SUGA INTERNATIONAL HOLDINGS LIMITED
信佳國際集團有限公司

(Incorporated in Bermuda with limited liability)

(Stock code: 912)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2009

FINANCIAL HIGHLIGHTS

– Revenue amounted to HK$482.9 million (2008: HK$409.2 million)
– Gross profit was HK$63.0 million (2008: HK$50.9 million)
– Profit attributable to shareholders was HK$25.1 million (2008: HK$13.1 million)
– Basic earnings per share was HK10.81 cents (2008: HK5.69 cents)
– The Board proposed an interim dividend of HK4.0 cents per share (2008: HK2.0 cents)

The Board of Directors (the "Board") of Suga International Holdings Limited would like to announce the unaudited consolidated results of the Company and its subsidiaries (together "SUGA" or the "Group") for the six months ended 30 September 2009:

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT
FOR THE PERIOD ENDED 30 SEPTEMBER 2009

		Six months ended 30 September	
	Note	**2009**	2008
		HK$'000	*HK$'000*
		(Unaudited)	(Unaudited)
Revenue	*3*	**482,873**	409,225
Cost of sales	*4*	**(419,891)**	(358,318)
Gross profit		**62,982**	50,907
Other income		**215**	222
Distribution and selling expenses	*4*	**(8,667)**	(9,734)
General and administrative expenses	*4*	**(25,804)**	(25,341)
		28,726	16,054
Finance income	*5*	**278**	353
Finance costs	*5*	**(245)**	(1,154)
Finance income/(costs) - net	*5*	**33**	(801)
Profit before income tax		**28,759**	15,253
Income tax expense	*6*	**(3,616)**	(2,115)
Profit for the period		**25,143**	13,138
Earnings per share for profit attributable to equity holders of the Company during the period			
—Basic (HK cents)	*7*	**10.81**	5.69
—Diluted (HK cents)	*7*	**10.78**	5.67
Interim dividend	*8*	**9,518**	4,617

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME
For the six months ended 30 September 2009

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attribution to shareholders of the Company	**25,143**	13,138
Other comprehensive income for the period, net of tax		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	–	5,257
Total comprehensive income attributable to shareholders of the Company for the period	**25,143**	18,395

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET
AS AT 30 SEPTEMBER 2009

	Note	**As at 30 September 2009** ***HK$'000*** **(Unaudited)**	As at 31 March 2009 *HK$'000* (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**58,888**	62,761
Land use rights		**4,333**	4,399
Goodwill		**1,059**	1,059
Interest in an associate		—	—
Interest in a jointly controlled entity		—	—
Long term deposits		**9,925**	—
Deferred tax assets		**2,449**	2,179
		76,654	70,398
Current assets			
Inventories		**116,070**	125,341
Trade and other receivables	*9*	**125,461**	96,018
Tax recoverable		**593**	1,116
Amount due from a jointly controlled entity		**38,375**	27,601
Derivative financial instruments		**105**	—
Cash and cash equivalents		**103,628**	79,647
		384,232	329,723
Total assets		**460,886**	400,121
LIABILITIES			
Current liabilities			
Trade and other payables	*10*	**114,874**	84,111
Income tax payable		**17,667**	14,401
Bank borrowings		**21,388**	8,683
Finance lease liabilities		—	42
Bank advances for factored receivables		—	2,175
Derivative financial instruments		**130**	—
		154,059	109,412
Non-current liabilities			
Long term bank borrowings		—	3,636
Deferred tax liabilities		**2,501**	2,746
		2,501	6,382
Total liabilities		**156,560**	115,794

	Note	As at 30 September 2009 HK$'000 (Unaudited)	As at 31 March 2009 HK$'000 (Audited)
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital		**23,484**	23,084
Other reserves		**99,223**	96,732
Retained earnings			
—Proposed dividend		**9,518**	8,149
—Others		**172,101**	156,362
Total equity		**304,326**	284,327
Total equity and liabilities		**460,886**	400,121
Net current assets		**230,173**	220,311
Total assets less current liabilities		**306,827**	290,709

Notes:

1. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 September 2009 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2009, which were prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS").

2 ACCOUNTING POLICIES

The accounting policies and method of computation used in the preparation of the condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2009, except as mentioned below.

(a) Effect of adopting new standards and amendments to standards

The following new standards and amendments to standards are mandatory for the financial year beginning 1 April 2009.

- HKAS 1 (Revised) "Presentation of Financial Statements". The revised standard prohibits 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" are required to be shown in a performance statement.

  Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

  The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8 "Operating Segments". HKFRS 8 replaces HKAS 14 "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

  Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors who collectively make strategic decisions.

  Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to previous acquisitions remains in the respective segments. There has been no further impact on the measurement of the Group's assets and liabilities.

- Amendment to HKFRS 7 "Financial instruments: disclosures". The amendments increase the disclosure requirements about fair value measurement and amend the disclosure about liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures about financial instruments and require some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. They also require a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 March 2010.

2 ACCOUNTING POLICIES *(Continued)*

(a) Effect of adopting new standards and amendments to standards *(Continued)*

The following amendments to standards and interpretations are mandatory for the financial year beginning 1 April 2009:

HKFRSs (Amendment)	Improvements to HKFRS 2008 [#]
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instrument and Obligation Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

\# Effective for the Group for annual period beginning 1 April 2009 except the amendment to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which is effective for annual periods beginning 1 April 2010.

The adoption of these amendments and interpretations to standards did not result in a significant impact on the result and financial position of the Group.

(b) Amendments to standards and interpretations that have been issued but are not effective

The following amendments to standards and interpretations have been issued but are not effective and have not been early adopted.

HKFRSs (Amendment)	Improvements to HKFRS 2009[1]
HKAS 27 (Revised)	Consolidated and Separate Financial Statements[1]
HKAS 39 (Amendment)	Eligible Hedged Items[1]
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards[1]
HKFRS 3 (Revised)	Business Combinations[1]
HK(IFRIC)-Int 17	Distributions of Non-cash Assets to Owners[1]
HK(IFRIC)-Int 18	Transfer of Assets from Customers[2]

1 Effective for the Group for annual period beginning 1 April 2010

2 Effective for transfer of assets received on or after 1 July 2009

The effect that the adoption of HKFRS 3 (Revised) and HKAS 27 (Revised) and HK(IFRIC)-Int 17 will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 April 2010. The Directors anticipate that the adoption of other amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

3 REVENUE AND SEGMENT INFORMATION

(a) Revenue recognised during the period is as follows:

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Sales of :		
- electronic products	**465,163**	398,259
- moulds and plastic products	**17,710**	10,966
	482,873	409,225

(b) Segment information

The chief operating decision-maker has been identified as the executive directors of the Group (collectively referred to as the "CODM") that make strategic decisions. The CODM reviews the internal reporting of the Group in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The CODM considers the business from a product perspective and assesses separately the performance of electronic products and moulds and plastic products.

The CODM assesses the performance of the operating segments based on a measure of adjusted earnings before other income, finance income/(costs), net and income tax expense ("segment results").

Segment assets, exclude deferred income tax assets, tax recoverable and corporate assets, all of which are managed on a central basis.

Other unallocated assets mainly comprise property, plant and equipment, prepayment, deposits and other receivables, and cash and cash equivalents held at corporate level.

3 **REVENUE AND SEGMENT INFORMATION** *(Continued)*

(b) **Segment information** *(Continued)*

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2009 and 2008 is as follows:

	Six months ended 30 September 2009		
	Electronic products *HK\$'000* **(Unaudited)**	**Moulds and plastic products** *HK\$'000* **(Unaudited)**	**Total** *HK\$'000* **(Unaudited)**
Total segment revenue	465,163	17,710	482,873
Results of reportable segments	25,708	2,803	28,511

A reconciliation of results of reportable segments to profit for the period is as follows:

Results of reportable segments	28,511
Other income	215
Finance income	278
Finance costs	(245)
Income tax expense	(3,616)
Profit for the period	25,143

Segment results included:			
Depreciation and amortisation	4,728	1,574	6,302

	Six months ended 30 September 2008		
	Electronic products *HK\$'000* (Unaudited)	Moulds and plastic products *HK\$'000* (Unaudited)	Total *HK\$'000* (Unaudited)
Total segment revenue	398,259	10,966	409,225
Results of reportable segments	15,642	190	15,832

A reconciliation of results of reportable segments to profit for the period is as follows:

Results of reportable segments	15,832
Other income	222
Finance income	353
Finance costs	(1,154)
Income tax expense	(2,115)
Profit for the period	13,138

Segment results included:			
Depreciation and amortisation	6,062	2,228	8,290

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

The segment assets as at 30 September 2009 and 31 March 2009 and the reconciliation to the total assets are as follows:

	As at 30 September 2009		
	Electronic products	**Moulds and plastic products**	**Total**
	HK$'000	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**
Segment assets	369,538	38,354	407,892
Deferred income tax assets			2,449
Tax recoverable			593
Other unallocated assets			49,952
Total assets per consolidated balance sheet			460,886
Additions to non-current assets	12,458	583	13,041

	As at 31 March 2009		
	Electronic products	Moulds and plastic products	Total
	HK$'000	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)
Segment assets	330,444	32,213	362,657
Deferred income tax assets			2,179
Tax recoverable			1,116
Other unallocated assets			34,169
Total assets per consolidated balance sheet			400,121
Additions to non-current assets	7,617	4,744	12,361

The Company is domiciled in Bermuda. An analysis of the Group's revenue by geographical market, which is determined by the location of customers, is as follows:

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Europe	**191,540**	120,546
Asian Pacific Region	**164,512**	139,677
The United States of America	**126,821**	149,002
	482,873	409,225

3 REVENUE AND SEGMENT INFORMATION *(Continued)*

(b) Segment information *(Continued)*

An analysis of the Group's non-current assets by geographical locations is as follows:

	As at 30 September 2009 *HK$'000* **(Unaudited)**	As at 31 March 2009 *HK$'000* (Audited)
Hong Kong	**15,615**	6,640
Mainland China	**60,616**	63,190
Macao	**423**	568
	76,654	70,398

For the six months ended 30 September 2009, external revenue of approximately HK$271,923,000 (2008: HK$274,738,000) is generated from three (2008: three) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the segment of electronic products.

4 EXPENSES BY NATURE

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

	Six months ended 30 September	
	2009 *HK$'000* **(Unaudited)**	2008 *HK$'000* (Unaudited)
Cost of inventories	**382,066**	315,237
Staff costs, including directors' emoluments	**40,569**	41,248
Depreciation of property, machinery and equipment		
—owned assets	**6,194**	8,182
—assets held under finance leases	**42**	42
Amortisation of land use rights	**66**	66
(Written back of provision for)/provision for impairment of trade receivables	**(305)**	29
Written back of provision for obsolete and slow-moving inventories	**(53)**	(104)
Fair value loss on derivative instruments	**24**	593
Research and development cost	**490**	1,486
Other expenses	**25,269**	26,614
Total cost of sales, distribution and selling expenses and general and administrative expenses	**454,362**	393,393

5 FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Interest on:		
—bank borrowings wholly repayable within five years	**(244)**	(1,152)
—finance leases liabilities	**(1)**	(2)
Finance costs	**(245)**	(1,154)
Finance income	**278**	353
Finance income/(costs)—net	**33**	(801)

6 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 September	
	2009	2008
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Current income tax		
—Hong Kong profits tax	**3,463**	645
—Income tax outside Hong Kong	**668**	528
	4,131	1,173
Deferred income tax relating to the origination and reversal of temporary differences	**(515)**	942
	3,616	2,115

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 period.

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**24,143**	13,138
Weighted average number of ordinary shares in issue ('000)	**232,490**	230,840
Basic earnings per share (HK cents)	**10.81**	5.69

(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.

	Six months ended 30 September	
	2009	2008
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK$'000)	**25,143**	13,138
Weighted average number of ordinary shares in issue ('000)	**232,490**	230,840
Adjustments for share options ('000)	**773**	995
Weighted average number of ordinary shares for diluted earnings per share ('000)	**233,263**	231,835
Diluted earnings per share (HK cents)	**10.78**	5.67

8 INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK4.0 cents per share (2008: HK2.0 cents) for the six months ended 30 September 2009 to shareholders whose names appear on the register of members of the Company on 29 December 2009. The interim dividend will be paid on or before 8 January 2010.

9 TRADE AND OTHER RECEIVABLES

The ageing analysis of trade receivables is as follows:

	As at 30 September 2009	As at 31 March 2009
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
0 to 30 days	**106,498**	53,064
31 to 60 days	**667**	11,744
61 to 90 days	**81**	9,430
91 to 180 days	**403**	3,491
Over 180 days	**12,897**	12,731
	120,546	90,460
Less: Provision for impairment	**(7,597)**	(7,902)
Trade receivables, net	**112,949**	82,558
Prepayments	**1,185**	794
Rental and other deposits	**1,722**	1,900
Value added tax receivables	**9,224**	7,878
Others	**381**	2,888
	125,461	96,018

The Group generally granted credit terms of 30 days to its customers.

10 TRADE AND OTHER PAYABLES

	As at 30 September 2009 *HK$'000* (Unaudited)	As at 31 March 2009 *HK$'000* (Audited)
0 to 30 days	**89,851**	66,592
31 to 60 days	**4,454**	1,801
61 to 90 days	**4,445**	1,034
91 to 180 days	**10**	897
Over 180 days	**4,146**	4,301
Trade payables	**102,906**	74,625
Salaries and staff welfare payable	**5,536**	4,724
Accrued expense	**4,942**	3,395
Others	**1,490**	1,367
	114,874	84,111

CHAIRMAN'S MESSAGE

Specialize in Specialized Electronic Products

Despite the prevailing generally weak business environment, SUGA recorded turnover of approximately HK$482.9 million for the review period, up 18.0% from HK$409.2 million for the same period last year. The increase is mainly attributable to the orders on hand and new orders secured for some of our specialized electronic products in the period.

The Group's gross profit grew to HK$63.0 million compared to HK$50.9 million for the last corresponding period. Gross profit margin was 13.0% (2008: 12.4%). The increase in gross profit margin was mainly owed to effective cost control. At our boosted effort to reduce bank borrowings, finance costs for the period decreased notably. Profit attributable to shareholders increased by 91.4% to HK$25.1 million (2008: HK$13.1 million). Net profit margin was 5.2% (2008: 3.2%). Basic earnings per share was HK10.81 cents (2008: HK5.69 cents).

Business Overview

Beginning this fiscal year, our consumer electronic products and telecommunication products are combined into a single reporting segment and a new segment – moulds and plastic products – has been added. We believe these changes in our business segments can better reflect our focuses.

Electronic products

Sales of the segment was HK$465.2 million, accounting for 96.3% of the Group's total sales. The segment covers specialized electronic products, such as electronic ticket processors, interactive educational products, pet training devices, professional audio equipment, and general consumer electronics products and other electronic products.

Sales of electronic ticket processors surged by over 200% and that of professional audio equipment was even higher at more than 400%. The strong growth in sales of electronic ticket processor was driven mainly by better penetration of the European markets. SUGA expects to continue to benefit from the expansion plan of its customer in the European market. As for the professional audio equipment, with a relative small base last year for comparison, it recorded significant sales growth during the period. We expect to receive bigger orders for professional audio equipment and generate more revenues from them in the coming years.

Interactive educational products continued to deliver satisfactory growth, attributable to an increasingly receptive market. While Europe and the United States (U.S.) continue to be the largest markets of the products, many schools in these regions have yet to adopt the interactive education model. Governments in different countries, like the U.S., have continued to invest in education and encourage more educational institutions to provide interactive education. This means the Group is looking at a promising market for its products.

Regarding pet training devices, as our customer maintained a lower inventory level in the review period commanded by the tough market environment, their sales dropped in the first half of the fiscal year compared with the same period last year. However, with the market gradually picking up in the second half of 2009, the customer has started to restock. We are thus positive about the sales performance of pet training devices in the second half of the fiscal year.

Sensitive to changes in the global economy, some general consumer electronic products including telecommunications products reported declined revenues. Nevertheless, the product category remained a stable revenue source to the Group. We also continued to maintain close relationship with our renowned Japanese customers, whose stringent requirements have helped us enhance operational efficiency.

Moulds and Plastic products

Sales of this segment was HK$17.7 million and made up 3.7% of the Group's total sales. The segment is operated by a subsidiary acquired in September 2004 by the Group. In the past the subsidiary was mainly responsible for supplying the Group's internal need for plastic components. During the second half of fiscal year 2008/09, the Group spent about Reminbi 3 million on new plant and machineries which empowered the subsidiary to produce large plastic components for external customers. The extended business scope of the subsidiary has expanded our earning base.

Prospects

Looking ahead, SUGA will strive for organic growth by securing new customers to enlarge its customer base. We will continue to develop specialized electronic products and perfect our services to attract potential customers.

Most of our customers are optimistic about the market outlook. We expect a number of our products, including electronic ticket processor, professional audio equipment, and interactive educational products, to maintain growth momentum and deliver satisfactory incomes to the Group. As our pet training devices customer has started to replenish inventory, we expect more orders from this customer. Optimism about the market is also shared by other general consumer electronic product customers of the Group. Thus, we believe the performance of electronic products will generate solid incomes to the Group in the second half year.

In addition to focusing on our core businesses, we are also committed to bringing more innovative products to the market. An interactive LED projector the Group introduced at this year's Electronic Fair won the Silver Award of the HKEIA Awards for Outstanding Innovation and Technology Products 2009. This is the second consecutive win by SUGA products in the Award. The interactive LED projector comes with an interactive pen that allows the user to work on projection of materials without having to rely on the computer keyboard and mouse. This projector demonstrated our ability to combine know-how with creativity. We will target the commercial and educational markets for the projector and will explore possibilities of working together with our customers.

We will strive to provide top quality products to our customers. In October and November 2009, SUGA received customer recognitions for its quality services. It was presented a certificate of appreciation from Oki Communication System Co., Ltd ("OKI") recognising the quality of its manufacturing services in the production of over 100,000 units of the voice-over-internet-protocol ("VoIP") Terminal Set "IP-Talk" for OKI. Furthermore, SUGA was named by Brookstone, Inc as the "The Best Vendor" in 2009" for its efficient service. We are very pleased to have received accolades from our long-standing customers.

Currently, the Group has a cash balance of more than HK$103.6 million and considerable banking facilities at its disposal, giving it great flexibility in pursuing business expansion if it so desired. However, we will carefully assess opportunities presented to us with the best interest of shareholders in mind. Building on a solid foundation, we are confident of bringing satisfactory rewards to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 September 2009, the Group has current assets of HK$384.2 million and current liabilities of HK$154.1 million. The current ratio was 2.5 (31 March 2009: 3.01).

The Group generally finances its business operations by internally generated resources and banking facilities provided by its principal bankers in Hong Kong. Banking facilities used by the Group include revolving bank loans, trust receipt loans, overdrafts, leasing and term loans, which are primarily on floating interest rates. As at 30 September 2009, the Group had aggregate facilities of approximately HK$372.1 million (31 March 2009: HK$375.8 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK$342.1 million (31 March 2009: HK$318.3 million).

As at 30 September 2009, the Group had outstanding bank and other borrowings of HK$21.4 million (31 March 2009: HK$12.4 million). The Group's gearing ratio (calculated by dividing total bank borrowings by total equity) was 7.0% as compared to 4.3% at 31 March 2009. The Group was at a net cash position of HK$82.2 million (31 March 2009: HK$67.3 million).

CAPITAL EXPENDITURES

The Group's total capital expenditures for the period under review was HK$3.1 million of which mainly comprised investment in machineries and equipment for production plants in Mainland China.

FOREIGN EXCHANGE EXPOSURE

The Group's transaction and monetary assets are principally dominated in Reminbi, Hong Kong dollars and United States dollars. The Group has not experienced any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the six months ended 30 September 2009.

During the six months ended 30 September 2009, the Group has entered into several foreign exchange contracts to hedge the currency translation risk of Reminbi against United States dollars. 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.

PLEDGE OF ASSETS

As at 30 September 2009, the Group did not pledge any of its assets (31 March 2009: nil) as securities for the banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 30 September 2009, the Group had outstanding capital commitment of approximately HK$39.7 million (31 March 2009: nil) in respect of acquisition of one floor of office building together with 4 car parking spaces located at Kowloon Bay.

On 29 May 2009, the Group has signed a Memorandum for Sale ("Memorandum") to acquire the whole 22nd floor, Tower B, Billion Centre, 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 (HK$39.7 million) was paid to the vendor upon completion of the acquisition on 20 October 2009.

Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 30 September 2009 amounted to HK$30.0 million (31 March 2009: HK$55.2 million) and the Group did not have any significant contingent liability.

HUMAN RESOURCES

As at 31 March 2009 the Group employed 1,787 employees, of which 55 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. The principal terms of share option scheme are as disclosed in the Company's 2008/09 Annual Report.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

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

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company had complied with the code of provisions as set out in the Appendix 14 "Code of Corporate Governance Practices" to the Listing Rules (the "Code") throughout the period, except the deviation from the code provision A.2.1. According to the code provision A.2.1 of the Code, the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Up to the date of this interim report, the Company does not have a separate Chairman and Chief Executive Officer and Dr. 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.

COMPLIANCE WITH THE MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2009.

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed, among other things, the internal control and financial reporting matters, including the review of the unaudited interim financial information for the six months ended 30 September 2009.

INTERIM DIVIDEND

The Directors have resolved to declare an interim dividend of HK4.0 cents per share (2008: HK2.0 cents) for the period to shareholders whose names appear on the register of members of the Company on 29 December 2009. The interim dividend will be paid on or before 8 January 2010. This dividend represents approximately 37.9% of the net profit of the Group for the first half of the fiscal year.

CLOSURE OF REGISTER

The register of shareholders of the Company will be closed from Thursday, 24 December 2009 to Tuesday, 29 December 2009 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, 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 – 16, 17/F., Hopewell Centre, 183 Queen's Road East, WanChai, Hong Kong not later than 4:30p.m. on Wednesday, 23 December 2009 for registration.

PUBLICATION OF INTERIM 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 interim 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, 8 December 2009

As at the date hereof, the executive directors of the Company are Dr. NG Chi Ho and Mr. MA Fung On, the non-executive director of the Company is Mr. LEE Kam Hung and the independent non-executive directors of the Company are Prof. WONG Sook Leung, Joshua, Mr. LEUNG Yu Ming, Steven and Mr. CHAN Kit Wang.