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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
ACQUISITION OF LAND USE RIGHTS IN HUIZHOU CITY, THE PRC**

THE ACQUISITION

The Company is pleased to announce that on 16 August 2019 (after trading hours), Huizhou Jiayifu (an indirect 90%-owned subsidiary of the Company) and the Bureau entered into the Land Transfer Contract, pursuant to which, among other things, the Bureau agreed to transfer and Huizhou Jiayifu agreed to acquire the land use (commercial and residential uses) rights to the Land, being the land on which the Group's former Huizhou plants stood, for a consideration of RMB92 million (equivalent to approximately HK\$103.02 million). The said consideration is effectively the land premium payable by the Group to convert the use of the Land from industrial to commercial and residential.

IMPLICATIONS UNDER THE LISTING RULES

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

INTRODUCTION

In July 2016, the Group consolidated its production facilities by relocating its manufacturing plants for the moulds and plastic products division in Huizhou City, Guangzhou Province, the PRC to Suga Hightech Industrial Park in Dongguan, the PRC. As disclosed in the annual reports of the Company for the years ended 31 March 2017, 2018 and 2019 respectively, the Company has applied to relevant PRC governmental departments to change the land use of the land on which its former Huizhou plants stood to commercial and residential uses.

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THE ACQUISITION

Date of entering into of the Land Transfer Contract

16 August 2019 (after trading hours)

Parties

- (i) Huizhou Jiayifu Real Estate Development Co., Ltd.* (惠州佳宜富房地產開發有限公司); and
- (ii) Huizhou Natural Resources Bureau (惠州市自然資源局).

To the best of the Directors' knowledge, information and belief and having made all reasonable enquiries, the Bureau is a third party independent of the Company and its connected persons.

Subject matter

The Land under the Land Transfer Contract is state-owned land situated at Huihuan Street, Zhongkai High-tech Zone, Huizhou City, the PRC (land parcel no. ZKA-008-01) (中國惠州仲愷高新區惠環街道ZKA-008-01號地塊). The site area of the Land is 9,806 square metres. The Land granted under the Land Transfer Contract is for commercial and residential uses. The term of the grant of the land use right to the Land for commercial use is 40 years from the date of Delivery, while that for residential use is 70 years from the date of Delivery.

Consideration and payment terms

The Consideration is RMB92 million (equivalent to approximately HK\$103.02 million) and will be payable by Huizhou Jiayifu in one lump sum in cash within 30 days of the date of the signing of the Land Transfer Contract. The Consideration will be funded by the Group's internal resources.

The Land falls within the category of renovation project land under the "Three Olds Renovation Plan" (i.e. a plan on the renovation of the old urban areas, old villages and old plants) approved by the People's Government of Guangdong Province. Therefore, the Consideration was set by the Bureau in accordance with 'Huizhou City's Measures on Payment of Land Transfer Amount for "Three Olds" Renovation Land transferred by Contract' (Hui Fu Ban [2017] No.36) (《惠州市「三舊」改造用地協議出讓繳交土地出讓金辦法》(惠府辦[2017]36號)). In deciding whether to agree to the Consideration set by the Bureau, the Company has taken into account the land price in the surrounding areas of the Land, current property market conditions in the PRC and the development potential of the Land.

Delivery and land use right certificate(s)

On the signing of the Land Transfer Contract, the Bureau delivered the Land to Huizhou Jiayifu (“**Delivery**”). According to the Land Transfer Contract, on Delivery, the Land and its surrounding land would be equipped with and supported by basic infrastructure so that the Land would be ready for the commencement of construction work.

Upon payment of the Consideration, Huizhou Jiayifu will attend to the relevant procedures for obtaining the land use right certificate(s) in respect of the Land.

INFORMATION ON THE PARTIES

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

Huizhou Jiayifu is a company established in the PRC and its principal business activity is investment holding. It is an indirect 90%-owned subsidiary of the Company as at the date of this announcement.

The Bureau is a PRC governmental body responsible for, among other things, the tendering, auction, listing-for-sale and transfer by contract of rights to use state-owned land in Huizhou City.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Land is situated in the Zhongkai High-tech Zone of Huizhou City, the PRC. Huizhou is adjacent to Shenzhen in the south and Dongguan in the west. It occupies an outstanding location of the Shenzhen Eastward Development Corridor and belongs to the eastern core area of the Greater Bay Area of Guangdong, Hong Kong and Macau.

In particular, Zhongkai High-tech Zone is supported by a comprehensive transportation system comprising connections to airports, railway stations, expressways and harbours, resulting in it conveniently connected to the one-hour living circle of the Greater Bay Area. Zhongkai High-tech Zone also has well-established supporting urban facilities in the surroundings.

In view of the above, the Board considers the Land to have significant development potential and is a quality property asset, and the Acquisition represents a good opportunity for the Group to explore property development projects and investment prospects so as to maximise the benefits for Shareholders. The Company will keep the Shareholders and potential investors of the Company updated with any material developments in relation to the Land as and when appropriate.

Accordingly, the Directors believe that the terms of the Acquisition are fair and reasonable and that the Acquisition is in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As one or more of the applicable percentage ratios in relation the Acquisition exceeds 5% but is less than 25%, the Acquisition 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:

“Acquisition”	the acquisition of the land use right to the Land by Huizhou Jiayifu from the Bureau under the Land Transfer Contract
“Board”	the board of Directors
“Bureau”	Huizhou Natural Resources Bureau (惠州市自然資源局)
“Company”	Suga International Holdings Limited, a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange (Stock Code: 00912)
“connected person”	has the meaning ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition
“Delivery”	the delivery of the Land by the Bureau to Huizhou Jiayifu under the Land Transfer Contract
“Director(s)”	the director(s) of the Company
“Group”	collectively, the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the legal currency of Hong Kong
“Hong Kong”	Hong Kong Special Administrative Region of the PRC
“Huizhou Jiayifu”	Huizhou Jiayifu Real Estate Development Co., Ltd.* (惠州佳宜富房地產開發有限公司), a company established in the PRC and an indirect 90%-owned subsidiary of the Company as at the date of this announcement
“Land”	a parcel of land situated at Huihuan Street, Zhongkai High-tech Zone, Huizhou City, the PRC (land parcel no. ZKA-008-01) (中國惠州仲愷高新區惠環街道 ZKA-008-01號地塊), occupying a site area of 9,806 square metres

“Land Transfer Contract”	the contract entered into between the Bureau as transferor and Huizhou Jiayifu as transferee on 16 August 2019 for the transfer of land use right to the Land
“Listing Rules”	The Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China which, for the purpose of this announcement, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholder(s)”	holder(s) of the Shares
“Share(s)”	ordinary share(s) of HK\$0.10 each in the share capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	per cent.

Unless otherwise specified in this announcement and for the purpose of illustration only, RMB is translated into HK\$ at the rate of HK\$1.00 = RMB0.893.

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

Hong Kong, 16 August 2019

As at the date 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 purpose only*