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 2012

FINANCIAL HIGHLIGHTS

– Revenue amounted to HK$1,242.0 million (2011: HK$1,191.1 million)

– Gross profit was HK$165.3 million (2011: HK$162.5 million)

– Profit attributable to owners of the Company was HK$93.3 million (2011: HK$90.4 million)

– Basic earnings per share was HK34.26 cents (2011: HK33.51 cents)

– The Board proposed a final dividend of HK10.0 cents per share (2011: HK8.0 cents)

– Total dividends per share for the year amounted to HK17.0 cents (2011: HK21.0 cents; including a special dividend of HK8.0 cents)

FINAL RESULTS

The Board of Directors (the “Board”) of Suga International Holdings Limited (“Company”) would like to announce the consolidated results of the Company and its subsidiaries (together “SUGA” or the “Group”) for the year ended 31 March 2012

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2012

	Note	**2012** *HK$’000*	2011 *HK$’000*
Revenue	*2*	**1,241,997**	1,191,058
Cost of sales	*3*	**(1,076,720)**	(1,028,540)
Gross profit		**165,277**	162,518
Other income		**1,586**	716
Other gains, net		**4,034**	1,607
Distribution and selling expenses	*3*	**(14,005)**	(13,659)
General and administrative expenses	*3*	**(56,930)**	(49,366)
Operating profit		**99,962**	101,816
Finance income	*4*	**3,224**	1,581
Finance costs	*4*	**(1,343)**	(1,031)
Finance income – net	*4*	**1,881**	550
Profit before income tax		**101,843**	102,366
Income tax expense	*5*	**(8,757)**	(11,928)
Profit for the year		**93,086**	90,438
Attributable to:			
Owners of the Company		**93,252**	90,438
Non-controlling interest		**(166)**	-
		93,086	90,438
Earnings per share for profit attributable to the owners of the Company during the year			
- Basic (HK cents)	*6*	**34.26**	33.51
- Diluted (HK cents)	*6*	**34.18**	33.32
Dividends	*7*	**46,290**	57,056

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2012

	Note	**2012** **HK$'000**	2011 HK$'000
Profit for the year		**93,086**	90,438
Other comprehensive income:			
Exchange differences arising on translation of foreign subsidiaries		**4,995**	5,329
Exchange reserve released upon disposal of a foreign subsidiary		**(430)**	-
Fair value (loss) / gain on available-for-sale financial asset		**(275)**	275
Other comprehensive income for the year, net of tax		**4,290**	5,604
Total comprehensive income for the year		**97,376**	96,042
Attributable to:			
Owners of the Company		**97,542**	96,042
Non-controlling interest		**(166)**	-
		97,376	96,042

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2012

	Note	**31 March 2012 *HK$'000***	31 March 2011 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**116,678**	113,367
Land use rights		**4,159**	4,225
Goodwill		**1,059**	1,059
Interests in associates		**1,733**	-
Interest in a jointly controlled entity		-	-
Amount due from an associate		**267**	-
Long-term loan receivable	*8*	**16,250**	-
Available-for-sale financial asset		**2,679**	4,150
Financial assets at fair value through profit or loss		**6,993**	11,481
Bonds investments		**9,109**	14,011
Deferred income tax assets		**3,665**	1,888
		162,592	150,181
Current assets			
Inventories		**160,230**	155,062
Trade and other receivables	*8*	**156,417**	144,403
Financial assets at fair value through profit or loss		**7,762**	-
Bonds investments		**5,165**	-
Tax recoverable		**400**	366
Amount due from a jointly controlled entity		**30,083**	26,112
Derivative financial instruments		**853**	498
Cash and cash equivalents		**143,959**	161,149
		504,869	487,590
Total assets		**667,461**	637,771
LIABILITIES			
Non-current liabilities			
Bank borrowings		**22,463**	33,499
Deferred income tax liabilities		**2,807**	2,275
		25,270	35,774

		Group	
		31 March	31 March
		2012	2011
	Note	***HK$'000***	*HK$'000*
Current liabilities			
Trade and other payables	*9*	**179,872**	169,623
Income tax payable		**15,737**	17,661
Bank borrowings		**9,376**	12,755
		204,985	200,039
Total liabilities		**230,255**	235,813
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**27,229**	27,174
Other reserves		**115,499**	110,764
Retained earnings			
- Proposed dividend		**27,229**	43,514
- Others		**267,415**	220,506
		437,372	401,958
Non-controlling interests		**(166)**	-
Total equity		**437,206**	401,958
Total equity and liabilities		**667,461**	637,771
Net current assets		**299,884**	287,551
Total assets less current liabilities		**462,476**	437,732

Notes:

1. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). They have been prepared under the historical cost convention, as modified by the inclusion of fair value of available-for-sale financial asset and financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

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

(a) New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 April 2011 but not currently relevant to the Group (although they may affect the accounting for future transactions and events)

HKAS 24 (Revised)	Related Party Disclosures
HKAS 32 (Amendment)	Classification of Rights Issues
HKFRS 1 (Amendment)	Limited Exemption from Comparative HKFRS 7 Disclosures for First-time Adopters
HK(IFRIC)-Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement
HK(IFRIC)-Int 19	Extinguishing Financial Liabilities with Equity Instruments
Annual Improvement Projects	Improvements to HKFRS (2010)

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by HKICPA. All improvements were effective in the financial year of 2011.

(b) New standards, amendments and interpretations have been issued but are not effective for the financial year beginning 1 April 2011 and have not been early adopted

- HKAS 1 (Amendment) "Presentation of items of Other Comprehensive Income", effective for annual period beginning on or after 1 July 2012.
- HKAS 12 (Amendment) "Deferred Tax: Recovery of Underlying Assets", effective for annual period beginning on or after 1 January 2012.
- HKAS 19 (Amendment) "Employee Benefits", effective for annual period beginning on or after 1 January 2013.
- HKAS 27 (Revised 2011) "Separate Financial Statements", effective for annual period beginning on or after 1 January 2013.
- HKAS 28 (2011) "Investments in Associates and Joint Ventures", effective for annual period beginning on or after 1 January 2013.
- HKAS 32 (Amendment) "Offsetting Financial Assets and Financial Liabilities", effective for annual period beginning on or after 1 January 2013.
- HKFRS 1 (Amendment) "Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters", effective for annual period beginning on or after 1 July 2011.
- HKFRS 1 (Amendment) "Government Loans", effective for annual period beginning on or after 1 January 2013.

- HKFRS 7 (Amendment) "Disclosures - Transfers of Financial Assets", effective for annual period beginning on or after 1 January 2013.

- HKFRS 7 (Amendment) "Disclosures - Offsetting Financial Assets and Financial Liabilities", effective for annual period beginning on or after 1 July 2011.

- HKFRS 9 "Financial Instruments", effective for annual period beginning on or after 1 January 2015.

- HKFRS 10 "Consolidated Financial Statements", effective for annual period beginning on or after 1 January 2013.

- HKFRS 11 "Joint Arrangements", effective for annual period beginning on or after 1 January 2013.

- HKFRS 12 "Disclosure of Interests in Other Entities", effective for annual period beginning on or after 1 January 2013.

- HKFRS 13 "Fair Value Measurements", effective for annual period beginning on or after 1 January 2013.

- HK(IFRIC)-Int 20 "Stripping Costs in the Production Phase of a Surface Mine", effective for annual period beginning on or after 1 January 2013

Management is in the process of making an assessment of the likely impact of these changes but is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and the presentation of its financial statements will result.

2. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors of the Group (collectively referred to as the "CODM") who 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 plastics products.

The CODM assesses the performance of the operating segments based on a measure of the results of reportable segments. Finance income and costs, corporate income and expenses and fair value gain/(loss) of financial assets are not included in the results for each operating segment that is reviewed by the CODM. Other information provided to the CODM is measured in a manner consistent with that in the financial statements.

Revenue from external customers is shown after elimination of inter-segment revenue. Sales between segments are carried out at mutually agreed terms. The revenue from external parties reported to CODM is measured in a manner consistent with that in the consolidated income statement.

Assets of reportable segments exclude deferred income tax assets, tax recoverable, available for-sale financial assets, bond investments, financial assets at fair value through profit or loss, long-term loan receivables, interests in associates and corporate assets, all of which are managed on a central basis. Liabilities of reportable segment exclude current and deferred income tax liabilities and corporate liabilities. These are part of the reconciliation to total balance sheet assets and liabilities.

The segment information provided to the CODM for the reportable segments for the year ended 31 March 2012 and 2011 is as follows:

	2012			
	Electronic products *HK$'000*	**Moulds and plastic products** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue				
Revenue from external customers	**1,193,273**	**48,724**	**–**	**1,241,997**
Inter-segment revenue	**–**	**8,496**	**(8,496)**	**–**
	1,193,273	**57,220**	**(8,496)**	**1,241,997**
Results of reportable segments	**93,853**	**3,701**	**–**	**97,554**

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

Results of reportable segments	**97,554**
Unallocated expenses	**138**
Other income	**1,586**
Other gains, net	**684**
Operating profit	**99,962**
Finance income	**3,224**
Finance costs	**(1,343)**
Profit before income tax	**101,843**
Income tax expense	**(8,757)**
Profit for the year	**93,086**

	Electronic products *HK$'000*	**Moulds and plastic products** *HK$'000*	**Other segments** *HK$'000*	**Total** *HK$'000*
Other segment information				
Depreciation on property, plant and equipments	**8,478**	**2,162**	**3,113**	**13,753**
Amortisation of land use rights	**-**	**57**	**80**	**137**
Additions to non-current assets (other than interests in associates, financial assets and deferred tax assets)	**14,744**	**999**	**78**	**15,821**
Income tax expense	**7,462**	**737**	**558**	**8,757**

	2011			
	Electronic products	Moulds and plastic products	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Revenue				
Revenue from external customers	1,137,249	53,809	–	1,191,058
Inter-segment revenue	–	12,410	(12,410)	–
	1,137,249	66,219	(12,410)	1,191,058
Results of reportable segments	90,481	8,251	–	98,732

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

Results of reportable segments	98,732
Unallocated income	761
Other income	716
Other gains, net	1,607
Operating profit	101,816
Finance income	1,581
Finance costs	(1,031)
Profit before income tax	102,366
Income tax expense	(11,928)
Profit for the year	90,438

	Electronic products	Moulds and plastic products	Other segments	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
Other segment information				
Depreciation on property, plant and equipments	6,424	2,417	2,951	11,792
Amortisation of land use rights	-	55	80	135
Additions to non-current assets (other than financial assets and deferred tax assets)	14,538	1,096	2,444	18,078
Income tax expense	10,212	1,853	(137)	11,928

The segment assets and segment liabilities as at 31 March and the reconciliation to the total assets and total liabilities are as follows:

	2012		
	Electronic products *HK$'000*	**Moulds and plastic products** *HK$'000*	**Total** *HK$'000*
Segment assets	**515,814**	**43,072**	**558,886**
Deferred income tax assets			**3,665**
Tax recoverable			**400**
Unallocated:			
Property, plant and equipment			**51,965**
Interests in associates			**1,733**
Long-term loan receivable			**16,250**
Other investments			**31,708**
Other unallocated assets			**2,854**
Total assets per consolidated balance sheet			**667,461**
Segment liabilities	**171,320**	**5,926**	**177,246**
Income tax payable			**15,737**
Deferred income tax liabilities			**2,807**
Unallocated:			
Bank borrowings			**31,839**
Other unallocated liabilities			**2,626**
Total liabilities per consolidated balance sheet			**230,255**

	2011		
	Electronic products *HK$'000*	Moulds and plastic products *HK$'000*	Total *HK$'000*
Segment assets	508,185	41,517	549,702
Deferred income tax assets			1,888
Tax recoverable			366
Unallocated:			
Property, plant and equipment			52,579
Other investments			29,642
Other unallocated assets			3,594
Total assets per consolidated balance sheet			637,771
Segment liabilities	164,286	6,576	170,862
Income tax payable			17,661
Deferred income tax liabilities			2,275
Unallocated:			
Bank borrowings			42,862
Other unallocated liabilities			2,153
Total liabilities per consolidated balance sheet			235,813

The Company is domiciled in Bermuda. An analysis of the Group's revenue from external customers by country for the year ended 31 March 2012 and 2011 is as follows:

	2012	2011
	HK$'000	*HK$'000*
The United States of America	**404,624**	419,438
United Kingdom	**301,611**	286,001
Japan	**256,426**	209,312
PRC (including Hong Kong)	**116,516**	96,495
Australia	**42,149**	94,258
Others	**120,671**	85,554
	1,241,997	1,191,058

An analysis of the Group's non-current assets, excluding deferred income tax assets, by geographical locations is as follows:

	2012	2011
	HK$'000	*HK$'000*
Hong Kong	**75,763**	86,992
Mainland China	**82,983**	61,079
Macao	**181**	222
	158,927	148,293

3. EXPENSES BY NATURE

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

	2012	2011
	HK$'000	*HK$'000*
Cost of inventories	**949,617**	921,301
Depreciation of property, plant and equipment		
- owned assets	**13,753**	11,792
Amortisation of land use rights	**137**	135
Loss /(gain) on disposals of property, plant and equipment	**4**	(322)
Operating lease rental of premises	**5,407**	5,869
Employee benefit expense (including directors' emoluments)	**127,350**	104,142
Provision for / (reversal of) impairment of trade receivables	**264**	(615)
Provision for obsolete and slow-moving inventories (included in cost of sales)	**–**	1,641
Auditor's remuneration	**2,116**	1,985
Other expenses	**49,007**	45,637
Total cost of sales, distribution and selling expenses and general and administrative expenses	**1,147,655**	1,091,565

4. FINANCE INCOME AND FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest income from:		
- bank deposits	**2,171**	1,181
- bonds investments	**1,053**	400
Finance income	**3,224**	1,581
Interest expense on:		
- bank borrowings wholly repayable within five years	**(1,343)**	(1,031)
Finance income - net	**1,881**	550

5. 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% (2011: 16.5%) on the estimated assessable profits for the year.

(c) Mainland Chinese enterprise income tax

Suga Electronics (Shenzhen) Co., Ltd. ("SESL"), Suga Networks Equipment (Shenzhen) Co., Ltd. ("SNESL"), Pets & Supplies (Shenzhen) Co., Ltd ("PSSL") and Nodic-Matsumoto Tooling and Plastic Injection (Huizhou) Co., Ltd. ("Nodic") are subsidiaries established in Mainland China. All the Group's subsidiaries in Mainland China are subject to corporate income tax at 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 (2011: Nil).

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

	2012	2011
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**10,424**	8,113
- Income tax outside Hong Kong	**3,274**	3,952
- Over-provision in prior years	**(3,696)**	(246)
Deferred income tax	**(1,245)**	109
	8,757	11,928

6. EARNINGS PER SHARE

(a) Basic

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

	2012	2011
Profit attributable to equity holders of the Company (HK$'000)	**93,252**	90,438
Weighted average number of ordinary shares in issue ('000)	**272,164**	269,904
Basic earnings per share (HK cents)	**34.26**	33.51

(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 share. 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 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.

	2012	2011
Profit attributable to owners of the Company (HK$'000)	**93,252**	90,438
Weighted average number of ordinary shares in issue ('000)	**272,164**	269,904
Adjustments for share options ('000)	**642**	1,536
Weighted average number of ordinary shares for diluted earnings per share ('000)	**272,806**	271,440
Diluted earnings per share (HK cents)	**34.18**	33.32

7. DIVIDENDS

	2012	2011
	HK$'000	*HK$'000*
Interim dividend, paid, of HK7.0 cents (2011: HK5.0 cents) per ordinary share	**19,061**	13,542
Final dividend, proposed, of HK10.0 cents (2011: HK8.0 cents) per ordinary share	**27,229**	21,757
No Special dividend proposed (2011: HK8.0 cents per ordinary share)	**-**	21,757
	46,290	57,056

8. TRADE AND OTHER RECEIVABLES

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**135,645**	128,651
Less: Provision for impairment	**(3,931)**	(3,626)
Trade receivables, net	**131,714**	125,025
Prepayments	**875**	792
Rental and other deposits	**1,560**	1,257
Value added tax receivables	**8,960**	9,626
Others	**13,308**	7,703
Trade and other receivable – current portion	**156,417**	144,403
Long-term loan receivable	**16,250**	-
Total trade and other receivables	**172,667**	144,403

The ageing of trade receivables is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**114,280**	103,372
31 to 60 days	**10,773**	13,807
61 to 90 days	**2,654**	5,386
91 to 180 days	**1,494**	1,636
Over 180 days	**6,444**	4,450
	135,645	128,651
Less: Provision for impairment	**(3,931)**	(3,626)
Trade receivables, net	**131,714**	125,025

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

9. TRADE AND OTHER PAYABLES

	2012	2011
	HK$'000	*HK$'000*
Trade payables	**159,115**	153,477
Salaries and staff welfare payable	**11,221**	6,722
Accrued expenses	**3,996**	4,276
Others	**5,540**	5,148
	179,872	169,623

The ageing of the trade payables is as follows:

	2012	2011
	HK$'000	*HK$'000*
0 to 30 days	**144,174**	132,455
31 to 60 days	**7,723**	10,215
61 to 90 days	**1,159**	4,187
91 to 180 days	**2,619**	1,799
Over 180 days	**3,440**	4,821
Trade payables	**159,115**	153,477

CHAIRMAN'S MESSAGE

Over the past year, the business environment has proven to be highly difficult for manufacturing companies as a whole, with many economies around the world continuing to experience volatility. Nevertheless, we were able to sustain turnover and net profit growth, outpacing the market by leveraging a sound strategy that emphasized developing a balanced yet diversified product portfolio. The Group recorded turnover of approximately HK$1,242.0 million, a modest increase of 4.3% from HK$1,191.1 million last year. Gross profit reached HK$165.3 million (FY2010/11: HK$162.5 million). Although production cost, especially labour cost, increased noticeably, we implemented effective control measures, including greater automation to manage costs. Consequently, gross profit margin stood at 13.3% (FY2010/11: 13.6%). The Group realised profit attributable to shareholders of HK$93.3 million, up 3.1% year-on-year (FY2010/11: HK$90.4 million). Net profit margin was 7.5% (FY2010/11: 7.6%) and basic earnings per share were HK34.26 cents (FY2010/11: HK 33.51 cents).

BUSINESS OVERVIEW

Electronic products

The electronic products segment generated sales of HK$1,193.3 million, up 4.9% from HK$1,137.2 million last year, accounting for 96.1% of the Group's total sales. We were able to maintain healthy income even in the face of a sluggish macro economy in the second half of 2011, during which the development of many sectors was hindered, consumer confidence eroded significantly, and some of our partners adopted a more conservative approach that led to a delay in new project launches. Nevertheless, owing to a broad customer base, product variety, and more specifically, a balanced portfolio of niche products, this combination proved effective at enabling us to weather the difficult conditions and realise modest business growth.

Among all of the products in the electronic products segment, general consumer electronics, which include telecommunication devices, recorded the strongest growth. This corresponded with a new telecommunications device that we launched for a Japanese customer, which superseded an older model, and the transition had progressed well. Orders for our other general consumer electronic products also increased, with customers starting to replenish inventory to meet market demand.

Interactive educational products and professional audio equipment maintained stable growth, with both providing steady sources of income to the Group. During the first half year, we worked closely with our interactive education partner to prepare a new generation of products, which were launched in the second half year and were favorably received by end users. The Group will certainly keep abreast of the latest market trends and strengthen ties with its partner to bolster competitiveness still further. In respect of professional audio equipment, we received increased orders from existing and new clients; however, instability in the second half of 2011 led to a slowdown in business development with our new clients. Though the base of this business is growing, we do not anticipate the growth rate to be as significant as previously experienced.

Pet training devices and auto-fare collection systems experienced a decline in revenue during the review year. Consumer sentiment was adversely affected by economic uncertainties and this prompted our pet training devices partner to adopt a prudent approach, including maintaining minimal inventory as part of inventory management. With respect to auto-fare collection systems, some projects were delayed as a direct result of the European financial crisis. We will enhance communications with our client to understand the status of new projects, as well as offer efficient solutions once projects are reactivated.

Our newest product, solar inverters, operated within a relatively small business base. Nevertheless, the Group has been able to accumulate valuable production experience and believes this will be crucial for producing new green energy devices, thus open the way to fresh opportunities in light of growing demand for renewable energy technologies.

Moulds and plastic products

Sales from the molds and plastic segment contracted by 9.5% to HK$48.7 million and accounted for 3.9% of SUGA's total sales. The management is determined to raise efficiency of this segment with the principal objective of maintaining a reasonable margin level.

CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES AND GREEN ACHIEVEMENTS

While committed to the continuing development of SUGA, we have not reneged on our corporate social responsibilities. Over the past year, our staff once again brought pride to the Group, directly taking part in a range of activities, including fasting for eight hours to raise money for World Vision Hong Kong; donating blood to Hong Kong Red Cross; and for the twelfth consecutive year, participating in the fund-raising walkathon for Green Power. In recognition of our corporate social responsibility efforts and the benefits of these efforts to the community, the Group has been awarded the Caring Company Logo 2011/2012.

Our subsidiary, Precise Computer Tooling Company Limited, also helped wave the corporate flag, being named "Hong Kong - Guangdong Cleaner Production Partner" and garnering the "Hang Seng Pearl River Delta Environmental Awards - Green Medal".

PROSPECTS

The manufacturing sector is invariably influenced by economic development. Though uncertainty about Europe's economic health continues to cast a shadow on the market, we remain cautiously optimistic about the year ahead. Such optimism is based on our ability to leverage SUGA's attributes, which include a unique business model, cost efficient production and portfolio of diversified products – placing us in a strong position to seize fresh business opportunities and cope with changing market dynamics.

Overall, we expect our diverse scope of products will continue to serve as a solid base, providing stable sources of income. Orders for general consumer electronic products, including telecommunication products, are projected to grow consistently and in line with past momentum. Interactive educational products and professional audio equipment are set to perform in a stable manner, whereas the restocking of pet training devices is anticipated to proceed once consumption is back on track given that the current inventory level is already relatively low. Likewise, orders for auto fare collection systems will pick up once existing projects are reinitiated and new projects introduced. Ahead of such time, we will intensify communications with our partners and customers so that we are well-prepared to quickly tender efficient solutions.

Having achieved organic growth of its established businesses, SUGA will seek to realise similar inroads in the PRC pet market. With three pet stores opened in Shenzhen under the "Losun" brand name during the 2011 financial year, our objective has since been to enhance customer satisfaction by raising efficiency and delivering still higher quality service. Consistent with such objectives, we sought to further optimize inventory control, broaden our supplier network and intensify staff training. With China's economy continuing to expand at a healthy pace leading to higher per capita income, we will bolster our presence in the country as opportunities arise so as to fully capitalize on this ongoing development.

Aside from market expansion, enhancing SUGA's various competencies is also essential for long-term growth. With this in mind, the Group acquired the remaining 50% issued share capital of a jointly controlled entity at a maximum consideration of US$2.5 million. The jointly controlled entity is a sales agency that it had maintained dealings with in the past years. The agreement was reached shortly after the fiscal year in view of the exceptional value that the acquisition could be realised, as well as the agency's capacity to open up more market opportunities.

On 7 May 2012, we further signed an agreement to purchase Benefit Holding Co., Ltd., a Samoa incorporated company which indirectly owns a site of approximately 53,361 square metres in Dongguan, at a consideration of approximately RMB43.9 million. We plan to use the site as the location of a new factory to be completed in two years. This is in response to the rising number of orders that the Group has been receiving over the past years, and anticipated growth in the future. Moreover, with the cost of labor in Dongguan being lower than in Shenzhen, which is the current location of our factories, the new site allows us to reduce labor cost and provides the option of consolidating production lines to further raise efficiency. While representing our mid-term plan, the Dongguan factory is clearly expected to play a key role in assisting us realise future objectives as well.

In making the acquisitions, we have reaffirmed our commitment to evolving and strengthening the Group. Even though the world markets have been highly unstable over the past few years, we have always looked beyond the challenges to uncover fresh opportunities. We have subsequently created a sound foundation for SUGA to grow and explore new possibilities. Leveraging our proven business model and bolstered infrastructure, we will not be discouraged by the economic challenges ahead, but rather, draw motivation for achieving further growth and delivering fair returns to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2012, the Group has current assets of HK$504.9 million and current liabilities of HK$205.0 million. The current ratio was 2.46. (31 March 2011: 2.44).

Bank borrowings were HK$31.8 million as at 31 March 2012 (31 March 2011: HK$46.3 million). The decrease in bank borrowings was mainly due to repayment of long-term bank loan during the year. Gearing ratio (calculated by dividing total bank borrowings by total equity) was 7.3% (31 March 2011: 11.5%). The Group maintained a net cash balance of HK$112.1 million as at the balance sheet date (31 March 2011: HK$114.9 million).

As at 31 March 2012, the Group had aggregate banking facilities of approximately HK$349.8 million (31 March 2011: HK$389.1 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK$299.3 million (31 March 2011: HK$321.7 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.

FINANCIAL INVESTMENT

The Group has acquired certain financial assets during the year ended 31 March 2012 and has properly classified and applied appropriate measurement in accordance with HKAS 39 “Financial Instruments: Recognition and measurements” as available-for-sale financial asset, financial assets at fair value through profit or loss and bonds investments. Total value as at 31 March 2012 amounted HK$ 31.7 million (2011: HK$ 29.6 million). The financial assets mainly consist of corporate bonds denominated in USD and RMB, listed and traded on active markets.

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 year ended 31 March 2012.

During the year, the Group had entered into several foreign exchange contracts to manage the currency translation risk of Reminbi against United States dollars. All these foreign exchange contracts were for managing purpose and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities. The net realised and unrealised profit on derivative instruments as of the balance sheet date was HK$2.6 million.

PLEDGE OF ASSETS

As at 31 March 2012, the Group had pledged its office premise located at 22nd floor, Tower B, Billion Centre, Kowloon Bay together with 4 car parking spaces to secure a bank mortgage loan of HK$23.5 million (31 March 2011: HK$26.2 million) for financing the acquisition of the office premise and car parking spaces. Other than the said mortgage loan, the Group did not pledge any of its assets as securities for the banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2012, the Group had no outstanding capital commitments (31 March 2011: nil). The corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 31 March 2012 amounted to HK$50.6 million (31 March 2011: HK$67.4 million) and the Group did not have any significant contingent liability.

HUMAN RESOURCES

As at 31 March 2012 the Group has approximately 2,140 employees, of which 48 were based in Hong Kong and Macao while the rest were mainly in Mainland China. Remuneration policy is reviewed regularly, making reference to current legislation, market condition and both 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.

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 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.

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 2011/12.

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 financial statements of the Group for the year ended 31 March 2012.

FINAL DIVIDEND

The Directors have proposed the payment of a final dividend of HK10.0 cents per ordinary share for the financial year ended 31 March 2012 (FY2010/11: HK8.0 cents) to the shareholders whose names appears on the Register of Shareholders of the Company on 10 August 2012. Subject to approval by shareholders at the 2012 Annual General Meeting, the proposed final dividend will be paid on or before 17 August 2012.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of shareholders of the Company will be closed from 3 August 2012 to 6 August 2011 (both days inclusive), during which period no transfers of shares in the Company will be registered, for the purpose of ascertaining the identity of the shareholders entitled to attend and vote at 2012 Annual General Meeting. In order to qualify to attend and vote at the meeting, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 2 August 2012.

The Register of Shareholders of the Company will be closed on 10 August 2012 during which date no transfer of shares in the Company will be registered, for the purpose of ascertaining the entitlement of the shareholders to receive the proposed final dividend. Subject to approved of the shareholders at the 2012 Annual General Meeting, the proposed final dividend will be payable to the shareholders whose names appear on the Register of Shareholders of the Company on 10 August 2012. In order to qualify for the proposed final dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on 9 August 2012.

ANNUAL GENERAL MEETING

The 2012 Annual General Meeting will be held at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Monday, 6 August 2012 at 3:00 p.m.. For details of the 2012 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about 5 July 2012.

PUBLICATION OF FINAL RESULTS ON THE STOCK EXCHANGE'S WEBSITE

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website at (www.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 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, 26 June 2012

The Directors of the Company as at the date of this announcement are Dr. Ng Chi Ho and Mr. Ma Fung On as executive directors; Mr. Lee Kam Hung as non-executive director; Professor Wong Sook Leung, Joshua, Mr. Leung Yu Ming, Steven and Mr. Chan Kit Wang as independent non-executive directors.