

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2022

FINANCIAL HIGHLIGHTS

- Revenue amounted to HK\$1,855.9 million (2021: HK\$2,101.6 million)
- Gross profit was HK\$257.7 million (2021: HK\$286.6 million)
- Profit attributable to equity holders was HK\$56.5 million (2021: HK\$79.3 million)
- Basic earnings per share was HK19.83 cents (2021: HK27.96 cents)
- The Board proposed a final dividend of HK6.0 cents per share (2021: final dividend of HK8.0 cents per share and special dividend of HK3.0 cents per share)
- Total dividends per share for the year amount to HK12.0 cents (2021: HK17.0 cents)

ANNUAL RESULTS

The Board of Directors (the “Board”) of Suga International Holdings Limited (“Company”) would like to announce the audited consolidated results of the Company and its subsidiaries (together “SUGA” or the “Group”) for the year ended 31 March 2022.

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 MARCH 2022

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Revenue	2	1,855,875	2,101,573
Cost of sales	4	(1,598,142)	(1,814,939)
Gross profit		257,733	286,634
Other income		9,987	5,085
Other gains – net	3	1,837	412
Distribution and selling expenses	4	(60,877)	(62,099)
General and administrative expenses	4	(130,790)	(127,729)
Net impairment losses on financial assets and financial guarantees		(1,957)	(220)
Operating profit		75,933	102,083
Finance income	5	506	1,268
Finance costs	5	(2,997)	(2,713)
Finance costs – net	5	(2,491)	(1,445)
Impairment loss on interest in an associate		(975)	-
Shares of losses of associates		(9,236)	(8,634)
		(10,211)	(8,634)
Profit before income tax		63,231	92,004
Income tax expense	6	(6,442)	(12,388)
Profit for the year		56,789	79,616
Profit attributable to:			
Owners of the Company		56,465	79,274
Non-controlling interests		324	342
		56,789	79,616
Earnings per share for profit attributable to owners of the Company during the year			
– Basic (HK cents)	7	19.83	27.96
– Diluted (HK cents)	7	19.82	27.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2022

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Profit for the year	<u>56,789</u>	<u>79,616</u>
Other comprehensive (loss)/income:		
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	(2,341)	39,561
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value (losses)/gains on equity investments at fair value through other comprehensive income	<u>(116)</u>	<u>738</u>
Other comprehensive (loss)/income for the year	<u>(2,457)</u>	<u>40,299</u>
Total comprehensive income for the year	<u>54,332</u>	<u>119,915</u>
Total comprehensive income attributable to:		
Owners of the Company	54,008	119,573
Non-controlling interests	324	342
	<u>54,332</u>	<u>119,915</u>

CONSOLIDATED BALANCE SHEET

AS AT 31 MARCH 2022

	Note	2022 HK\$'000	2021 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment		297,115	300,910
Right-of-use assets		87,393	95,941
Intangible assets		-	-
Goodwill		3,949	3,949
Interests in associates		16,128	26,338
Interest in a joint venture		7,547	7,862
Financial assets at fair value through other comprehensive income		5,888	6,004
Deferred income tax assets		1,066	1,950
Non-current prepayments and other receivables	9	14,959	8,505
		<u>434,045</u>	<u>451,459</u>
Current assets			
Inventories		452,837	344,902
Trade and other receivables	9	296,837	401,166
Financial assets at fair value through profit or loss		91	193
Amounts due from associates		1,789	1,106
Amount due from a joint venture		6,000	-
Cash and cash equivalents		141,657	127,790
		<u>899,211</u>	<u>875,157</u>
Total assets		1,333,256	1,326,616
LIABILITIES			
Non-current liabilities			
Bank borrowings		21,250	-
Lease liabilities		1,161	4,430
Deferred income tax liabilities		88	283
		<u>22,499</u>	<u>4,713</u>

	<i>Note</i>	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current liabilities			
Trade and other payables	<i>10</i>	263,574	331,238
Contract liabilities	<i>10</i>	27,290	23,206
Financial guarantee contracts		4,478	2,521
Income tax payable		18,915	19,113
Lease liabilities		1,791	5,107
Bank borrowings		184,750	138,550
		<hr/> 500,798 <hr/>	<hr/> 519,735 <hr/>
Total liabilities		<hr/> 523,297 <hr/>	<hr/> 524,448 <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		28,479	28,349
Other reserves		122,914	124,347
Retained earnings		657,048	648,278
		<hr/> 808,441 <hr/>	<hr/> 800,974 <hr/>
Non-controlling interests		1,518	1,194
Total equity		<hr/> 809,959 <hr/>	<hr/> 802,168 <hr/>
Total equity and liabilities		<hr/> 1,333,256 <hr/>	<hr/> 1,326,616 <hr/>

Notes:

1. BASIS OF PREPARATION

(a) Compliance with HKFRSs and HKCO

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”) and disclosure requirements of the Hong Kong Companies Ordinance (“HKCO”) Cap. 622.

(b) Historical cost convention

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss which are carried at fair value.

(c) Amendments to existing standards adopted by the Group

The following amendments to existing standards are mandatory for the first time for the financial year beginning 1 April 2021 and have been adopted in the preparation of the consolidated financial statements:

Amendments to HKFRS 16	Covid-19 related rent concessions
Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest rate benchmark reform – phase 2

The adoption of these amendments to existing standards does not have significant impacts on the Group’s consolidated financial statements.

(d) New standards, amendments to existing standards, guideline, interpretation and annual improvements that are not yet effective and have not been early adopted by the Group

The following new accounting standards, amendments to existing standards, guideline, interpretation and annual improvements have been issued but are not effective for the financial year beginning 1 April 2021 and have not been early adopted by the Group:

		Effective for annual periods beginning on or after
Amendments to HKAS 16	Property, plant and equipment: proceeds before intended use	1 January 2022
Amendments to HKAS 37	Onerous contracts - cost of fulfilling a contract	1 January 2022
Amendments to HKFRS 3	Reference to the conceptual framework	1 January 2022
Amendments to annual improvements project	Annual improvements 2018-2020 cycle	1 January 2022
Accounting Guideline 5 (Revised)	Merger accounting for common control combinations	1 January 2022
Amendments to HKAS 1	Classification of liabilities as current or non-current	1 January 2023
HKFRS 17	Insurance contracts	1 January 2023
HKFRS 17	Amendments to HKFRS 17	1 January 2023
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of accounting policies	1 January 2023
Amendments to HKAS 8	Definition of accounting estimates	1 January 2023
Amendments to HKAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023
HK-Interpretation 5 (2020)	Presentation of financial statements – Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2023
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

None of the above new standards, amendments to existing standards, guideline, interpretation and annual improvements is expected to have a significant effect on the consolidated financial statements of the Group in the current or future reporting periods and on foreseeable future transactions.

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 and review the internal reporting of the Group in order to assess performance and allocate resources.

There are two reportable segments for the Group:

- Electronic products - Develop, manufacture and sale of electronic products (other than pet-related electronic products)
- Pet-related products - Manufacture and distribution of pet-related 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, fair value gains or losses of financial assets, impairment loss on interest in an associate and share of results of associates 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 consolidated financial statements.

Revenue from external customers is shown after elimination of inter-segment revenue. Sales between segments, which mainly consist of sale of electronic components and products among subsidiaries, are carried out at mutually agreed terms. Revenue from external parties is measured in a manner consistent with that in the consolidated income statement.

Assets of reportable segments exclude current and deferred income tax assets, financial assets at fair value through other comprehensive income, financial assets at fair value through profit or loss, interests in and amounts due from associates, interest in and amount due from a joint venture, and corporate assets, all of which are managed on a central basis. Liabilities of reportable segments exclude current and deferred income tax liabilities, financial guarantee contracts 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 years ended 31 March 2022 and 2021 is as follows:

	2022			
	Electronic products <i>HK\$'000</i>	Pet related products <i>HK\$'000</i>	Elimination <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue				
Revenue from external customers	1,412,953	442,922	-	1,855,875
Inter-segment revenue	368,533	237,677	(606,210)	-
	1,781,486	680,599	(606,210)	1,855,875
Segment results	59,050	25,838		84,888
A reconciliation of segment results to profit for the year is as follows:				
Segment results				84,888
Unallocated expenses – net				(20,779)
Other income				9,987
Other gains – net				1,837
Operating profit				75,933
Finance income				506
Finance costs				(2,997)
Impairment loss on interest in an associate				(975)
Share of losses of associates				(9,236)
Profit before income tax				63,231
Income tax expense				(6,442)
Profit for the year				56,789
	Electronic products <i>HK\$'000</i>	Pet related products <i>HK\$'000</i>	Unallocated <i>HK\$'000</i>	Total <i>HK\$'000</i>
Other segment information				
Depreciation of property, plant and equipment	39,203	177	2,385	41,765
Depreciation of right-of-use assets	3,414	192	2,623	6,229
Additions to non-current assets (other than interests in associates and a joint venture, financial assets and deferred tax assets)	40,253	14	658	40,925

2021

	Electronic products <i>HK\$ '000</i>	Pet related products <i>HK\$ '000</i>	Elimination <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Revenue				
Revenue from external customers	1,695,367	406,206	–	2,101,573
Inter-segment revenue	235,590	227,590	(463,180)	–
	<u>1,930,957</u>	<u>633,796</u>	<u>(463,180)</u>	<u>2,101,573</u>
Segment results	<u>94,955</u>	<u>26,926</u>		<u>121,881</u>
A reconciliation of segment results to profit for the year is as follows:				
Segment results				121,881
Unallocated expenses – net				(25,295)
Other income				5,085
Other gains – net				412
				<u>102,083</u>
Operating profit				1,268
Finance income				(2,713)
Finance costs				(8,634)
Share of losses of associates				
				<u>92,004</u>
Profit before income tax				(12,388)
Income tax expense				
				<u>79,616</u>
	Electronic products <i>HK\$ '000</i>	Pet related products <i>HK\$ '000</i>	Unallocated <i>HK\$ '000</i>	Total <i>HK\$ '000</i>
Other segment information				
Depreciation of property, plant and equipment	33,251	357	2,485	36,093
Depreciation of right-of-use assets	6,180	720	3,773	10,673
Additions to non-current assets (other than interests in associates and a joint venture, financial assets and deferred tax assets)	<u>114,359</u>	<u>562</u>	<u>4,864</u>	<u>119,785</u>

The segment assets and segment liabilities as at 31 March 2022 and 2021 and the reconciliation to the total assets and total liabilities are as follows:

	2022		
	Electronic products	Pet related products	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	1,091,803	146,475	1,238,278
Unallocated:			
Property, plant and equipment			23,917
Right-of-use assets			20,251
Interests in associates			16,128
Interest in a joint venture			7,547
Deferred income tax assets			1,066
Amounts due from associates			1,789
Amount due from a joint venture			6,000
Income tax recoverable			566
Other investments			5,979
Cash and cash equivalents			4,996
Other unallocated assets			6,739
			<hr/>
Total assets per consolidated balance sheet			1,333,256
			<hr style="border-top: 3px double black;"/>
Segment liabilities	259,164	26,220	285,384
Unallocated:			
Bank borrowings			206,000
Lease liabilities			1,661
Deferred income tax liabilities			88
Income tax payable			18,915
Financial guarantee contracts			4,478
Other unallocated liabilities			6,771
			<hr/>
Total liabilities per consolidated balance sheet			523,297
			<hr style="border-top: 3px double black;"/>

2021

	Electronic products <i>HK\$'000</i>	Pet related products <i>HK\$'000</i>	Total <i>HK\$'000</i>
Segment assets	1,121,318	75,490	1,196,808
Unallocated:			
Property, plant and equipment			24,379
Right-of-use assets			47,656
Interests in associates			26,338
Interest in a joint venture			7,862
Deferred income tax assets			1,950
Amounts due from associates			1,106
Income tax recoverable			77
Other investments			6,197
Cash and cash equivalents			5,240
Other unallocated assets			9,003
			<hr/>
Total assets per consolidated balance sheet			1,326,616
			<hr/>
Segment liabilities	313,472	40,245	353,717
Unallocated:			
Bank borrowings			138,550
Lease liabilities			3,269
Deferred income tax liabilities			283
Income tax payable			19,113
Financial guarantee contracts			2,521
Other unallocated liabilities			6,995
			<hr/>
Total liabilities per consolidated balance sheet			524,448
			<hr/>

An analysis of the Group's revenue from external customers by country of destination for the years ended 31 March 2022 and 2021 is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
The United States of America (the "USA")	1,196,719	1,222,232
The People's Republic of China (the "PRC")	271,799	439,421
Japan	123,014	152,147
Germany	65,875	88,629
Australia	43,428	56,883
France	38,637	47,067
United Kingdom	28,000	24,934
Others	88,403	70,260
	1,855,875	2,101,573

An analysis of the Group's non-current assets, excluding deferred income tax assets, interests in associates and a joint venture, by geographical locations is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
PRC	321,610	337,568
Vietnam	87,694	77,741
	409,304	415,309

For the year ended 31 March 2022, external revenue of approximately HK\$412,698,000 (2021: HK\$935,083,000) was generated from one (2021: three) major customer. The customer accounted for more than 10% (2021: 10%) of the Group's revenue.

No other customer accounted for more than 10% of the Group's revenue for the years ended 31 March 2022 and 2021.

3. OTHER GAINS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Net foreign currency exchange gain/(loss)	5,806	(693)
Net fair value (losses)/gains on financial assets at fair value through profit or loss	(102)	150
Gain on lease termination	150	–
(Loss)/gain on disposals of property, plant and equipment	(4,017)	955
	1,837	412

4. EXPENSES BY NATURE

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Cost of inventories	1,302,373	1,549,863
Depreciation of property, plant and equipment	41,765	36,093
Depreciation of right-of-use assets	6,229	10,673
Operating lease rental for short-term leases	1,524	4,665
Employee benefit expense (including directors' emoluments)	299,990	263,777
Auditor's remuneration		
– Audit services	3,320	3,250
– Non-audit services	1,040	405
Commission expense	17,928	15,520
Donations	285	2,157
Legal and professional fee	5,001	4,071
Advertising	3,604	3,110
Repairs and maintenance	6,769	4,790
Entertainment	2,632	3,209
Insurance	1,304	1,439
Other expenses	96,045	101,745
	<hr/>	<hr/>
Total cost of sales, distribution and selling expenses and general and administrative expenses	1,789,809	2,004,767

5. FINANCE COSTS – NET

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interest income from:		
– bank deposits	98	190
– overdue interests received from customers	404	864
– others	4	214
	<hr/>	<hr/>
Finance income	506	1,268
	<hr/>	<hr/>
Interest expense on:		
– bank borrowings	(2,743)	(2,034)
– lease liabilities	(254)	(679)
	<hr/>	<hr/>
Finance costs	(2,997)	(2,713)
	<hr/>	<hr/>
Finance costs – net	(2,491)	(1,445)

6. INCOME TAX EXPENSE

(a) Bermuda and British Virgin Islands income tax

The Company is exempted from taxation in Bermuda until 2035. 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

For the years ended 31 March 2022 and 2021, the Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK\$2 million of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5%. Hong Kong profits tax for other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% on the estimated assessable profits.

(c) PRC corporate income tax

The Group's subsidiaries in PRC are subject to corporate income tax at 25% (2021: 25%) effective from 1 January 2008. According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim ranging from 150% to 175% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("Super Deduction"). Certain PRC subsidiaries have applied such Super Deduction during the year.

(d) Vietnam taxation

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2021: 20%). The Group's subsidiaries incorporated in Vietnam are entitled to tax holiday under which its profits would be fully exempted from Vietnam enterprise income tax ("EIT") for two years starting from its first year of profitable operations after offsetting prior year tax losses, followed by 50% reduction in EIT in next four years.

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

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Current income tax:		
– Hong Kong profits tax	7,781	12,052
– Income tax outside Hong Kong	753	1,533
– Over-provision in prior years	(2,750)	(510)
Deferred income tax charge	658	(687)
	<hr/>	<hr/>
Total income tax expense	6,442	12,388
	<hr/>	<hr/>

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.

	2022	2021
Profit attributable to owners of the Company (HK\$'000)	56,465	79,274
Weighted average number of ordinary shares in issue ('000)	284,790	283,490
Basic earnings per share (HK cents)	19.83	27.96

(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 directors and 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.

	2022	2021
Profit attributable to owners of the Company (HK\$'000)	56,465	79,274
Weighted average number of ordinary shares in issue ('000)	284,790	283,490
Adjustments for share options ('000)	102	20
Weighted average number of ordinary shares for diluted earnings per share ('000)	284,892	283,510
Diluted earnings per share (HK cents)	19.82	27.96

8. DIVIDENDS

An interim dividend of HK\$17,009,000 (HK6.0 cents per share) for the period ended 30 September 2021 was paid during the current year. A final dividend of HK\$22,679,000 (HK8.0 cents per share) and a special dividend of HK\$8,505,000 (HK3.0 cents per share) for the year ended 31 March 2021, totalling approximately HK\$31,184,000, were paid during the current year. A final dividend of HK6.0 cents per share in respect of the year ended 31 March 2022 is to be proposed at the annual general meeting on 10 August 2022. The financial statements do not reflect such dividend payable.

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
Interim dividend, paid, of HK6.0 cents (2021: HK6.0 cents) per ordinary share	17,087	17,009
Final dividend, proposed, of HK6.0 cents (2021: final dividend of HK8.0 cents and special dividend of HK3.0 cents) per ordinary share	17,087	31,184
	34,174	48,193

9. TRADE AND OTHER RECEIVABLES

As at 31 March 2022, the ageing analysis of trade receivables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	245,181	350,610
31 to 60 days	13,926	7,856
61 to 90 days	1,020	1,836
91 to 180 days	667	1,371
Over 180 days	4,440	6,423
	265,234	368,096
Less: Loss allowance	(4,574)	(4,545)
Trade receivables, net	260,660	363,551
Prepayments to vendors	17,273	15,048
Prepayments for plant and equipment	11,959	5,095
Other prepayments	4,844	5,028
Rental and other deposits	1,409	2,559
Value added tax receivables	6,495	11,005
Income tax recoverable	566	77
Others receivables	8,590	7,308
	311,796	409,671
Less: Non-current prepayments and other receivables	(14,959)	(8,505)
Current portion of trade and other receivables	296,837	401,166

All trade receivables are either repayable within one year or on demand.

The Group generally grants credit terms of 30 to 60 days to its customers.

10. TRADE AND OTHER PAYABLES AND CONTRACT LIABILITIES

(a) Trade and other payables

The ageing analysis of trade payables based on invoice date is as follows:

	2022 <i>HK\$'000</i>	2021 <i>HK\$'000</i>
0 to 30 days	172,330	259,171
31 to 60 days	21,847	12,396
61 to 90 days	11,624	6,352
91 to 180 days	4,796	5,256
Over 180 days	7,731	5,288
	<hr/>	<hr/>
Trade payables	218,328	288,463
Salaries and staff welfare payable	18,093	19,467
Accrued expenses	5,014	4,694
Others	22,139	18,614
	<hr/>	<hr/>
Total trade and other payables	263,574	331,238
	<hr/>	<hr/>
(b) Contract liabilities		
Contract liabilities – sales of goods	27,290	23,206
	<hr/>	<hr/>

CHAIRMAN'S MESSAGE

During the year, the COVID-19 pandemic situation remained volatile, hindering the complete normalisation of global material supply and international shipping cycles. The Omicron variant has also quickly swept across the world since its emergence in the fourth quarter of 2021, leading to a continuous wave in global incidents of infection and holding back the resumption of global economic activities and recovery of the operating environment. Subsequently, the Group's performance was substantially affected in the second half of the year.

The Group's turnover amounted to HK\$1,855.9 million for the year (FY2020/21: HK\$2,101.6 million), representing a decrease of approximately 11.7% against the previous year. This decrease was mainly due to tightened pandemic prevention and control measures at the Group's two major production bases located in Dongguan and Vietnam which affected production and operations, resumption of work and recruitment of staff, raw material supply as well as the logistics of the Group. Gross profit was HK\$257.7 million and gross profit margin rose to 13.9% (FY2020/21: HK\$286.6 million and 13.6%), mainly attributable to the increase in production capacity at the Vietnam plant, plus the continuous effective implemented of cost control measures. Profit attributable to shareholders declined to HK\$56.5 million (FY2020/21: HK\$79.3 million), mainly due to the drop in revenue as a result of the COVID-19 pandemic. Net profit margin was 3.1% (FY2020/21: 3.8%). Basic earnings per share were HK19.83 cents (FY2020/21: HK27.96 cents).

BUSINESS OVERVIEW

Electronic Products

The electronic products business remained as the Group's main source of revenue, contributing HK\$1,413.0 million (FY2020/21: HK\$1,695.4 million), down by 16.7% year-on-year and accounting for 76.1% of total sales.

The COVID-19 pandemic has led to the thriving development of the "stay-at-home economy" which has driven strong demand from customers for the Group's professional audio equipment. However, the market demand has declined slightly after the peak of the pandemic. Besides, as the global markets have been affected by the spread of the Omicron variant of COVID-19 and supply chain congestion, the Group's orders for these products slowed down in the second half of the year.

Orders for other products, such as telephones for the hearing-impaired, smart cards and near-field communication ("NFC") products as well as telecommunications products for Japanese customers, have gradually recovered. This has been facilitated by the Group creating a diversified product portfolio and focusing on developing niche products. This business development strategy has proven effective, enabling the Group to withstand the challenging market environment and continue to steadily progress.

In recent years, the Group has actively expanded the technologies and applications in the Internet of things ("IoT"). This strategic advance has been welcomed by existing customers and the Group has received enquiries from potential new customers as well. During the year, the Group successfully secured orders from a new customer. An innovative IoT company which targets the European and the US markets, focusing on manufacturing and providing IoT-based products and solutions, including asset trackers.

Although the pandemic has posed significant challenges to the global supply chain of production materials and the shipping and logistics services, SUGA has maintained close cooperation with its business partners and actively prospected for suppliers in different regions to mitigate the adverse effects of the tight supply of raw materials. In addition, the Group successfully secured more orders from Mainland China during the year, and more fully utilised the production capacity of its Dongguan facilities.

Pet Business

The pet business recorded sales of HK\$442.9 million (FY2020/21: HK\$406.2 million), representing a year-on-year increase of 9.0%, accounting for 23.9% of the Group's total sales. Pet training equipment, one of the Group's core products, continued to be an important revenue source of the pet business, with sales volume increasing during the year under review.

The Group remains optimistic about the development potential of the pet food market and will seize the business opportunities in this sector. Leveraging its excellent experience in building its own pet food brand "Brabanconne", the Group has launched a domestic pet food brand "TeenyTiny" targeting the mid-range market in Mainland China at the end of 2020, generating an enthusiastic market response. Consequently, the brand achieved a satisfactory business performance in the one and a half years since its launch. Currently, "Brabanconne" is sold mainly in the Hong Kong and Japanese markets and has enjoyed a good market response. In view of the strong demand for pet food in the Mainland China market, the Group believes that the domestic market remains the pet market with the greatest development potential. Hence, the Group expects that after the "Brabanconne" pet food brand resumes its import into the Mainland China market, the two pet food brands can develop and flourish in a two-pronged approach and seize greater market share in the mid-range to high-end market.

PROSPECTS

In the second half of 2022, the global economic outlook will remain uncertain. The international shipping lines and availability of containers have yet to return to the pre-pandemic normal conditions, so the supply of raw materials would still be tight. Many countries in Europe, as well as the US, will unveil interest hikes and the Russia-Ukraine tension will persist and possibly escalate, increasing geopolitical risks. However, as many countries have begun easing their pandemic restrictions, the global economic performance is expected to gradually improve after the resumption of travelling freely between countries. Moreover, the Group will closely monitor the latest trends in the economy and the pandemic. It will also adopt appropriate strategies in a flexible manner to respond to different situations and adopt a prudent approach to ensure that the overall business maintains stable development.

The Group began executing its "China Plus One" strategy in 2018 and opened an automated factory in Vietnam and coordinating operations with its factory in China. This has not only enabled the Group to more optimally allocate production, but has also clarified for new customers in the electronic business segment the advantage of factories in two countries, market diversification and reduced supply chain risks amid the pandemic. We have proactively negotiated with these customers during the year. Moreover, we believe that such advantages can be maintained and will help us win more new customers and attract more new orders. Therefore, we will continue to flexibly allocate production consignments between the two countries in the future.

In the past, the orders of most customers were generally relatively urgent and short-term. However, amidst the pandemic, due to the tight supply of raw materials and containers, customers have to set a mid- to long-term strategy and significantly push back the time of placing an order beforehand. The changes in the way of placing an order allow the Group to more flexibly and effectively plan its resources allocation internally and thus further enhance its operational efficiency. The Group will continue to maintain good relations and close communication with customers to ensure that customers enjoy the best services and logistics arrangements.

Meanwhile, the Huizhou Jiayifu development project, co-developed by the Group and Guangdong Fuchuan Investment Co., Ltd., is nearly seventy percent completed. Part of the project has obtained the pre-sale permit for commercial housing. Due to the erratic impacts of the pandemic and real estate policies, real estate market in Mainland China faces greater uncertainty. The Group will continue to closely monitor the development of the property market in Zhongkai District, Huizhou City, and it will launch the project to the market at an appropriate time. In fact, SUGA has sufficient cash on hand and banking facilities, it will look for and seize suitable investment opportunities in the market, so as to bring long-term value to shareholders.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 March 2022, the current assets and current liabilities of the Group were approximately HK\$899.2 million (31 March 2021: HK\$875.2 million) and approximately HK\$500.8 million (31 March 2021: HK\$519.7 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was 1.80 times as at 31 March 2022, as compared to that of 1.68 times as at 31 March 2021.

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, overdrafts and term loans, which are primarily on floating interest rates basis. As at 31 March 2022, the Group maintained cash and bank balances at approximately HK\$141.7 million (31 March 2021: HK\$127.8 million). The Group's bank borrowings were HK\$206.0 million as at 31 March 2022 (31 March 2021: HK\$138.6 million). Gearing ratio, expressed as a percentage of total bank borrowings over total equity, was 25.4% (31 March 2021: 17.3%).

The Group's total assets and total liabilities as at 31 March 2022 amounted to approximately HK\$1,333.3 million (31 March 2021: HK\$1,326.6 million) and HK\$523.3 million (31 March 2021: HK\$524.4 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.39 times as at 31 March 2022, as compared to that of approximately 0.40 times as at 31 March 2021.

The net asset value of the Group increased from HK\$802.2 million as at 31 March 2021 to HK\$810.0 million as at 31 March 2022, the increase is mainly attributable by the comprehensive profit of the year and dividends paid for the financial year 2020/21.

As at 31 March 2022, the Group had aggregate banking facilities of approximately HK\$900.0 million (31 March 2021: HK\$710.5 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK\$669.4 million (31 March 2021: HK\$519.9 million).

FOREIGN EXCHANGE EXPOSURE

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi, Hong Kong dollars, United States dollars and Vietnamese Dong. As Hong Kong dollars is pegged against United States dollars, the Group mainly exposed to foreign currency risk with respect to Renminbi and Vietnamese Dong. The Group monitors foreign currency exchange exposure and will use forward foreign exchange contracts as appropriate to hedge the foreign exchange risk in the ordinary course of business.

As at 31 March 2022 and 2021, the Group has not used any financial instruments to hedge against foreign currency risk. It is the group's policy not to enter into derivative transactions for speculative purposes.

PLEDGE OF ASSETS

As at 31 March 2022 and 2021, the Group's interest in a joint venture was pledged in favour of a bank to secure facility granted to its joint venture. The Group did not pledge any of its assets as securities for the banking facilities granted to the Group as at 31 March 2022 and 2021.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 March 2022, the Group had a capital commitment of HK\$7.1 million for property, plant and equipment and investment in a joint venture. (31 March 2021: HK\$23.0 million).

Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 31 March 2022 amounted to HK\$206.0 million (31 March 2021: HK\$138.6 million). As at 31 March 2022, the Group provided financial guarantees of HK\$10.0 million and RMB114.0 million for banking facilities granted to its associate and joint venture respectively (31 March 2021: HK\$10.0 million and RMB78.0 million). As at 31 March 2022, the bank facilities utilised by an associate and a joint venture was HK\$6.1 million (31 March 2021: HK\$6.5 million) and RMB86.7 million (31 March 2022: RMB78.0 million) respectively. The Group assesses the risk of default of an associate and a joint venture at the end of the reporting period and recognised financial guarantee liabilities of HK\$4,478,000 as at 31 March 2022 (31 March 2021: HK\$ 2,521,000).

HUMAN RESOURCES

As at 31 March 2022, the Group has approximately 2,530 employees, of which 64 were based in Hong Kong while the rest were mainly in Mainland China and Vietnam. 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.

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 Directors (the "Board") and management of Suga International Holdings Limited (the "Company") are committed to attain and uphold a high standard of corporate governance that properly protect and promote the interests of its shareholders and other stakeholders including customers, suppliers, employees and the general public. Throughout the financial year ended 31 March 2022, the Company has complied with all applicable code provisions of the Corporate Governance Code (the "CG Code") contained in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules"), except for the former CG Code A.2.1.

The former CG Code A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual. Up to the date of this 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 as the above-mentioned deviation, none of the directors of the Company is aware of information that would reasonably indicate the Company is not or was not in compliance with the all applicable code provisions of CG Code for the year under review.

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 2021/22.

AUDIT COMMITTEE

The audit committee of the Company comprises three independent non-executive directors of the Company. The audit committee had reviewed with management the accounting principles and practices adopted by the Group and discussed, among other things, the internal control system and risk management, and financial reporting matters including the financial statements of the Group for the year ended 31 March 2022.

SCOPE OF WORK OF PRICEWATERHOUSECOOPERS HONG KONG

The financial figures in this announcement of the Group's results for the year ended 31 March 2022 have been agreed by the Group's external auditor, PricewaterhouseCoopers Hong Kong ("PwC"), to the amounts set out in the Group's draft consolidated financial statements for the year. The work performed by PwC in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, and consequently no assurance has been expressed by PwC on this announcement.

FINAL DIVIDEND

The Directors have proposed the payment of a final dividend of HK6.0 cents per share for the financial year ended 31 March 2022 (FY2020/21: final dividend of HK8.0 cents per share and special dividend of HK3.0 cents per share) to the shareholders whose names appears on the Register of Shareholders of the Company on 16 August 2022. Together with an interim dividend of HK6.0 cents per share distributed previously, the dividend for the year would amount to HK12.0 cents per share (FY2020/21: HK17.0 cents per share). Subject to approval by shareholders at the 2022 Annual General Meeting, the proposed final dividend will be paid on or before 25 August 2022.

EVENT OCCURRING AFTER THE REPORTING PERIOD

In April 2022, Mobilogix received a proposal provided by an independent investor for the acquisition of the entire issued share capital of Mobilogix, which is accounted for by the Group as an interest in associate (the "Proposed Transaction"). Up to the date of the report, Mobilogix is in the process of discussing and agreeing the final terms of the agreement of the Proposed Transaction with the counterparties. Upon the completion of the Proposed Transaction, the interest in Mobilogix amounting to approximately HK\$13,862,000 as at 31 March 2022 will be derecognised.

Save as disclosed above, there were no material subsequent events from 31 March 2022 up to the date of this report.

PROPOSED AMENDMENTS TO THE BYE-LAWS AND ADOPTION OF NEW BYE-LAWS

The Board proposes to amend the existing bye-laws of the Company (the "Existing Bye-laws") to, among other things, bring the existing Bye-laws in line with the core shareholder protection standards set out in Appendix 3 to the Listing Rules, reflect certain updates in relation to the applicable laws of the Bermuda and the Listing Rules, provide flexibility to the Company to convene and hold physical, hybrid or electronic general meetings, and incorporate certain house-keeping amendments.

The Board proposes to seek the approval of the shareholders of the Company by way of a special resolution (the "Special Resolution") at the 2022 Annual General Meeting of the Company to adopt a new set of bye-laws to replace the Existing Bye-laws. Full text of the Special Resolution will be contained in the notice of such meeting.

A circular containing, inter alia, the proposed amendments to the Existing Bye-laws, together with the notice of the 2022 AGM, will be despatched to shareholders in due course.

CLOSURE OF REGISTER OF SHAREHOLDERS

The Register of Shareholders of the Company will be closed from 5 August 2022 to 10 August 2022 (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 2022 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 4 August 2022.

The Register of Shareholders of the Company will be closed on 16 August 2022 during which day 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 2022 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 16 August 2022. 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 15 August 2022.

ANNUAL GENERAL MEETING

The 2022 Annual General Meeting will be held at 24/F, Admiralty Centre I, 18 Harcourt Road, Hong Kong on Wednesday, 10 August 2022 at 3:00 p.m.. For details of the 2022 Annual General Meeting, please refer to the notice of such meeting which is expected to be published on or about 12 July 2022.

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, 27 June 2022

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 and Prof. Luk Wing Ching as non-executive directors; Mr. Leung Yu Ming, Steven, Mr. Chan Kit Wang and Dr. Cheung Nim Kwan as independent non-executive directors.