388,170	2,692
Europe	**233,748**	**4,679**	83,684	2,145
	812,034	**27,093**	707,711	23,896

3. Other income

	2009	2008
	HK$'000	*HK$'000*
Scrap sales	**1,460**	336

4. Expenses by nature

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

	2009	2008
	HK$'000	*HK$'000*
Cost of inventories	**631,902**	535,839
Depreciation of property, plant and equipment		
- owned assets	**15,798**	19,590
- assets held under finance leases	**84**	84
Amortisation of land use rights	**132**	130
Gain on disposals of property, plant and equipment	**(51)**	(10)
Operating lease rental of premises	**2,560**	2,231
Net foreign currency exchange loss	**700**	1,704
Staff costs, including directors' remuneration	**82,746**	73,179
Provision for impairment of amount due from a jointly controlled entity	**-**	45
Provision for impairment of trade receivables	**546**	815
Provision for obsolete and slow-moving inventories (included in cost of sales)	**221**	2,096
Fair value (gain)/loss on derivative financial instruments	**(863)**	835
Auditor's remuneration	**1,891**	1,857
Research and development cost	**4,213**	3,134
Other expenses	**45,062**	42,286
Total cost of sales, distribution and selling expenses and general and administrative expenses	**784,941**	683,815

5. Finance income and finance costs

	2009	2008
	HK$'000	*HK$'000*
Interest on:		
− bank borrowings wholly repayable within five years	**(1,865)**	(3,218)
− finance lease liabilities	**(4)**	(8)
Finance costs	**(1,869)**	(3,226)
Interest income from:		
− bank deposits	**890**	621
− others	**624**	-
Finance income	**1,514**	621
Finance costs - net	**(355)**	(2,605)

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 16.5% (2008: 17.5%) on the estimated assessable profit for the year.

(c) Mainland Chinese enterprise income tax

Suga Electronics (Shenzhen) Co., Ltd., Suga Networks Equipment (Shenzhen) Co., Ltd., Pets & Supplies (Shenzhen) Co., Ltd, Nodic-Matsumoto Tooling and Plastic Injection (Huizhou) Co., Ltd. and Precise Plastic Injection (Shenzhen) Co., Ltd. are subsidiaries established in Mainland China. All the Group’s subsidiaries in Mainland China are subject to corporate income tax up to 25% effective from 1 January 2008.

(d) Macao taxation

P&S Macao Commercial Offshore Limited is a subsidiary established in Macao and is exempted from Macao Complementary Tax (2008: Nil).

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

	2009	2008
	HK$'000	*HK$'000*
Current income tax:		
− Hong Kong profits tax	**710**	2,102
− Income tax outside Hong Kong	**1,744**	597
− Over-provision in prior years	**-**	(667)
Deferred income tax relating to the origination and reversal of temporary differences	**820**	(1,092)
	3,274	940

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.

	2009	2008
Profit attributable to equity holders of the Company (HK$'000)	**24,924**	20,687
Weighted average number of ordinary shares in issue ('000)	**230,840**	230,604
Basic earnings per share (HK cents)	**10.80**	8.97

(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.

	2009	2008
Profit attributable to equity holders of the Company (HK$'000)	**24,924**	20,687
Weighted average number of ordinary shares in issue ('000)	**230,840**	230,604
Adjustments for share options ('000)	**593**	3,105
Weighted average number of ordinary shares for diluted earnings per share ('000)	**231,433**	233,709
Diluted earnings per share (HK cents)	**10.77**	8.85

8. Dividends

	2009	2008
	HK$'000	*HK$'000*
Interim dividend, paid, of HK2.0 cents (2008: HK1.0 cent) per ordinary share	**4,617**	2,314
Final dividend, proposed, of HK3.5 cents (2008: HK3.0 cents) per ordinary share	**8,149**	6,925
	12,766	9,239

At a meeting held on 15 July 2009, the directors proposed the payment of a final dividend of HK3.5 cents per share on the basis of 232,840,000 shares in issue at the date of this meeting for the year ended 31 March 2009. 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 2010.

9. Trade and other receivables

The ageing analysis of trade receivables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**53,064**	63,696
31 to 60 days	**11,744**	6,220
61 to 90 days	**9,430**	6,790
91 to 180 days	**3,491**	9,896
Over 180 days	**12,731**	11,436
	90,460	98,038
Less: Provision for impairment	**(7,902)**	(10,156)
Trade receivables, net	**82,558**	87,882
Prepayments	**794**	2,105
Rental and other deposits	**1,900**	7,432
Value added tax receivables	**7,878**	6,512
Others	**2,888**	634
	96,018	104,565

10. Trade and other payables

The ageing analysis of the trade payables is as follows:

	2009	2008
	HK$'000	*HK$'000*
0 to 30 days	**66,592**	55,082
31 to 60 days	**1,801**	6,108
61 to 90 days	**1,034**	1,963
91 to 180 days	**897**	4,882
Over 180 days	**4,301**	2,566
Trade payables	**74,625**	70,601
Salaries and staff welfare	**4,724**	4,871
Accrued expenses	**3,395**	2,816
Others	**1,367**	1,898
	84,111	80,186

CHAIRMAN'S MESSAGE

Affected by the global financial turmoil, in particular in the second half of 2008, economies around the world slumped. As a result, consumer confidence plummeted and the manufacturing industry had to face severe pressure and challenges. Notwithstanding the tough market environment, by focusing on niche products with higher margins and implementing stringent cost control measures, the Group achieved satisfactory results for the year under review. This is proof of our solid foundation and that our effort in developing niche products has been effective.

SUGA recorded turnover of approximately HK$812.0 million, up 14.7% from HK$707.7 million last year. Gross profit grew 4.1% and reached HK$96.6 million while gross profit margin was 11.9% (FY2007/08: 13.1%). The slight decrease in gross profit margin was mainly the results of increase in operating costs in China, appreciation of the Renminbi against the Unites States dollar especially in the first half of the financial year, and pricing pressure from our customers amid the downturn of the global economy during the year. General and administrative expenses were at a similar level as last year, whereas finance costs during the year was down at our continuous effort in reducing bank borrowings thus bringing down related interest payment. The Group managed to achieve profit attributable to shareholders of HK$24.9 million, a 20.5% increase from last year's HK$20.7 million. Net profit margin increased to 3.1% (FY2007/08: 2.9%) and basic earnings per share was HK10.8 cents (FY2007/08: 9.0 cents) for the year.

BUSINESS OVERVIEW

Consumer Electronics Products

Sales of the consumer electronic products segment increased by 25.6% to HK$697.9 million, which represented 85.9% of the Group's total sales. At the continuous effort of the Group in developing specialised electronic products, the segment continued to grow and remained as the Group's major source of revenue.

Pet training devices, one of the major revenue contributors of the sector, continued to deliver satisfactory performance to the Group. Apart from contributing income, our pet training devices also won market recognition. The "Spray Pet Training Products" of the Group was awarded the "Innovation Award of 2008" in August 2008 by our pet training devices partner.

The revenue from interactive educational products tripled that of last year, attributable to a market increasingly receptive to interactive education. While Europe and the United States continue to be the largest markets of the products, the Asian markets, for example, China and Taiwan, have become more and more ready to apply technology in education. Riding on this trend, this operation has become another major revenue contributor of the Group in FY2008/09.

As for the production of electronic ticket processor, business with the Australian customer had been growing strong during the year. The processors are mainly sold in the Asian Pacific Region and Europe. We are confident of receiving bigger orders for the processor and generating more revenue as the product continues to penetrate its markets.

During the year, we secured a new customer who is a leading US professional audio equipment company and received good revenue from this customer for the year. We believe orders from this client will continue to surge. However, the revenue from some other general consumer electronic products which are more sensitive to the global economic downturn, declined. The Group has reallocated spared resources to support niche products with higher margins.

Telecommunication products

As for the telecommunication products segment, its revenue declined by 25.0% to HK$ 114.2 million from last year's HK$ 152.2 million and accounted for 14.1% of the Group's total turnover. With consumption sentiment dampened by the financial crisis, the order from our Japanese customers for key telephone systems and voice-over-internet protocol (VoIP) phones also dropped during the year. Nevertheless, this segment remains a stable revenue source to the Group and we maintain close relationship with these renowned Japanese customers, whose stringent requirements have helped to enhance our operational efficiency.

Accreditation

Shortly after the end of FY2008/09, the Group was honoured for its quality management. In May 2009, it came second in the "Best Small-cap" company (Hong Kong) in the 2009 "Asia's Best Managed Companies Poll" conducted by the leading financial magazine in Asia Pacific *FinanceAsia*, speaking to the recognition from the investment community for the hard work and achievements of the Group in running an efficient corporation.

PROSPECTS

Looking ahead, the global economic downturn is expected to bottom out by the end of 2009 though uncertainty will prevail in the second half of 2009. Taking advantage of the market going through consolidation, we will continue to develop niche products and perfect our services and solutions, which will allow us to strengthen our foundation for when the market revives.

To enhance our ability to sell products to customers in the niche markets, we will continue to look for opportunities to forge strategic alliances with overseas marketing experts. Our aim is to secure more overseas customers through such alliances and widen market coverage drawing on the knowledge and local network of our partners.

With the support of a strong research and development team, the Group has set up a new WIFI division in April 2009 to tap the growing market. This new division was formed by acquiring an experienced team in the Hong Kong WIFI industry and will develop WIFI modules for application in all suitable electronic devices. Research efforts in this area have been limited in Hong Kong, meaning the Group is looking at a largely untapped market and strong potential revenue contribution from the division in the coming years. In addition to tapping the WIFI market, we are also looking into capturing potential in the healthcare product segment.

We are confident that our existing businesses will continue to deliver solid results. Just to highlight a few of them, the pet training devices division is expected to report steady income to the Group. As for interactive educational products, riding on the growing popularity of interactive education, orders for these products will stay strong. The Video Pico Projector, which has won awards for the Group is ideal for use with multimedia devices. Encouraged by the strong market response to the product, we are developing it for commercial application to use with notebook computers.

On 29 May 2009, the Group acquired a new premise in Kowloon Bay at a consideration of HK$49.6 million for use as our head office in Hong Kong. The acquisition will be financed by internal resources of the Group and bank borrowing. We believe the price of the new premise is reasonable in the current market environment. Having its own premise for long term use, the Group will not be affected by rental hikes in the future. With a cash balance of over HK$79.6 million and available banking facilities of HK$318.3 million as at 31 March 2009, the Group is in a strong financial position to pursue business development with flexibility.

Moving forward, we will enhance our competitiveness and profitability by focusing on high margin businesses and developing niche markets. With a solid foundation, we are confident of bringing satisfactory rewards to our shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2009, net current assets of the Group was HK$220.3 million with a liquidity ratio of 3.01, up from 2.67 last year. Bank borrowings were reduced to HK$12.4 million from HK$30.4 million last year. Gearing ratio (calculated by dividing total bank borrowings by total equity) decreased from 11.5% to 4.3%. The Group maintained a net cash balance of HK$67.3 million as at the balance sheet date (31 March 2008: HK$34.4 million).

As at 31 March 2009, the Group had aggregate banking facilities of approximately HK$375.8 million (31 March 2008: HK$438.7 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK$318.3 million (31 March 2008: HK$354.5 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, salaries and manufacturing overheads are denominated in RMB. The continued appreciation of RMB inevitably increased our production costs. In prior year and during the current year, the Group had entered into several foreign exchange contracts to minimize the currency translation risk of RMB against USD. All these foreign exchange contracts were for hedging purpose and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities. As at 31 March 2009, there was no outstanding foreign exchange contract to hedge against the foreign currency risk.

PLEDGE OF ASSETS

As at 31 March 2009, the Group did not pledge any of its assets (2008: nil) as securities for generating banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2009, the Group had no outstanding capital commitment (31 March 2008: nil). Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 31 March 2009 amounted to HK$55.2 million (31 March 2008: HK$77.3 million) and the Group did not have any significant contingent liability.

On 29 May 2009, the Group has signed a Memorandum for Sale ("Memorandum") to acquire one floor of office building at No.1 Wang Kwong Road, Kowloon Bay together with 4 car parking spaces at a consideration of HK$49.6 million. An initial deposit of HK$2.5 million was paid to the vendor on 29 May 2009 upon signing of the Memorandum. A further deposit of HK$7.4 million was paid to the vendor on 14 July 2009 upon signing of the formal Sale and Purchase Agreement. The balance of consideration of HK$39.7 million shall be paid to the vendor upon completion of the acquisition, which is expected to be in December 2009. The office premise will be used as the Group's head office in Hong Kong. The Group is currently leasing Units 1904-1907 and Unit 1915 at Chevalier Commercial Centre, Kowloon Bay as its office and is subject to rental review at the end of each of the lease term. Having its own office premise for long term use, the Group will not be affected by rental hikes in the future.

HUMAN RESOURCES

As at 31 March 2009 the Group employed 1,717 employees, of which 57 were based in Hong Kong and Macao while the rest were mainly in Mainland China. 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 A.2.1 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 2008/09.

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 2009.

ANNUAL GENERAL MEETING

The 2009 Annual General Meeting will be held at Room 3203, 32/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Wednesday, 26 August 2009 at 4:00 p.m.. For details of the 2009 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about 28 July 2009.

FINAL DIVIDEND

The directors recommended the payment of a final dividend of HK3.5 cents per ordinary share (FY2007/08: HK3.0 cents) to shareholders whose names appear on the Register of Shareholders of the Company on 26 August 2009. Subject to approval of the shareholders at the 2009 Annual General Meeting, the final dividend will be paid on or before 11 September 2009.

CLOSURE OF REGISTERS OF SHAREHOLDERS

The register of shareholders of the Company will be closed from 21 August 2009 to 26 August 2009 (both days inclusive) during which period no transfer of shares will be effected by the Company. In order to qualify for the proposed final dividend and to determine the identity of the shareholders who are entitled to attend and vote at the 2009 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 20 August 2009 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, 15 July 2009

As at the date this announcement, the executive directors of the Company are Mr. NG Chi Ho, Mr. MA Fung On and Mr. WONG Wai Lik, Lamson and the independent non-executive directors are Prof. WONG Sook Leung, Joshua, Mr. LEUNG Yu Ming, Steven and Mr. CHAN Kit Wang.