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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  
CONSTRUCTION OF A FACTORY IN VIETNAM**

**THE CONSTRUCTION**

The Company is pleased to announce that on 15 October 2020 (after trading hours), Suga Vietnam (an indirect wholly-owned subsidiary of the Company) entered into the Construction Contract with the Contractor, whereby the Contractor agreed, among other things, to undertake the construction works for the Factory for a consideration of VND108,400,000,000 (equivalent to approximately HKD35,772,000).

**IMPLICATIONS UNDER THE LISTING RULES**

Reference is made to the Company's announcement dated 28 April 2020 in relation to the Sublease Agreement.

As the Sublease and the Factory are both 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 Sublease Agreement and the Construction Contract are not required to be aggregated and treated as one transaction on the sole basis of the factor set out under Rule 14.23(3) of the Listing Rules.

However, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Construction Contract exceeds 5% but is less than 25%, the transaction under the Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Company is pleased to announce that on 15 October 2020 (after trading hours), Suga Vietnam (an indirect wholly-owned subsidiary of the Company) entered into the Construction Contract with the Contractor, whereby the Contractor agreed to, among other things, undertake the construction works for the Factory for a consideration of VND108,400,000,000 (equivalent to approximately HKD35,772,000).

## **THE CONSTRUCTION CONTRACT**

The principal terms of the Construction Contract are as follows:

Date: 15 October 2020 (after trading hours)

Parties: (i) Suga Vietnam; and  
(ii) the Contractor

To the best of the Directors' knowledge, information and belief, having made all reasonable enquiry, the Contractor and its ultimate beneficial owners are third parties independent of the Company and its connected persons.

Subject matter: The Contractor shall carry out the construction works for the Factory in accordance with the technical specifications as required under the Construction Contract and as may be required under any national standards of Vietnam.

Construction period: Expected commencement date: 15 October 2020

Expected completion date: 30 April 2021

Consideration: The consideration is VND108,400,000,000 (equivalent to approximately HKD35,772,000), which comprises the costs of all requisite materials, labour costs, transportation costs, insurance and other general expenses (the "Consideration").

Pursuant to the Construction Contract, notwithstanding any fluctuations in the cost of materials and labour costs, the Consideration will not be adjusted.

Payment terms:

The Consideration is payable by Suga Vietnam to the Contractor in VND in the following manner:

- (i) 25% of the Consideration, being a deposit, shall be paid within 10 working days after Suga Vietnam and the Contractor enter into the Construction Contract and Suga Vietnam receives, among other things, a written deposit request from the Contractor;
- (ii) a further 20% of the Consideration shall be paid within 10 working days after (a) the Contractor completes the construction of the foundation of the Factory; (b) Suga Vietnam inspects and accepts the same; and (c) Suga Vietnam receives, among other things, an invoice from the Contractor;
- (iii) a further 20% of the Consideration shall be paid within 10 working days after (a) the Contractor completes the construction of the first floor of the Factory and the steel pillars; (b) Suga Vietnam inspects and accepts the same; and (c) Suga Vietnam receives, among other things, an invoice from the Contractor;
- (iv) a further 15% of the Consideration shall be paid within 10 working days after (a) the Contractor completes the construction of the roof and wall covering of the Factory; (b) Suga Vietnam inspects and accepts the same; and (c) Suga Vietnam receives, among other things, an invoice from the Contractor;
- (v) a further 15% of the Consideration shall be paid within 10 working days after (a) the Contractor completes all construction works as stipulated under the Construction Contract; (b) Suga Vietnam inspects and accepts the same; and (c) Suga Vietnam receives, among other things, an invoice, a certificate of completion and a certificate of fire protection from the Contractor; and
- (vi) a further 5% of the Consideration, being the remaining balance and the overall warranty amount, shall be paid upon the expiry of the overall warranty period of 12 months from the inspection and acceptance of the completed construction works for the Factory by Suga Vietnam.

Funding: The Consideration will be financed by internal resources of the Group.

The Consideration was arrived at after arm's length negotiations between Suga Vietnam and the Contractor with reference to the current estimated costs of the construction works, including the cost of materials and labour costs, and the market price of projects of similar nature in the same district.

Specific warranty period: Pursuant to the Construction Contract, should there be any manifest defects in the completed works for the Factory, the Contractor should rectify the same to the satisfaction of Suga Vietnam. The specific warranty periods for various types of works range from 12 months to 24 months.

## **INFORMATION ON THE PARTIES**

The Group is principally engaged in the research and development, manufacturing and sale of electronic and other products and sale of pet food and pet related products. The Company is principally engaged in investment holding.

Suga Vietnam is an indirect wholly-owned subsidiary of the Company incorporated in Vietnam, the principal business of which is the manufacturing of electronic products.

The Contractor is a company incorporated in Vietnam and is principally engaged in, among other things, construction works and related businesses and wholesale of cars and other motor vehicles. As at the date of this announcement, the Contractor was ultimately and beneficially owned by four Vietnamese individuals, namely, Mr. Do Ngoc Dao as to 90%, Mr. Do Ngoc Ha as to 4%, Mr. Nguyen Ba Hiep as to 4% and Mr. Do Thi Huyen as to 2%.

## **REASONS FOR AND BENEFITS OF THE CONSTRUCTION OF THE FACTORY**

Reference is made to the Company's announcement dated 28 April 2020 in relation to the Sublease Agreement, in which it was disclosed, among other things, that (i) the Group envisaged an ongoing demand for its production in Vietnam, and that (ii) the Group planned to utilize the Land to construct an additional factory for its own use, so as to meet the strong demand of our US business partners which have been adversely affected by the Sino-US trade war and other existing and new customers for relatively more cost-effective production in Vietnam. On that premise, Suga Vietnam entered into the Construction Contract with the Contractor for the construction of the Factory. The Directors expect that the Group can further capitalize on its operations in Vietnam following the completion of the construction of the Factory, in addition to the Group's production plant located in the Dai Dong-Hoan Son Industrial Park, Bac Ninh Province, Vietnam, in an effort to further cut down on the production costs.

The Directors (including the independent non-executive Directors) are of the view that the terms of the Construction Contract are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

## IMPLICATIONS UNDER THE LISTING RULES

Reference is made to the Company's announcement dated 28 April 2020 in relation to the Sublease Agreement.

As the Sublease and the Factory are both 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 Sublease Agreement and Construction Contract are not required to be aggregated and treated as one transaction on the sole basis of the factor set out under Rule 14.23(3) of the Listing Rules.

However, as one or more of the applicable percentage ratios (as defined under the Listing Rules) in relation to the Construction Contract exceeds 5% but is less than 25%, the transaction under the Construction Contract constitutes a discloseable transaction of the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions shall, unless the context requires otherwise, have the following meanings:

“Board”	the board of Directors
“Company”	Suga International Holdings Limited (信佳國際集團有限公司*), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 912)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Construction Contract”	the contract dated 15 October 2020 entered into between Suga Vietnam and the Contractor for the construction works for the Factory
“Contractor”	Investment and Development Construction Industrial Corporation, a joint stock company established under the laws of Vietnam
“Director(s)”	the director(s) of the Company
“Factory”	a factory, including office premises and the accompanying infrastructure, to be constructed on the Land under the Construction Contract for the Group's production in its ordinary and usual course of business
“Group”	collectively, the Company and its subsidiaries
“HKD”	Hong Kong dollars, the legal currency of Hong Kong

“Hong Kong”	Hong Kong Special Administrative Region of the People’s Republic of China
“Land”	Lot number CN11-3, Que Vo III Industrial Zone at Que Tan Commune, Que Vo district, Bac Ninh province, Vietnam
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Shareholder(s)”	holder(s) of the ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Sublease”	the sublease of the Land by Suga Vietnam from Eco Industrial Park Company Limited
“Sublease Agreement”	the agreement entitled “Contract on sub-lease of land with infrastructure attached” entered into between Suga Vietnam and Eco Industrial Park Company Limited on 28 April 2020 for the Sublease
“Suga Vietnam”	Suga International (Vietnam) Company Limited, a company incorporated in Vietnam and an indirect wholly-owned subsidiary of the Company as at the date of this announcement
“Vietnam”	The Socialist Republic of Vietnam
“VND”	Vietnamese Dong, the legal currency of Vietnam
“%”	per cent

*Unless otherwise specified in this announcement and for the purpose of illustration only, VND is translated into HKD at the rate of VND1 = HKD0.00033.*

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

Hong Kong, 15 October 2020

*As at the date of this announcement, the executive Directors are Dr. NG Chi Ho, Mr. MA Fung On and Dr. NG Man Cheuk, the non-executive Directors are Mr. LEE Kam Hung and Prof. LUK Wing Ching and the independent non-executive Directors are Mr. LEUNG Yu Ming, Steven, Mr. CHAN Kit Wang and Dr. CHEUNG Nim Kwan.*

\* *For identification purposes only*