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 ANNUAL RESULTS FOR THE YEAR ENDED 31 MARCH 2015

FINANCIAL HIGHLIGHTS

– Revenue amounted to HK$1,341.9 million (2014: HK$1,244.8 million)

– Gross profit was HK$180.1 million (2014: HK$174.7 million)

– Profit attributable to equity holders was HK$170.4 million (2014: HK$81.5 million)

– Basic earnings per share was HK62.55 cents (2014: HK29.93 cents)

– The Board proposes a final dividend of HK8.0 cents per share (2014: HK8.0 cents)

– Total dividends per share for the year amount to HK20.0 cents (2014: HK14.0 cents)

ANNUAL 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 2015

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2015

	Note	**2015** **HK$'000**	2014 *HK$'000*
Revenue	*2*	**1,341,924**	1,244,828
Cost of sales	*4*	**(1,161,859)**	(1,070,160)
Gross profit		**180,065**	174,668
Other income		**647**	411
Other gains, net	*3*	**123,316**	3,848
Distribution and selling expenses	*4*	**(25,986)**	(17,351)
General and administrative expenses	*4*	**(99,898)**	(70,915)
Operating profit		**178,144**	90,661
Finance income	*5*	**1,572**	4,049
Finance costs	*5*	**(3,364)**	(2,371)
Finance (costs) / income – net	*5*	**(1,792)**	1,678
Share of loss of an associate		**(640)**	(742)
Profit before income tax		**175,712**	91,597
Income tax expense	*6*	**(5,698)**	(10,688)
Profit for the year		**170,014**	80,909
Attributable to:			
Owners of the Company		**170,406**	81,487
Non-controlling interests		**(392)**	(578)
		170,014	80,909
Earnings per share for profit attributable to the owners of the Company during the year			
– Basic (HK cents)	*7*	**62.55**	29.93
– Diluted (HK cents)	*7*	**62.41**	29.88
Dividends	*8*	**54,812**	38,189

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2015

	2015	2014
	HK$'000	*HK$'000*
Profit for the year	**170,014**	80,909
Other comprehensive income / (loss):		
Item that will not be reclassified subsequently to profit or loss:		
Fair value gain on land and buildings upon transfer to investment property	**6,790**	–
Items that may be reclassified to profit or loss:		
Exchange differences arising on translation of foreign subsidiaries	**(2,350)**	(4,348)
Release of fair value gain upon redemption of an available-for-sale financial asset	–	(2,958)
Fair value gains on available-for-sale financial assets	**1,936**	7,099
Other comprehensive income / (loss) for the year, net of tax	**6,376**	(207)
Total comprehensive income for the year	**176,390**	80,702
Attributable to:		
Owners of the Company	**176,782**	81,280
Non-controlling interests	**(392)**	(578)
	176,390	80,702

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2015

		Group	
	Note	**31 March 2015** *HK$'000*	31 March 2014 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**257,317**	200,943
Investment property		**10,100**	–
Land use rights		**55,528**	58,973
Intangible assets		**12,372**	15,892
Goodwill		**3,949**	3,949
Investment in a joint venture		–	–
Interest in an associate		–	1,702
Amount due from an associate		–	267
Available-for-sale financial assets		**13,358**	7,547
Bond investment		**7,711**	7,711
Deferred income tax assets		**762**	2,811
Other non-current deposit	9	**1,658**	852
		362,755	300,647
Current assets			
Inventories		**192,818**	147,378
Trade and other receivables	9	**198,857**	206,103
Financial assets at fair value through profit or loss		–	1,279
Loan receivable	9	**13,500**	16,250
Tax recoverable		**4,105**	257
Amount due from a joint venture		**404**	–
Derivative financial instruments		–	145
Cash and cash equivalents		**176,989**	169,404
		586,673	540,816
Total assets		**949,428**	841,463
LIABILITIES			
Non-current liabilities			
Bank borrowings		**12,405**	47,731
Deferred income tax liabilities		**2,105**	4,649
		14,510	52,380

		Group	
		31 March	31 March
		2015	2014
	Note	***HK$'000***	*HK$'000*
Current liabilities			
Trade and other payables	*10*	**187,768**	217,488
Income tax payable		**9,370**	12,870
Bank borrowings		**88,383**	37,798
Derivative financial instruments		**4,181**	2,398
		289,702	270,554
Total liabilities		**304,212**	322,934
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**27,371**	27,229
Other reserves		**131,091**	120,148
Retained earnings			
– Proposed dividend		**22,031**	21,852
– Others		**466,247**	350,432
		646,740	519,661
Non-controlling interests		**(1,524)**	(1,132)
Total equity		**645,216**	518,529
Total equity and liabilities		**949,428**	841,463
Net current assets		**296,971**	270,262
Total assets less current liabilities		**659,726**	570,909

Notes:

1. BASIS OF PREPARATION

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

The consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of consolidated 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) The following new standards, amendments to standards and interpretations are mandatory for the Group's financial year beginning on 1 April 2014 and have been adopted in the preparation of these consolidated financial statements.

HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities
HKAS 36 (Amendment)	Recoverable amount disclosures for non-financial assets
HKFRS 10, HKFRS 12 and HKAS 27(2011) (Amendments)	Investment entities
HKAS 39 (Amendment)	Novation of derivatives and continuation of hedge accounting
HK(IFRIC)-Int 21	Levies

The adoption of above new standards, amendments to standards and interpretation has had no material effect on the preparation of the consolidated financial statements.

(b) The following new standards, amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 April 2014 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and 38 (Amendments)	Clarification of acceptance methods of depreciation and amortisation	1 January 2016
HKAS 16 and 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 19 (Amendment)	Defined benefit plans: Employee contributions	1 July 2014
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferred accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
Annual improvements project	Annual improvements 2010 – 2012 cycle	1 July 2014
Annual improvements project	Annual improvements 2011 – 2013 cycle	1 July 2014
Annual improvements project	Annual improvements 2012– 2014 cycle	1 January 2016

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/or the presentation of its financial statements will result.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation as from the Group's first financial year commencing on or after 3 March 2014 in accordance with section 358 of that Ordinance. The Group is in the process of making an assessment of expected impact of the changes in the Companies Ordinance on the consolidated financial statements in the period of initial application of Part 9 of the new Hong Kong Companies Ordinance (Cap. 622). So far it has concluded that the impact is unlikely to be significant and only the presentation and the disclosure of information in the consolidated financial statements will be affected.

2. 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.

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, disposal gain of subsidiaries, relocation costs, fair value gains of financial assets and share of loss of an associate are not included in the results for each operating segment that are 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 investment, financial assets at fair value through profit or loss, loan receivable, interest in an associate and corporate assets, all of which are managed on a central basis. Liabilities of reportable segments 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 2015 and 2014 is as follows:

	2015			
	Electronic products *HK$'000*	**Moulds and plastic products** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Revenue				
Revenue from external customers	**1,317,435**	**24,489**	**–**	**1,341,924**
Inter-segment revenue	**–**	**15,880**	**(15,880)**	**–**
	1,317,435	**40,369**	**(15,880)**	**1,341,924**
Results of reportable segments	**66,487**	**(2,528)**	**–**	**63,959**

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

Results of reportable segments	**63,959**
Unallocated income, net	**126**
Other income	**647**
Other gains, net	**117,914**
Operating profit	**182,646**
Finance income	**1,572**
Finance costs	**(3,364)**
Provision for impairment of loan receivable	**(2,750)**
Provision for impairment on interest in an associate and amount due form an associate	**(1,752)**
Share of loss of an associate	**(640)**
Profit before income tax	**175,712**
Income tax expense	**(5,698)**
Profit for the year	**170,014**

	2015			
	Electronic products *HK$'000*	**Moulds and plastic products** *HK$'000*	**Unallocated** *HK$'000*	**Total** *HK$'000*
Other segment information				
Depreciation on property, plant and equipment	**21,854**	**1,131**	**2,310**	**25,295**
Amortisation of intangible asset	**5,154**	**–**	**–**	**5,154**
Amortisation of land use rights	**1,080**	**58**	**80**	**1,218**
Additions to non-current assets (other than interest in an associate, financial assets and deferred tax assets)	**109,659**	**14**	**1,808**	**111,481**
Income tax expense	**5,620**	**164**	**(86)**	**5,698**

	2014			
	Electronic products *HK$'000*	Moulds and plastic products *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Revenue				
Revenue from external customers	1,216,396	28,432	–	1,244,828
Inter-segment revenue	–	12,300	(12,300)	–
	1,216,396	40,732	(12,300)	1,244,828
Results of reportable segments	94,806	(2,583)	–	92,223

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

Results of reportable segments	92,223
Unallocated expenses, net	(2,595)
Other income	411
Other gains, net	622
Operating profit	90,661
Finance income	4,049
Finance costs	(2,371)
Share of loss of an associate	(742)
Profit before income tax	91,597
Income tax expense	(10,688)
Profit for the year	80,909

	2014			
	Electronic products *HK$'000*	Moulds and plastic products *HK$'000*	Unallocated *HK$'000*	Total *HK$'000*
Other segment information				
Depreciation on property, plant and equipment	9,130	1,769	3,169	14,068
Amortisation of intangible asset	5,154	–	–	5,154
Amortisation of land use rights	1,121	57	80	1,258
Additions to non-current assets (other than interest in an associate, financial assets and deferred tax assets)	98,353	66	124	98,543
Income tax expense	10,739	(14)	(37)	10,688

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

	2015		
	Electronic products *HK$'000*	**Moulds and plastic products** *HK$'000*	**Total** *HK$'000*
Segment assets	**832,245**	**21,874**	**854,119**
Deferred income tax assets			**762**
Tax recoverable			**4,105**
Unallocated:			
Property, plant and equipment			**40,765**
Investment property			**10,100**
Loan receivable			**13,500**
Other investments			**21,069**
Other unallocated assets			**5,008**
Total assets per consolidated balance sheet			**949,428**
Segment liabilities	**186,221**	**3,235**	**189,456**
Income tax payable			**9,370**
Deferred income tax liabilities			**2,105**
Unallocated:			
Bank borrowings			**100,788**
Other unallocated liabilities			**2,493**
Total liabilities per consolidated balance sheet			**304,212**

	2014		
	Electronic products *HK$'000*	Moulds and plastic products *HK$'000*	Total *HK$'000*
Segment assets	724,237	30,394	754,631
Deferred income tax assets			2,811
Tax recoverable			257
Unallocated:			
Property, plant and equipment			46,126
Interest in an associate			1,702
Loan receivable			16,250
Other investments			16,537
Other unallocated assets			3,149
Total assets per consolidated balance sheet			841,463
Segment liabilities	194,674	4,524	199,198
Income tax payable			12,870
Deferred income tax liabilities			4,649
Unallocated:			
Bank borrowings			85,529
Other unallocated liabilities			20,688
Total liabilities per consolidated balance sheet			322,934

The Company is domiciled in Bermuda. An analysis of the Group's revenue from external customers by country for the year ended 31 March 2015 and 2014 is as follows:

	2015	2014
	HK$'000	*HK$'000*
The United States of America	**560,669**	523,527
Japan	**311,398**	276,167
United Kingdom	**180,847**	177,372
PRC (including Hong Kong)	**164,547**	126,135
Australia	**53,718**	61,140
Others	**70,745**	80,487
	1,341,924	1,244,828

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

	2015	2014
	HK$'000	*HK$'000*
Hong Kong	**89,262**	88,962
Mainland China	**272,691**	208,808
Macao	**40**	66
	361,993	297,836

For the year ended 31 March 2015, there were four customers each accounted for 10% or more of the Group's external revenue, with the sales of HK$218,336,000, HK$178,167,000, HK$169,667,000 and HK$165,149,000 respectively. The revenue from these four customers is attributable to the segment of electronic products.

For the year ended 31 March 2014, there were five customers each accounted for 10% or more of the Group's external revenue, with the sales of HK$231,431,000, HK$178,446,000, HK$126,814,000, HK$125,976,000 and HK$124,933,000 respectively. The revenue from these five customers is attributable to the segment of electronic products.

3. OTHER GAINS, NET

	2015	2014
	HK$'000	*HK$'000*
Loss on disposal on financial assets at fair value through profit or loss	–	(178)
Net foreign currency exchange gain	**5,402**	3,226
Fair value loss on derivative financial instruments	**(1,928)**	(2,949)
Net realised gain on derivative financial instruments	**2,820**	791
Realised gain on redemption of an available- for-sale financial asset	–	2,958
Gain on disposal of subsidiaries *(Note a)*	**149,427**	
Factory relocation costs *(Note b)*	**(32,405)**	–
	123,316	3,848

Note:

(a) On 19 December 2012, the Group entered into a sale and purchase agreement, pursuant to which the purchaser conditionally agreed to purchase, and the Group conditionally agreed to sell, 100% equity interests in Universal Gain Assets Limited ("UGL") at cash consideration of RMB138,000,000 (approximately HK$174,050,000). UGL is a wholly-owned subsidiary of the Group which has interests in a piece of land in the PRC. In addition, the purchaser conditionally agreed to grant the Group the right to repurchase certain of the re-developed properties in future upon the completion of re-development. The Group received a deposit of HK$17,595,000 in prior year, which was included in trade and other payables as at 31 March 2014. On 23 September 2014, the Group completed the disposal of UGL and recognised a disposal gain of approximately HK$149,427,000.

The following table summarises the consideration received for the disposal of subsidiaries and the amounts of the identifiable assets and liabilities disposed at the disposal date.

	HK$'000
Cash consideration	174,050
Net asset value of subsidiaries	(24,623)
Gain on disposal of subsidiaries	149,427
Assets and liabilities disposed:	
- property, plant and equipment	23,909
- land use right	2,227
- deferred tax liabilities	(1,513)
Net asset value	24,623

Proceeds from disposal of subsidiaries comprise:

	HK$'000
Cash consideration received	156,455
Deposit received	17,595
	174,050

(b) During the period, the Group relocated certain of its manufacturing plants to Dongguan and had incurred relocation costs of approximately HK$32,405,000.

4. EXPENSES BY NATURE

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

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories	**992,393**	930,573
Depreciation of property, plant and equipment		
- owned assets	**25,295**	14,068
Amortisation of land use rights	**1,218**	1,258
Amortisation of intangible assets	**5,154**	5,154
Gain on disposals of property, plant and equipment	**(31)**	(439)
Operating lease rental of premises	**3,941**	6,731
Employee benefit expense (including directors' emoluments)	**178,887**	141,087
Provision for impairment of trade receivables	**–**	75
Provision for impairment of loan receivable	**2,750**	–
Provision for impairment of interest in an associate and amount due form an associate	**1,752**	–
Write-back on provision for inventory impairment	**(2,480)**	–
Auditor's remuneration	**2,400**	2,476
Commission expense	**9,191**	2,286
Other expense	**67,273**	55,157
Total cost of sales, distribution and selling expenses and general and administrative expenses	**1,287,743**	1,158,426

5. FINANCE INCOME AND FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Interest income from:		
– bank deposits	**733**	2,339
– bonds investments	**526**	969
– others	**313**	741
Finance income	**1,572**	4,049
Interest expense on:		
– bank borrowings wholly repayable within five years	**(3,335)**	(3,062)
– bank borrowings wholly repayable after five years	**–**	(236)
– discounting of interest on other receivable	**(1,173)**	–
	(4,508)	(3,298)
Less: amount capitalised on qualifying assets	**1,144**	927
Finance costs	**(3,364)**	(2,371)
Finance (costs) / income – net	**(1,792)**	1,678

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% (2014: 16.5%) on the estimated assessable profits for the year.

(c) PRC corporate income tax

Suga Electronics (Shenzhen) Co., Ltd. ("SESL"), Suga Networks Equipment (Shenzhen) Co., Ltd. ("SNESL"), Pets & Supplies (Shenzhen) Co., Ltd ("PSSL"), Nodic-Matsumoto Tooling and Plastic Injection (Huizhou) Co., Ltd. ("Nodic"), Chummily Trading (Shenzhen) Co., Limited ("CTL"), Suga Electronics (Dongguan) Co., Ltd ("SEDG") and Suga Technology (Dongguan) Co., Ltd. ("STDG") 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

Suga Macao Commercial Offshore Limited is a subsidiary established in Macao and is exempted from Macao Complementary Tax.

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

	2015	2014
	HK$'000	*HK$'000*
Current income tax:		
- Hong Kong profits tax	**4,163**	9,929
- Income tax outside Hong Kong	**1,567**	2,084
- Over-provision in prior years	**(1,034)**	(910)
Deferred income tax	**1,002**	(415)
	5,698	10,688

7. 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.

	2015	2014
Profit attributable to owners of the Company (HK$'000)	**170,406**	81,487
Weighted average number of ordinary shares in issue ('000)	**272,442**	272,294
Basic earnings per share (HK cents)	**62.55**	29.93

(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 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.

	2015	2014
Profit attributable to owners of the Company (HK$'000)	**170,406**	81,487
Weighted average number of ordinary shares in issue ('000)	**272,442**	272,294
Adjustments for share options ('000)	**622**	448
Weighted average number of ordinary shares for diluted earnings per share ('000)	**273,064**	272,742
Diluted earnings per share (HK cents)	**62.41**	29.88

8. DIVIDENDS

	2015	2014
	HK$'000	*HK$'000*
Interim dividend, paid, of HK7.0 cents (2014: HK6.0 cents) and special dividend, paid of HK5.0 cents (2014: nil) per ordinary share	**32,781**	16,337
Final dividend, proposed, of HK8.0 cents (2014: HK8.0 cents) per ordinary share	**22,031**	21,852
	54,812	38,189

9. TRADE AND OTHER RECEIVABLES

The ageing of trade receivables is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**161,906**	177,663
31 to 60 days	**4,935**	8,431
61 to 90 days	**7,788**	279
91 to 180 days	**1,256**	120
Over 180 days	**4,639**	4,852
	180,524	191,345
Less: Provision for impairment	**(3,878)**	(3,898)
Trade receivables, net	**176,646**	187,447
Prepayment to vendors	**9,768**	3,879
Other prepayments	**2,647**	3,316
Rental and other deposits	**1,803**	2,668
Value added tax receivables	**5,983**	4,960
Others	**3,668**	4,685
	200,515	206,955
Trade and other receivables		
– current portion	**198,857**	206,103
– non-current portion	**1,658**	852
	200,515	206,955
Loan receivable	**16,250**	16,250
Less: Provision for impairment	**(2,750)**	–
	13,500	16,250
	214,015	223,205

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

10. TRADE AND OTHER PAYABLES

The ageing of the trade payables is as follows:

	2015	2014
	HK$'000	*HK$'000*
0 to 30 days	**134,542**	145,566
31 to 60 days	**3,881**	16,560
61 to 90 days	**690**	1,379
91 to 180 days	**3,318**	1,568
Over 180 days	**6,499**	6,676
Trade payables	**148,930**	171,749
Salaries and staff welfare payable	**14,401**	9,584
Accrued expenses	**4,662**	4,390
Deposit received	–	17,595
Others	**19,775**	14,170
	187,768	217,488

CHAIRMAN'S MESSAGE

During the year under review, the global economy has gradually recovered and the overall atmosphere of the market has improved in comparison to the last few years, although uncertainties still linger. In this financial year, the Group recorded a revenue of HK$1,341.9 million, representing a year-on-year increase of 7.8% (FY 2013/14: HK$1,244.8 million). Gross profit rose 3.1% from HK$ 174.7 million to HK$ 180.1 million, with gross profit margin of 13.4% (FY 2013/14: 14.0%). The decrease of the gross profit margin was a result of the relocation of the factory during the year, which affected production, but the new factory has commenced full operation in October 2014.

In this financial year, the Group completed the disposal of an industrial land parcel in Buji, Shenzhen, the PRC. After deducting the relocation expenses of HK$32.4 million, which mainly consisted of severance payments to employees at its Shenzhen production facilities, the Group recorded a one-off net gain of approximately HK$117.0 million. Profit attributable to shareholders increased by 109.1% to HK$170.4 million (FY2013/14: HK$81.5 million). Net profit margin reached 12.7% (FY2013/14: 6.5%) and basic earnings per share were HK62.55 cents (FY2013/14: HK29.93 cents).

BUSINESS OVERVIEW

Electronic products represent the Group's core business segment, generating HK$1,317.4 million in revenue (FY2013/14: HK$1,216.4 million) and accounting for 98.2% of SUGA's total sales in the latest financial year. The electronic products segment consists of specialized electronic products such as interactive educational products, pet training devices, professional audio equipment, general consumer electronic products, auto-fare collection systems and other electronic products and solutions.

The Group has established a diverse clientele comprising major players from different industries purchasing a range of products, which can mitigate our reliance on any particular industry. This effective strategy has generated stable revenue for the Group in the past financial years. Interactive education products are a contributor to our revenue. The overall performance of these products was better than in the previous financial year, though it had been slowed down in the second half of the financial year under review. A new product, which has been developed during the year, will be ready for our business partner to review in this July, and is expected to generate contributions to the Group in the next financial year.

As for pet training devices, our business partner elected to shift its orders to the second half of the financial year owing to the relocation of our factory in the first half. As the new factory has started full operation, related orders have resumed to normal levels, generating similar sales as the previous year in FY2014/15. The Group is actively enhancing the cooperation with our business partner in order to grow together with them.

Other electronic products have also generated stable revenue for the Group, helped to consolidate our foundation and created larger room for the management to develop other areas. During the year under review, the Group has strived to achieve more comprehensive development, particularly looking for opportunities in the smartphone-related business. In late 2014, the Group launched an app "PetNfans" and has recruited more than 8,000 local pet lovers as members. "PetNfans" is a social media platform dedicated to pet lovers. SUGA has enriched the content, enabling members to interact with each other and offering access to useful information such as the information of different service providers and rating from other members. The Group is going to optimize the functions of the app with the aim to create online and offline business opportunities.

AWARDS

In FY2014/15, the Group was once again recognized for its commitment to excellence, in terms of management and products. In respect of the former, its subsidiary SGI Venture Limited ("SGI") was honored with "Management Excellence Award 2014" from The International Institute of Management ("IIM") and also won two awards at Asia Smartphone Apps Contest 2015. Another subsidiary of the Group, Suga Macao Commercial Offshore Limited, received the "Best Supplier Award" from a key customer and long-standing business partner, Radio Systems Corporation. The award was in recognition of its superior products and services, as well as exceptional support.

CORPORATE SOCIAL RESPONSIBILITY

At SUGA, we consider corporate citizenship as an integral part of our corporate culture. Thus, we have championed a number of worthy causes, including environmental protection. Also, to increase our involvement in the community, we have participated in a variety of activities, including the Green Council's Hong Kong Green Day, International Coastal Cleanup 2014 Hong Kong and Green Power's 22nd Green Power Hike. While the money raised from such activities supports a number of worthwhile causes, just as importantly, the events attract staff participation, resulting in greater camaraderie as well as boosting employee morale.

PROSPECTS

The market generally expects to see moderate growth in the global economy during the second half of 2015. Among developed economies, the US should be able to maintain greater growth momentum, while other regions may have to overcome various challenges before they can regain growth driver. Despite the uncertainties in the global economy, the management continues to identify opportunities that can inject new vigour into the Group's business.

The electronic products business has continued to bring satisfactory returns to the Group, and we have been evaluating solutions on enhancing the competitiveness of the Group's products with business partners. Looking ahead, we will act as the technology solution provider to business partners to upgrade their products to models which more closely relate to the living habits of modern lifestyle. One such strategy for example, is integrating the application of smartphone or WiFi technology into the Group's products.

Apart from optimizing our products, the Group will also invest resources in strengthening its R&D. The WiFi division formed a few years ago has already generated revenue for the Group, and the WiFi modules as basic requirement for Internet of Things (IoT) application, can be applied in increasingly more areas in the future, enabling the Group to capture more opportunities. Besides, the Group's smartphone application team has developed the "PetNfans" app, and the Group also plans to launch an online pet product shop in Hong Kong in the fourth quarter this year, hoping to reap synergies from the above two new operations. The successful development of the "PetNfans" app has demonstrated the capability of Group's R&D team. Other customers may also add related functions to their products based on their needs.

The Group has been observing and analyzing the pet market in China in recent years and has set up physical stores and online retail platform to test the response of domestic consumers. To actively pursue in this potential market, we will develop an online pet lover community in China and also set up two companies within the free trade zones in Tianjin and Nansha to handle the offline business for Northern and Southern China markets respectively. We believe that this strategic move of setting up an O2O platform will present enormous opportunities for the Group in exploring China's pet product market.

The Group's high-tech industrial park in Dongguan has started full operation. The overall capacity of this new factory has been boosted by around 30% with the installation of more automated equipment. The Group held an opening ceremony for the new factory in October 2014. Many guests including some of our business partners congratulated the Group at the ceremony and expressed satisfaction with the new factory. We hope to build a solid relationship with all business partners and seize more opportunities.

Phase II of the high-tech industrial park in Dongguan has begun construction and the third production building will be completed in early 2016. At that time, the move from the Huizhou factory to the Park in Dongguan will be completed, which will further improve our production efficiency. Besides, the Group will carefully evaluate the redevelopment of the land parcel at the Huizhou factory. The management has the utmost confidence in SUGA's long term development and will continue seeking to create long-term value for shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2015, the Group has current assets of HK$586.7 million and current liabilities of HK$289.7 million. The current ratio was 2.03 (31 March 2014: 2.00).

Bank borrowings were HK$100.8 million as at 31 March 2015 (31 March 2014: HK$85.5 million). The increase in total bank borrowings was mainly due to the drawdown of a new long-term bank loan during the year. Gearing ratio (calculated by dividing total bank borrowings by total equity) was 15.6% (31 March 2014: 16.5%) The Group maintained a net cash balance of HK$76.2 million as at the balance sheet date (31 March 2014: HK$83.9 million).

As at 31 March 2015, the Group had aggregate banking facilities of approximately HK$610.2 million (31 March 2014: HK$587.5 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK$509.4 million (31 March 2014: HK$502.0 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

The Group's transaction and monetary assets are principally dominated in Reminbi, Hong Kong dollars and United States dollars. The Group did not experience 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 2015.

During the year, the Group 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 risk and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities. The net realized and unrealized profit on derivative instruments as of the balance sheet date was HK$0.9 million.

PLEDGE OF ASSETS

As at 31 March 2015, 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$15.2 million (31 March 2014: HK$18.0 million) for financing the acquisition of the office premise and car parking spaces. Other than the said mortgage loan, the Group had not pledged any of its assets as securities for the banking facilities granted to the Group.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2015, the Group had a capital commitment of HK$27.2 million for the construction contract and property, plant and equipment (31 March 2014: HK$75.0 million). As at 31 March 2015, the Company had provided guarantees in respect of banking facilities of its subsidiaries amounting to approximately HK$610.2 million (2014: HK$587.5 million). The facilities utilised by the subsidiaries as at 31 March 2015 amounted to HK$100.8 million (2014: HK$85.5 million). The Group did not have any significant contingent liability.

HUMAN RESOURCES

As at 31 March 2015 the Group has 2,149 employees, of which 51 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 new share option scheme was adopted on 6 August 2012 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 Corporate Governance Code (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 announcement, 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 CG Code have been applied will be included in the Company's Annual Report 2014/15.

AUDIT COMMITTEE

The audit committee of the Company comprises four 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 2015.

FINAL DIVIDEND

The Directors have proposed the payment of a final dividend of HK8.0 cents per ordinary share for the financial year ended 31 March 2015 (FY2013/14: HK8.0 cents) to the shareholders whose names appears on the Register of Shareholders of the Company on 13 August 2015. Subject to approval by shareholders at the 2015 Annual General Meeting, the proposed final dividend will be paid on or before 20 August 2015.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of shareholders of the Company will be closed from 4 August 2015 to 6 August 2015 (both days inclusive), during which period no transfer of shares in the Company will be registered, for the purpose of determining the identity of the shareholders entitled to attend and vote at 2015 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 3 August 2015.

The Register of Shareholders of the Company will be closed from 12 August 2015 to 13 August 2015 (both days inclusive) during which period no transfer of shares in the Company will be registered, for the purpose of determining the entitlement of the shareholders to receive the proposed final dividend. Subject to approval of the shareholders at the 2015 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 13 August 2015. 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, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on 11 August 2015.

ANNUAL GENERAL MEETING

The 2015 Annual General Meeting will be held at Unit A, 29/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Thursday, 6 August 2015 at 3:00 p.m.. For details of the 2015 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about 8 July 2015.

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, 25 June 2015

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