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SUGA INTERNATIONAL HOLDINGS LIMITED

信佳國際集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 912)

**DISCLOSEABLE TRANSACTION:
RENOVATION CONTRACT**

On 20 January 2014, Dongguan Benefit, an indirect wholly-owned subsidiary of the Company, entered into the Renovation Contract with the Contractor under which the Contractor has agreed to undertake the Renovation Work for Dongguan Benefit for the Contract Price.

As the Renovation Work is carried out for the Production Facilities which are for the Group's own use in its ordinary and usual course of business, according to Rule 14.23A of the Listing Rules, the transactions contemplated under the Renovation Contract and any other transactions contemplated under the agreements entered by the Group in relation to construction and/or renovation work carried out for the Production Facilities may not be required to be aggregated and treated as one transaction. However, as the applicable percentage ratios under the Listing Rules in respect of the Renovation Contract exceed 5% but less than 25%, the transaction under the Renovation Contract constitutes a discloseable transaction of the Company and therefore is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

RENOVATION CONTRACT

On 20 January 2014, Dongguan Benefit, an indirect wholly-owned subsidiary of the Company, entered into the Renovation Contract with the Contractor under which the Contractor has agreed to undertake the Renovation Work for Dongguan Benefit for the Contract Price.

The principal terms of the Renovation Contract are as follows:

Date: 20 January 2014

Parties: (1) Dongguan Benefit, an indirect wholly-owned subsidiary of the Company

(2) the Contractor

To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, the Contractor and its ultimate beneficial owner are Independent Third Parties.

The Contractor is principally engaged in undertaking building construction, system installation and renovation work in the PRC.

Renovation Work

Pursuant to the Renovation Contract, the Contractor agreed to (i) install the power distribution system, air conditioning system, fire prevention system, low voltage electrical system and carry out renovation work for a factory in the Production Facilities; (ii) carry out renovation work for the three dormitories in the Production Facilities; and (iii) carry out renovation work for certain factory areas in the Production Facilities.

Contract Price and payment terms

The Contract Price is RMB29,030,871 (equivalent to approximately HK\$37,304,669) which was determined after arm's length negotiations between Dongguan Benefit and the Contractor and on normal commercial terms with reference to the standard required under the Renovation Work, the experience and market position of the Contractor and the expected quality of the renovation work.

The Contract Price shall be payable by Dongguan Benefit to the Contractor by cheque or bank transfer, in the following manner:

1. a sum of RMB8,709,261 (equivalent to approximately HK\$11,191,400), representing approximately 30% of the Contract Price, shall be payable within 10 days after the signing of the Renovation Contract;
2. a sum of RMB8,709,261 (equivalent to approximately HK\$11,191,400), representing approximately 30% of the Contract Price, shall be payable within 10 days after Dongguan Benefit or a third party with relevant qualification as appointed by Dongguan Benefit, having confirmed the completion of 50% of certain of the Renovation Work as stipulated under the Renovation Contract;
3. a sum of RMB8,709,261 (equivalent to approximately HK\$11,191,400), representing approximately 30% of the Contract Price, shall be payable within 10 days after Dongguan Benefit or a third party with relevant qualification as appointed by Dongguan Benefit, having accepted the completion of all the Renovation Work;
4. a sum of RMB1,451,544 (equivalent to approximately HK\$1,865,234), representing approximately 5% of the Contract Price, shall be payable within 10 days after the relevant government authorities having accepted and issued the acceptance certificate in relation to the fire prevention system for the Production Facilities; and
5. a sum of RMB1,451,544 (equivalent to approximately HK\$1,865,234), representing approximately 5% of the Contract Price, being the quality assurance money for the Renovation Work, shall be payable after one year from the acceptance of the Renovation Work and the delivery of the Renovation Work for Dongguan Benefit's use.

The Contract Price will be financed by the internal resources of the Group.

Duration of the Renovation Work

Pursuant to the Renovation Contract, the Renovation Work shall commence on 21 January 2014 and shall be completed on or before 10 April 2014.

INFORMATION ABOUT THE GROUP

The Group is principally engaged in the research and development, manufacturing and sales of electronic products, moulds and plastic products.

REASONS FOR AND BENEFITS OF THE RENOVATION CONTRACT

As disclosed in the announcement of the Company dated 6 December 2012, the Production Facilities, comprising two new factory buildings and three dormitories, were to be constructed on the Land. The Production Facilities were constructed in order to expand the Group's production facilities for electronic products, to enhance efficiency of the Group's production lines and to reduce the cost of labour by relocating the Group's production facilities from Shenzhen to Dongguan, where the cost of labour is lower. The constructions of the Production Facilities have been completed and the Renovation Work will be carried out on the Production Facilities in order to facilitate the use of the Production Facilities by the Group.

The Directors (including the independent non-executive Directors) consider that the terms of the Renovation Contract are fair and reasonable and in the interests of the Company and its shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As the Renovation Work is carried out for the Production Facilities which are for the Group's own use in its ordinary and usual course of business, according to Rule 14.23A of the Listing Rules, the transactions contemplated under the Renovation Contract and any other transactions contemplated under the agreements entered by the Group in relation to construction and/or renovation work carried out for the Production Facilities may not be required to be aggregated and treated as one transaction. However, as the applicable percentage ratios under the Listing Rules in respect of the Renovation Contract exceed 5% but less than 25%, the transaction under the Renovation Contract constitutes a discloseable transaction of the Company and therefore is subject to the notification and announcement requirements under Chapter 14 of the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

“Board”	the board of Directors
“Company”	Suga International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 912)
“Contractor”	廣東宏達建設工程有限公司 (Guangdong Hongda Construction Engineering Co., Ltd.*), a company incorporated in the PRC
“Contract Price”	RMB29,030,871 (equivalent to approximately HK\$37,304,669), being the total consideration for the Renovation Work
“Dongguan Benefit”	東莞町強機電有限公司(Dongguan Benefit Mechanicals Co., Ltd.), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Independent Third Parties”	third parties independent of the Company and connected persons (as defined in the Listing Rules) of the Company
“Land”	a parcel of land with site are of approximately 53,361.60 square metres located at Sanzhong Village, Qingxi Town, Dongguan City, Guangdong Province, the PRC (中國廣東省東莞市清溪鎮三中村)
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, which for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Production Facilities”	the production facilities comprising two factory buildings and three dormitories constructed on the Land

“Renovation Contract”	the renovation contract entered into between the Contractor and Dongguan Benefit on 20 January 2014 in respect of the Renovation Work
“Renovation Work”	the renovation work to be carried out under the Renovation Contract including (i) installation of the power distribution system, air conditioning system, fire prevention system, low voltage electrical system and carrying out renovation work for the factory in the Production Facilities; (ii) carrying out renovation work for the three dormitories in the Production Facilities; and (iii) carrying out renovation work for certain factory areas in the Production Facilities
“RMB”	Renminbi, the lawful currency of the PRC
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

In this announcement, for the purpose of illustration only, amounts quoted in RMB have been converted into HK\$ at the rate of RMB1 to HK\$1.285. Such exchange rate has been used, where applicable, for the purpose of illustration only and does not constitute a representation that any amounts were or may have been exchanged at this or any other rates or at all.

By order of the Board
Suga International Holdings Limited
NG Chi Ho
Chairman

Hong Kong, 20 January 2014

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.

** for identification purposes*