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INTERIM REPORT 2010/2011



SUGA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 912

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CORPORATE INFORMATION

Board of Directors

Executive

Dr. Ng Chi Ho (*Chairman*)
Mr. Ma Fung On (*Deputy Chairman*)

Non-executive

Mr. Lee Kam Hung

Independent Non-executive

Professor Wong Sook Leung, Joshua
Mr. Leung Yu Ming, Steven
Mr. Chan Kit Wang

Company Secretary

Mr. Huen Po Wah

Audit Committee

Professor Wong Sook Leung, Joshua
Mr. Leung Yu Ming, Steven
Mr. Chan Kit Wang

Auditors

PricewaterhouseCoopers
Certified Public Accountants

Legal Advisers

Mallesons Stephen Jaques

Principal Bankers

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking
Corporation Limited
Bank of China (Hong Kong) Limited
Hang Seng Bank Limited
DBS Bank (Hong Kong) Limited

Registered Office

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business

22nd Floor
Tower B
Billion Centre
1 Wang Kwong Road
Kowloon Bay
Kowloon
Hong Kong

Bermuda Principal Share Registrar

Butterfield Fund Services (Bermuda) Limited
Rosebank Centre
11 Bermudiana Road
Pembroke HM 08
Bermuda

Hong Kong Branch Share Registrar and Transfer Office

Computershare Hong Kong Investor Services
Limited
Shops 1712-1716
17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

Public Relations Consultant

Strategic Financial Relations Limited
Unit A
29th Floor
Admiralty Centre I
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Contacts

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Stock code: 912

CHAIRMAN'S STATEMENT

On behalf of the Board, I am pleased to present the interim results of Suga International Holdings Limited (the "Company") and its subsidiaries ("SUGA" or the "Group") for the six months ended 30 September 2010.

Financial Performance

Benefiting from a gradually recovering global economy, which has resulted in an increase in demand for most of SUGA's products, the Group recorded turnover of approximately HK\$595.7 million, up 23.4% from HK\$482.9 million for the same period last year. Gross profit reached HK\$77.2 million compared to HK\$63.0 million for the last corresponding period. Gross profit margin was 13.0% (2009: 13.0%). Even though market conditions for the manufacturing industry remained challenging during the review period, the Group realized profit attributable to shareholders of HK\$40.5 million – 61.2% higher than last year's HK\$25.1 million – owing to effective efforts at streamlining operations and successfully controlling costs. Net profit margin increased to 6.8% (2009: 5.2%) and basic earnings per share were HK15.09 cents (2009: HK9.78 cents).

Interim Dividend

The Directors have resolved to declare an interim dividend of HK5.0 cents per share (2009: HK4.0 cents) for the period payable to shareholders whose names appear on the register of shareholders of the Company on 15 December 2010. The interim dividend will be paid on or before 23 December 2010. This dividend represents approximately 33.4% of the net profit of the Group for the first half of the fiscal year.

Business Overview

Electronic products

The electronic products segment generated sales of HK\$564.3 million, up 21.3% from HK\$465.2 million for the same period last year, accounting for 94.7% of the Group's total sales. The increase substantiates the Company's decision to focus on specialized electronic products. Consistent with this strategy, we have established a balanced product portfolio that, on the one hand, enables steady income to be generated, while on the other, helps the Company minimize risk by avoiding becoming over reliant on a specific product.

With the economic recovery underway, our pet training partner began to replenish inventory during the review period. Revenue from pet training devices consequently surged by more than 50% compared with the corresponding period of last year. We expect the amount of orders to gradually and continuously rise. Despite the peaks and troughs that the global economy has experienced over the past decade, we have built a solid relationship with our US partner – representing one of our key revenue contributors – and this strong tie has enabled the Group to generate stable income.

General consumer electronic products also experienced an upsurge in demand during the review period with sales nearly doubling. Moreover, during the first half of this fiscal year, we worked closely with our Japanese customer to prepare for a new telecommunication project. We completed trial production in mid-September and expect to proceed with mass production by the end of 2010.

CHAIRMAN'S STATEMENT

Business Overview *(Continued)*

Electronic products *(Continued)*

Leveraging the Group's EMS capability, we received more orders for our professional audio equipment as well. Sales increased significantly compared with the same period last year. It is our objective to become a preferred key manufacturer for our customers and secure more orders in the coming years.

Looking at our interactive education products business, this area of activity now constitutes one of our core revenue streams – benefiting from the support of a key partner whom we have maintained ties with for nearly five years. During the review period, interactive educational products registered satisfactory growth, and since we believe that interactive education will be the trend of the future, we will seek to grow our operation in concert with our aforesaid partner.

Of all of our electronic products, only the auto-fare collection system experienced a decline in revenue during the review period. Owing to the shortage of some key electronic components for the products, part of the production orders had to be re-scheduled to the second half year. We have since resolved this raw materials shortage issue by arranging for more advanced orders, thereby shortening lead time. Sales in the second half year are expected to duly improve.

Moulds and plastic products

Sales derived from this segment increased by 77.5% to HK\$31.4 million and accounted for 5.3% of the Group's total sales. Subsequent to the Group's decision to develop the moulds and plastic business by expanding its production capacity, SUGA has been receiving more orders. The Group will continue enhancing the efficiency of this segment in order to maintain a reasonable margin level.

Environmental Protection

SUGA is fully committed to making continuous improvements on the environmental protection front. Since our participation in the "Cleaner Production Partnership Program", organized by Hong Kong Productivity Council ("HKPC"), further energy conservation measures have been adopted and effectively implemented in our Buji and Huizhou manufacturing plants. The completion and verification of On-site Improvement Assessment Projects at the Buji factory has subsequently led to the granting of appreciation certificates as well.

Upholding our commitment to environmental protection, we took the initiative of joining the ISO 50001 Pilot Program organized by HKPC, which will enhance our ability to launch the new ISO 50001 Energy Management System in the future.

SUGA's dedication to environmental protection also extends to society. For instance, recently in response to "International Coastal Cleanup 2010" initiated by Ocean Conservancy, we participated in a trash and debris removal campaign in October 2010. Moreover, SUGA was a Gold Sponsor of the "Greening Hong Kong by PolyU Alumni 2010" campaign in November 2010, directly involved in its planting event. Through participation in these meaningful activities, the environmental protection concept has been deeply embedded in the minds of our staff members and their families, thus paving the way to sustainable green consumption.

CHAIRMAN'S STATEMENT

Prospects

Moving forward, the Group will maintain a diversified product portfolio – a strategy that will allow us to strengthen SUGA's position as leader of the specialized electronic products market. The current healthy income stream that we enjoy has allowed us to build a strong foundation from which future business growth can be realized.

The outlook for our existing products remains positive. Benefiting from the global market recovery, we anticipate these products to continue experiencing healthy organic growth. As our pet training devices partner continues to restock, SUGA will benefit from increased orders for associated products. Our strong ties with a professional audio equipment customer could lead to more orders for SUGA as well. Furthermore, as interactive education becomes more prevalent, interactive educational products will attract greater demand. With respect to the auto-fare collection system, sales are expected to resume at a steady level now that the issue of raw material supply has been addressed.

Apart from organic growth of existing products, we are also launching a new product for our Japanese customer. Mass production is scheduled in December of this year and income will be reflected in the second half of the fiscal year, with more significant contributions anticipated in the next fiscal year.

We are aiming to directly bring more innovative products to the market as well. Believing that LED projectors equipped with special features possess enormous potential, the Group launched an interactive LED projector in late 2009 followed by a 3D projector at Hong Kong Electronics Fair 2010. Very few companies have developed such technology and by tapping into this market before it matures, SUGA can benefit from a first-mover advantage. Clearly, we see this project has long-term growth potential.

While constantly seeking to enhance our product offerings, bolster manufacturing and improve R&D capabilities, we are also continually exploring new business possibilities. Enthused about strong economic growth in China, we are studying the feasibility of entering this market; specifically tapping the local retail sector. We are considering introducing our partners' products into the country, though will exercise utmost prudence, carefully examining all opportunities that arise.

Currently, the Group has a cash balance of more than HK\$140.7 million and considerable banking facilities at its disposal, allowing it to have the flexibility to expand the business if desired. Although market conditions for the manufacturing industry remain difficult, the Group aims to deliver satisfactory results to shareholders by continuing to stringently control costs and enhancing production efficiency.

CHAIRMAN'S STATEMENT

Appreciation

I would like to extend my appreciation to our management team and staff for their perseverance and diligence during the review period. Also, my utmost respect and gratitude to our business partners, customers and stakeholders whom I trust will continue to provide unswerving support as the Group seeks to build on its successes.

On behalf of the Board of Directors,

Ng Chi Ho
Chairman

Hong Kong, 25 November 2010

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

Revenue

During the six months ended 30 September 2010, the Group recorded total revenue of HK\$595.7 million, an increase of 23.4% as compared to the corresponding period of last year. The steady growth in revenue has proven the success of the Group's decision in focusing on specialized electronics products.

Sales of electronic products increased by 21.3% to HK\$564.3 million (2009: HK\$465.2 million). The increase was mainly attributable to growth in sales of pet training devices, professional audio equipments, interactive educational products, and the telecommunication products during the period under review.

As for the moulds and plastic products, revenue increased by 77.5% to HK\$31.4 million (2009: HK\$17.7 million). The increase was the result of expanding production capacity in FY2008/2009 which enabling the Group to produce larger plastic components and serve more customers. The decision to develop the moulds and plastic business has paid off; more orders were received since then.

Geographically, for the period ended 30 September 2010, revenue generated from the top 3 countries, the United States of America, the United Kingdom and Japan, had increased by 54.7%, 14.4% and 23.5% respectively. The increase was mainly due to rise in sales of pet training devices, professional audio equipments, interactive educational products and telecommunication products.

Profit Attributable to Equity holders of the Company

Gross profit increased by 22.6% to HK\$77.2 million for the six months ended 30 September 2010 (2009: HK\$63.0 million). Gross profit margin remained stable at 13.0% (2009: 13.0%). The rise in sales was the main reason for the increase in gross profit. Besides, the Group's continued effort to enhance production efficiency and efficient use of materials had off set the effect of rise in labour cost, appreciation of Renminbi and increase in material costs.

Operating profit was HK\$44.7 million, compared with HK\$28.7 million of the corresponding period of last year, an increased of 55.8%. The increase in operating profit was primarily attributable by the increase in gross profit. Besides, the decreased in distribution and selling expenses by HK\$0.9 million and the reduction in general and administrative expenses by HK\$0.7 million also accounted for the increase in operating profit. The reductions were mainly resulted from effective cost controls and tightening of expenditures.

During the six months ended 30 September 2010, the Group was able to maintain a net finance income of HK\$307,000 (2009: HK\$33,000), an increase of HK\$274,000 from the corresponding period of last year. The increase was mainly due to interest income received from long term bond purchased during the period.

As a result of the aforementioned factors, the Group's profit attributable to equity holders of the Company for the period increased to HK\$40.5 million (2009: HK\$25.1 million), representing an increase of 61.2%.

MANAGEMENT DISCUSSION AND ANALYSIS

Liquidity and Financial Resources

As at 30 September 2010, the Group has current assets of HK\$472.6 million and current liabilities of HK\$216.9 million. The current ratio was 2.18 (31 March 2010: 2.57).

Bank borrowings were HK\$53.7 million as at 30 September 2010 (31 March 2010: HK\$34.6 million). The increase is mainly due to the draw down of a long term loan during the period. Gearing ratio (calculated by dividing total bank borrowings by total equity) was 14.9% (31 March 2010: 10.5%). The Group maintained a net cash balance of HK\$87.1 million as at the balance sheet date (31 March 2010: HK\$92.8 million).

As at 30 September 2010, the Group had aggregate facilities of approximately HK\$461.5 million (31 March 2010: HK\$432.2 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK\$396.1 million (31 March 2010: HK\$393.3 million).

The Group generally finances its operations by internally generated resources and bank facilities provided by its principal bankers in Hong Kong. Banking facilities used by the Group include revolving loans, trust receipt loans, overdrafts and term loans, which are primarily on floating interest rates basis.

Capital Expenditures

The Group's total capital expenditures for the period under review was HK\$12.0 million of which mainly comprised investment in machineries and equipment for production plants in Mainland China.

Foreign Exchange Exposure

The Group's transaction and monetary assets are principally dominated in Renminbi, Hong Kong dollars and United States dollars. The Group has not experienced any difficulties or effects on its operations or liquidity as a result of the fluctuations in currency exchange rates during the six months ended 30 September 2010.

During the six months ended 30 September 2010, the Group has entered into several foreign exchange contracts to hedge the currency translation risk of Renminbi against United States dollars. All these foreign exchange contracts were for hedging purpose and it is the policy of the Group not to enter into any derivative contracts purely for speculative activities.

Pledge of Assets

As at 30 September 2010, the Group 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\$27.5 million (31 March 2010: HK\$28.9 million) for financing the acquisition of the office premise and car parking spaces. Other than the said mortgage loan, the Group did not pledge any of its assets as securities for the banking facilities granted to the Group.

MANAGEMENT DISCUSSION AND ANALYSIS

Capital Commitments and Contingent Liabilities

As at 30 September 2010, the Group had no outstanding capital commitment (31 March 2010: nil). Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 30 September 2010 amounted to HK\$65.4 million (31 March 2010: 39.0 million) and the Group did not have any significant contingent liability.

Human Resources

As at 30 September 2010, the Group employed 2,040 employees, of which 56 were based in Hong Kong and Macao while the rest were 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 share option scheme was adopted on 17 September 2002 which is valid and effective for a period of 10 years from the adoption date. The principal terms of share option scheme are as disclosed in the Company's 2009/10 Annual Report.

OTHER INFORMATION

INTERIM DIVIDEND

The Board has resolved to declare an interim dividend of HK5.0 cents per share for the six months ended 30 September 2010 (2009: HK4.0 cents) payable to shareholders whose names appear on the register of shareholders of the Company on 15 December 2010. The interim dividend will be paid on or before 23 December 2010.

CLOSURE OF REGISTER

The register of shareholders of the Company will be closed from 13 December 2010 to 15 December 2010 (both days inclusive) during which period no transfer of shares will be effected. In order to qualify for the interim dividend, all transfers of shares accompanied by the relevant share certificates and transfer forms must be lodged with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited, Shops 1712 – 16, 17/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30p.m. on Friday, 10 December 2010 for registration.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

The Company did not redeem any of its shares during the period. Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the period.

COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE PRACTICES

The Company had complied with the code of provisions as set out in the Appendix 14 "Code of Corporate Governance Practices" to the Listing Rules (the "Code") throughout the period, except the deviation from the code provision A.2.1. According to the code provision A.2.1 of the Code, 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 interim report, the Company 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 consider appointing an individual as Chief Executive Officer when it thinks appropriate.

COMPLIANCE WITH THE MODEL CODE OF SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors of the Company (the "Model Code"). Having made specific enquiry of all directors, the directors have confirmed compliance with the required standard set out in the Model Code during the six months ended 30 September 2010.

PUBLIC FLOAT

Based on the information publicly available to the Company and within the knowledge of the Directors, as at the date of this report, there was sufficient public float of not less than 25% of the Company's issued shares as required under the Listing Rules.

OTHER INFORMATION

AUDIT COMMITTEE

The Audit Committee has reviewed with the management the accounting policies and practices adopted by the Group and discussed, among other things, the internal control and financial reporting matters, including the review of the interim report for the six months ended 30 September 2010.

DIRECTORS' INTERESTS IN SHARES

As at 30 September 2010, the interests and the short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are required to be notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO) or which are required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which are required, pursuant to the Model Code for Securities Transaction by Directors of Listed Companies (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

Long position

(a) *Interests in shares of the Company*

Name of Director	Capacity	Number of ordinary shares of HK\$0.1 each			Number of underlying shares held under equity derivatives (Note 1)
		Number of shares	Total interests	Percentage of issued ordinary shares	
Dr. Ng Chi Ho	Beneficial owner	6,930,000	160,578,000	59.36%	-
	Interests of controlled corporation	43,648,000 (Note 2)	-	-	-
	Founder of a discretionary trust	110,000,000 (Note 3)	-	-	-
Mr. Ma Fung On	Beneficial owner	4,323,000	14,223,000	5.26%	-
	Interests of controlled corporation	9,900,000 (Note 4)	-	-	-
Mr. Lee Kam Hung	Beneficial owner	1,949,200	3,883,000	1.44%	-
	Interests of controlled corporation	1,933,800 (Note 5)	-	-	-
Professor Wong Sook Leung, Joshua	Beneficial owner	-	-	-	220,000
Mr. Leung Yu Ming, Steven	Beneficial owner	-	-	-	330,000

OTHER INFORMATION

Notes:

1. These represent the interests in underlying shares in respect of the share options granted by the Company, the details of which are set out in the sub-section "Share Option Scheme".
2. 43,648,000 shares are held by Billion Linkage Limited, the entire issued shares of which is held by Dr. Ng Chi Ho and his spouse in equal share.
3. 110,000,000 Shares are held by Superior View Inc., the entire issued shares of which is ultimately held by Fidelitycorp Limited as the trustee of the C.H. Family Trust, the beneficiaries of which are the family members of Dr. Ng Chi Ho.
4. 9,900,000 Shares are held by Global Class Enterprises Limited, the entire issued shares of which is held by Mr. Ma Fung On.
5. 1,933,800 shares are held by Quick Fit Enterprises Ltd, the ultimate shareholder is Mr. Lee Kam Hung.

(b) *Interests in shares of the Company's associated corporation*

Non-voting deferred shares of HK\$1 each in Suga Electronics Limited, a wholly owned subsidiary of the Company:

Name of Director	Capacity	Number of shares	Percentage of issued shares
Dr. Ng Chi Ho	Interests of controlled corporation (Note 1)	3,680,000	92%
Mr. Ma Fung On	Interests of controlled corporation (Note 1)	240,000	6%

Notes:

1. The 4,000,000 non-voting deferred shares in Suga Electronics Limited are held as to 80% by Essential Mix Enterprises Limited and 20% by Broadway Business Limited. Dr. Ng Chi Ho and Mr. Ma Fung On hold 92% and 6% interests in each of Essential Mix Enterprises Limited and Broadway Business Limited respectively.
2. These non-voting deferred shares have no voting rights, are not entitled to dividends, and are not entitled to any distributions upon winding up unless a sum of HK\$10,000,000,000 per ordinary shares has been distributed to the holders of ordinary shares.

Save as disclosed above and under the "Share Option Scheme", none of the above Directors of the Company have any interests and short positions in the shares, underlying shares and debentures of the Company and its associated corporations as defined in the SFO as at 30 September 2010.

OTHER INFORMATION

INFORMATION OF SHARE OPTION SCHEME

The Company has a share option scheme adopted on 17 September 2002 (the “Share Option Scheme”), under which it may grant options to eligible participants (including Directors of the Company) to subscribe for shares in the Company.

The Directors consider the Share Option Scheme, with its broadened basis of participation, will enable the Group to reward the employees, Directors and other selected participants for their contributions to the Group and will also assist the Group in its recruitment and retention of high caliber professionals executives and employees who are instrumental to the growth of the Group.

The principal terms of the Share Option Scheme are as disclosed in the Company’s 2009/10 Annual Report.

Details of the shares option movements during the period ended 30 September 2010 under the Share Option Scheme are as follows:

	Number of share options							Exercise price (HK\$)	Date of grant	Exercisable Period
	Outstanding at 1 April 2010	Granted during the period	Exercised before adjustment date	Outstanding immediately before adjustment (Note 1)	Outstanding immediately after adjustment	Exercised after adjustment date	Outstanding at 30 September 2010			
Professor Wong Sook Leung Joshua	400,000	-	200,000 (Note 5)	200,000		-	-	0.750	4 August 2009	4 August 2009 – 3 August 2014
						220,000	-	0.682 (Note 2)	4 August 2009	4 August 2009 – 3 August 2014
Mr. Leung Yu Ming, Steven	300,000	-	-	300,000				0.750	4 August 2009	4 August 2009 – 3 August 2014
						330,000	-	0.682 (Note 2)	4 August 2009	4 August 2009 – 3 August 2014
Continuous contract employees	2,820,000		2,720,000 (Note 6)	100,000				0.750	4 August 2009	4 August 2009 – 3 August 2014
						110,000	-	0.682 (Note 2)	4 August 2009	4 August 2009 – 3 August 2014
		1,300,000 (Note 3)	330,000 (Note 6)	970,000				1.464	29 April 2010	29 April 2010 – 28 April 2015
						1,067,000	170,000 (Note 6)	1.331 (Note 2)	29 April 2010	29 April 2010 – 28 April 2015
		950,000 (Note 4)	-	950,000				1.260	3 June 2010	31 December 2013 – 3 June 2015
						1,045,000		1.145 (Note 2)	3 June 2010	31 December 2013 – 3 June 2015
Others	300,000			300,000				0.750	4 August 2009	4 August 2009 – 3 August 2014
				-	330,000			0.682 (Note 2)	4 August 2009	4 August 2009 – 3 August 2014
	3,820,000	2,250,000	3,250,000	2,820,000	3,102,000	170,000	2,932,000			

OTHER INFORMATION

Notes:

1. As a result of the bonus issue of shares on 10 September, 2010, adjustments have been made to the outstanding share options of the Company granted under the share option scheme of the Company.
2. Adjusted exercise price per share immediately after adjustment.
3. The closing price of the Company's share immediately before the date (29 April 2010) on which the share options were granted, was HK\$1.464.
4. The closing price of the Company's share immediately before the date (3 June 2010) on which the share options were granted, was HK\$1.260
5. During the interim period, the weighted average closing price (after adjustment) of the Company's share for 5 trading days immediately before the date (21 July 2010) on which 200,000 share options were exercised was HK\$1.585.
6. During the interim period, the weighted average closing price (after adjustment) of the Company's share for 5 trading days immediately before the date on which the share options were exercised were as follows:

Date of Grant	No. of share options exercised	Adjusted exercise price per share (HK\$)	Weighted average closing price (HK\$)
4 August 2009	2,920,000	0.682	1.437
29 April 2010	500,000	1.331	1.885

SUBSTANTIAL SHAREHOLDERS

As at 30 September 2010, the following persons (not being a director or chief executive of the Company) had interests or short positions in the shares and underlying shares of the Company which disclosure to the Company was required under the provisions of Divisions 2 and 3 Part XV of the SFO and which record had been entered in the register kept by the Company pursuant to the section 336 of the SFO.

Name	Capacity	Number of shares	Percentage of issued shares
Superior View Inc. (Note 1)	Beneficial owner	110,000,000	40.66%
Billion Linkage Limited (Note 2)	Beneficial owner	43,648,000	16.14%

Notes:

1. The entire issued share capital of Superior View Inc. is ultimately held by Fidelitycorp Limited as trustee of the C.H. Family Trust, the beneficiaries of which are the family members of Dr. Ng Chi Ho.
2. The entire issued share capital of Billion Linkage Limited is held by Dr. Ng Chi Ho and his spouse in equal shares and, as such, Dr. Ng Chi Ho is deemed to be interested in all the shares held by Billion Linkage Limited under the SFO.

Save as disclosed above, as far as is known to the Directors, there is no person, other than the Directors and chief executives of the Company, who has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provision 2 and 3 of Part XV of the SFO as at 30 September 2010.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2010

	Note	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Restated note 3(d))
ASSETS			
Non-current assets			
Property, plant and equipment	5	112,612	105,892
Land use rights	6	4,242	4,267
Goodwill	7	1,059	1,059
Interest in an associate	8	–	–
Interest in a jointly controlled entity	9	–	–
Available-for-sale financial assets		3,880	–
Financial assets at fair value through profit or loss		7,714	–
Loans and receivables		13,952	–
Deferred income tax assets		2,229	2,301
		145,688	113,519
Current assets			
Inventories		153,609	122,890
Trade and other receivables	10	151,557	127,989
Tax recoverable		262	200
Amount due from a jointly controlled entity	9	26,108	24,082
Derivative financial instruments		311	168
Cash and cash equivalents		140,746	127,429
		472,593	402,758
Total assets		618,281	516,277
LIABILITIES			
Non-current liabilities			
Bank borrowings	12	38,191	26,163
Deferred income tax liabilities		2,408	2,579
		40,599	28,742

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2010

	Note	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Restated note 3(d))
Current liabilities			
Trade and other payables	11	180,542	130,097
Income tax payable		20,649	18,222
Bank borrowings	12	15,479	8,448
Derivative financial instruments		227	160
		<u>216,897</u>	<u>156,927</u>
Total liabilities		<u>257,496</u>	<u>185,669</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	27,052	24,252
Other reserves		106,056	103,237
Retained earnings			
– Proposed dividend		13,542	15,811
– Others		214,135	187,308
		<u>360,785</u>	<u>330,608</u>
Total equity		<u>360,785</u>	<u>330,608</u>
Total equity and liabilities		<u>618,281</u>	<u>516,277</u>
Net current assets		<u>255,696</u>	<u>245,831</u>
Total assets less current liabilities		<u>401,384</u>	<u>359,350</u>

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2010

		Six months ended	
		30 September	
	Note	2010	2009
		HK\$'000	HK\$'000
		(Unaudited)	(Restated note 3(d) and 17)
Revenue	4	595,687	482,873
Cost of sales	14	(518,443)	(419,891)
Gross profit		77,244	62,982
Other income		416	215
Distribution and selling expenses	14	(7,813)	(8,667)
General and administrative expenses	14	(25,102)	(25,804)
Operating profit		44,745	28,726
Finance income	15	826	278
Finance costs	15	(519)	(245)
Finance income – net	15	307	33
Profit before income tax		45,052	28,759
Income tax expense	16	(4,519)	(3,616)
Profit for the period		40,533	25,143
Attributable to :			
Equity holders of the Company		40,533	25,143
Earnings per share for profit attributable to equity holders of the Company during the period			
– Basic (HK cents)	17	15.09	9.78
– Diluted (HK cents)	17	15.00	9.75
Interim dividend	18	13,542	9,518

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit for the period	40,533	25,143
Other comprehensive income for the period, net of tax		
Currency translation differences	2,200	–
Total comprehensive income attributable to shareholders of the Company for the period	42,733	25,143

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Unaudited						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	
As at 1 April 2010	24,252	61,119	10,591	540	30,987	203,119	330,608
Profit attributable to the equity holders of the Company	-	-	-	-	-	40,533	40,533
Other comprehensive income	-	-	-	-	-	-	-
Currency translation differences	-	-	-	-	2,200	-	2,200
Total comprehensive income for the period ended 30 September 2010	-	-	-	-	2,200	40,533	42,733
Employee share option scheme:							
Value of employee services	-	-	-	519	-	-	519
Proceeds from shares issued upon exercise of options	342	3,094	-	(536)	-	-	2,900
Bonus issue of shares	2,458	(2,458)	-	-	-	-	-
Dividend paid	-	-	-	-	-	(15,975)	(15,975)
As at 30 September 2010	27,052	61,755	10,591	523	33,187	227,677	360,785
Representing:							
Proposed dividend						13,542	
Others						214,135	
						227,677	

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2010

	Unaudited						
	Share capital HK\$'000	Share premium HK\$'000	Capital reserve HK\$'000	Share-based compensation reserve HK\$'000	Exchange reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
As at 1 April 2009	23,084	54,490	10,591	664	30,987	164,511	284,327
Profit attributable to the equity holders of the Company	-	-	-	-	-	25,143	25,143
Total comprehensive income for the period ended 30 September 2009	-	-	-	-	-	25,143	25,143
Exercise of share options	400	1,344	-	(184)	-	184	1,744
Share-based compensation expense	-	-	-	1,331	-	-	1,331
Dividend paid	-	-	-	-	-	(8,219)	(8,219)
	400	1,344	-	1,147	-	(8,035)	(5,144)
As at 30 September 2009	23,484	55,834	10,591	1,811	30,987	181,619	304,326
Representing:							
Proposed dividend						9,518	
Others						172,101	
						181,619	

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 September 2010

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	42,755	33,765
Net cash used in investing activities	(36,717)	(12,275)
Net cash generated from financing activities	5,466	2,491
	<hr/>	<hr/>
Net increase in cash and cash equivalents	11,504	23,981
Effect of foreign exchange rate changes	1,813	–
Cash and cash equivalents, beginning of period	127,429	79,647
	<hr/>	<hr/>
Cash and cash equivalents, end of period	140,746	103,628

The notes on pages 22 to 44 are an integral part of this condensed consolidated interim financial information.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

1 General information

Suga International Holdings Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the research and development, manufacturing and sales of electronic products. The Group has operations mainly within Hong Kong, Mainland China and Macao.

The Company was incorporated as an exempted company with limited liability in Bermuda on 28 September 2001. The address of its registered office is Clarendon House, 2 Church Street, Hamilton HM11, Bermuda.

The Company’s shares are listed on The Stock Exchange of Hong Kong Limited.

This condensed consolidated interim financial information was approved for issue on 25 November 2010.

2 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2010 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). This condensed consolidated interim financial information should be read in conjunction with the consolidated financial statements for the year ended 31 March 2010, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”).

3 Accounting policies

The accounting policies and method of computation used in the preparation of this condensed consolidated interim financial information are consistent with those used in the annual financial statements for the year ended 31 March 2010, except as mentioned below.

(a) Amended standards adopted by the Group and relevant to the Group’s operations

In 2010, the Group has adopted the following amendment to existing standard which is mandatory for the first time for the Group’s financial year beginning 1 April 2010 and is relevant to the Group’s operations. The impact on the Group’s accounting policies upon adoption is set out below:

- HKAS 17 (Amendment), ‘Leases’, deletes specific guidance regarding classification of leases of land, so as to eliminate inconsistency with the general guidance on lease classification. As a result, leases of land should be classified as either finance or operating lease using the general principles of HKAS 17, i.e. whether the lease transfers substantially all the risks and rewards incidental to ownership of an asset to the lessee. Prior to the amendment, land interest which title is not expected to pass to the Group by the end of the lease term was classified as operating lease under ‘Leasehold land’ and amortised over the lease term.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies *(Continued)*

(a) Amended standards adopted by the Group and relevant to the Group's operations *(Continued)*

HKAS 17 (Amendment) has been applied retrospectively for annual periods beginning 1 April 2010 in accordance with the effective date and transitional provisions of the amendment. The Group has reassessed the classification of unexpired leasehold land as at 1 April 2010 on the basis of information existing at the inception of those leases, and recognised the leasehold land in Hong Kong as finance lease retrospectively. As a result of the reassessment, the Group has reclassified certain leasehold land from operating lease to finance lease.

The accounting for land interest classified as finance lease is that if the property interest is held for own use, that land interest is accounted for as property, plant and equipment and is depreciated from the land interest available for its intended use over the shorter of the useful life of the asset and the lease term.

The effect of adoption of this amendment is analysed on note 3(d).

- Amendments to HKAS 36 regarding cash-generating unit for goodwill impairment test. The amendment does not have a material impact on the Group's consolidated financial statements.

(b) Revised standard, amendments to standards and interpretations are effective but not relevant to the Group

The following revised standard, amendments to standards and interpretations are effective for the financial year beginning 1 April 2010 but not relevant to the Group.

- | | |
|--|--|
| • HKFRS 1 (Revised) and (Amendment) | 'Additional exemptions for first-time adopters' |
| • HKFRS 2 (Amendment) | 'Group cash-settled share-based payment transaction' |
| • HKFRS 3 (Revised) | 'Business combinations' |
| • HKAS 27 | 'Consolidated and separate financial statements' |
| • HKAS 39 (Amendment) | 'Eligible hedged items' |
| • HK(IFRIC)-Int 17 | 'Distributions of non-cash assets to owners' |
| • First improvements to HKFRS (2008) | |
| • Second improvements to HKFRS (2009) other than those mentioned above that are relevant to the Group's operations, the amendments included in the improvements are not currently relevant to the Group's operations | |

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies *(Continued)*

(c) Amendments to standards and interpretations that have been issued but are not effective

The following revised standard, new interpretations and amendments to standards and interpretations have been issued but are not effective for the financial year beginning 1 April 2010 and have not been early adopted:

- HKFRS 1 (Amendment) 'Limited exemption from comparative HKFRS 7 disclosures for first-time adopters' (effective from 1 July 2010)
- HKFRS 9 'Financial instruments' (effective from 1 January 2013)
- HKAS 24 (Revised) 'Related party disclosures' (effective from 1 January 2011)
- HKAS 32 (Amendment) 'Classification of rights issues' (effective from 1 February 2010)
- HK(IFRIC) Int-14 (Amendments) 'Prepayments of a minimum funding requirement' (effective from 1 January 2011)
- HK(IFRIC)-Int 19 'Extinguishing financial liabilities with equity instruments' (effective from 1 July 2010)

Third improvements to Hong Kong Financial Reporting Standards (2010) were issued in May 2010 by the HKICPA (effective in the financial year ending 31 March 2012)

(d) The effect of the adoption of HKAS 17 (Amendment)

The effect of the adoption of HKAS 17 (Amendment) on the condensed consolidated interim income statement is as follows:

	Unaudited six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
Increase in depreciation under administrative expenses	355	–
Decrease in amortisation of leasehold land under administrative expenses	(355)	–

The effect of the adoption of HKAS 17 (Amendment) on the condensed consolidated interim balance sheet is as follows:

	As at	As at	As at
	30 September	31 March	31 March
	2010	2010	2009
	HK\$'000	HK\$'000	HK\$'000
Increase in property, plant and equipment	26,097	26,452	–
Decrease in land use rights	(26,097)	(26,452)	–

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information

(a) Revenue recognised during the period is as follows:

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of goods:		
– electronic products	564,255	465,163
– moulds and plastic products	31,432	17,710
	595,687	482,873

(b) 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. Management has determined the operating segments based on these reports.

The CODM considers the business from a product perspective and assesses separately the performance of electronic products and moulds and plastic products.

The CODM assesses the performance of the operating segments based on a measure of the result of reportable segments. Finance income and costs, corporate income and expenses and amortisation of intangible assets and not included in the result for each operating segment that is 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 are 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 and corporate assets, all of which are managed on a central basis. Liabilities of reportable segment exclude current and deferred income tax liabilities and corporate liabilities. These are part of the reconciliation to total balance sheet assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the reportable segments for the period ended 30 September 2010 and 2009 is as follows:

	Six months ended 30 September 2010			
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue				
Revenue from external customers	564,255	31,432	–	595,687
Inter-segment revenue	–	3,918	(3,918)	–
	<u>564,255</u>	<u>35,350</u>	<u>(3,918)</u>	<u>595,687</u>
Results of reportable segments	<u>43,049</u>	<u>3,862</u>	<u>–</u>	<u>46,911</u>
A reconciliation of results of reportable segments to profit for the period is as follows:				
Results of reportable segments				46,911
Unallocated expenses				(2,582)
Other income				416
				<u>44,745</u>
Operating profit				826
Finance income				(519)
Finance costs				<u>44,052</u>
Profit before income tax				(4,519)
Income tax expense				<u>40,533</u>
Profit for the period				<u>40,533</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the reportable segments for the period ended 30 September 2010 and 2009 is as follows *(Continued)*:

	Six months ended 30 September 2010			
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Other Segment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Other segment information				
Depreciation on property, plant and equipment	3,089	1,272	1,453	5,814
Amortisation of land use rights	–	27	40	67
Additions to non-current assets (other than financial investments and deferred income tax assets)	11,048	884	71	12,003
Income tax expense	3,936	685	(102)	4,519

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the reportable segments for the period ended 30 September 2010 and 2009 is as follows *(Continued)*:

	Six months ended 30 September 2009			
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Elimination HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Revenue				
Revenue from external customers	465,163	17,710	–	482,873
Inter-segment revenue	–	6,838	(6,838)	–
	<u>465,163</u>	<u>24,548</u>	<u>(6,838)</u>	<u>482,873</u>
Results of reportable segments	<u>27,421</u>	<u>2,803</u>	<u>–</u>	<u>30,224</u>
A reconciliation of results of reportable segments to profit for the period is as follows:				
Results of reportable segments				30,224
Unallocated expenses				(1,713)
Other income				215
				<u>28,726</u>
Operating profit				28,726
Finance income				278
Finance costs				(245)
				<u>28,759</u>
Profit before income tax				28,759
Income tax expense				(3,616)
				<u>25,143</u>
Profit for the period				<u>25,143</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the reportable segments for the period ended 30 September 2010 and 2009 is as follows *(Continued)*:

	Six months ended 30 September 2009			
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Other Segment HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Other segment information				
Depreciation on property, plant and equipment	4,677	975	584	6,236
Amortisation of land use rights	–	26	40	66
Additions to non-current assets (other than deferred income tax assets)	2,526	583	7	3,116
Income tax expense	3,319	519	(222)	3,616

The segment assets and segment liabilities as at 30 September 2010 and 31 March 2010 and the reconciliation to the total assets and total liabilities are as follows:

	As at 30 September 2010		
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	491,408	40,660	532,068
Deferred income tax assets			2,229
Tax recoverable			262
Unallocated:			
Property, plant and equipment			51,274
Other unallocated assets			32,448
Total assets per condensed consolidated balance sheet			618,281
Segment liabilities	179,987	5,608	185,595
Income tax payable			20,649
Deferred income tax liabilities			2,408
Unallocated:			
Bank borrowings			47,535
Other unallocated liabilities			1,309
Total liabilities per condensed consolidated balance sheet			257,496

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment information provided to the CODM for the reportable segments for the period ended 30 September 2010 and 2009 is as follows *(Continued)*:

	As at 30 March 2010		Total HK\$'000 (Audited)
	Electronic products HK\$'000 (Audited)	Moulds and plastic products HK\$'000 (Audited)	
Segment assets	418,751	36,859	455,610
Deferred income tax assets			2,301
Tax recoverable			200
Unallocated:			
Property, plant and equipment			52,226
Other unallocated assets			5,940
			<hr/>
Total assets per consolidated balance sheet			516,277
			<hr/>
Segment liabilities	124,755	4,954	129,709
Income tax payable			18,222
Deferred income tax liabilities			2,579
Unallocated:			
Bank borrowings			32,504
Other unallocated liabilities			2,655
			<hr/>
Total liabilities per consolidated balance sheet			185,669
			<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The Company is domiciled in Bermuda. An analysis of the Group's revenue from external customers by country for the period ended 30 September 2010 and 2009 is as follows:

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
The United States of America	196,247	126,821
United Kingdom	187,198	163,580
Japan	99,523	80,599
PRC (including Hong Kong)	56,685	18,455
Australia	37,688	75,096
Others	18,346	18,322
	595,687	482,873

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

	As at	As at
	30 September	31 March
	2010	2010
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	78,533	55,328
Mainland China	64,648	55,542
Macao	278	348
	143,459	111,218

For the six months ended 30 September 2010, external revenue of approximately HK\$349,089,000 (2009: HK\$271,923,000) is generated from three (2009: three) major customers, each of which accounts for 10% or more of the Group's external revenue. The revenue is attributable to the segment of electronic products.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

5 Property, plant and equipment

	HK\$'000 (Unaudited)
Six months ended 30 September 2010	
Opening net book amount as at 1 April 2010, as previously reported	79,440
Effect of adoption of HKAS17 (Note 3d)	26,452
	<hr/>
Opening net book amount as at 1 April 2010, as restated	105,892
Additions	12,003
Disposals	(2)
Exchange differences	533
Depreciation	(5,814)
	<hr/>
Closing net book amount as at 30 September 2010	112,612
	<hr/>
Six months ended 30 September 2009	
Opening net book amount as at 1 April 2009	62,761
Additions	3,116
Disposals	(753)
Depreciation	(6,236)
	<hr/>
Closing net book amount as at 30 September 2009	58,888
	<hr/>

6 Land use rights

	HK\$'000 (Unaudited)
Six months ended 30 September 2010	
Opening net book amount as at 1 April 2010, as previously reported	30,719
Effect of adoption of HKAS17 (Note 3d)	(26,452)
	<hr/>
Opening net book amount as at 1 April 2010, as restated	4,267
Exchange differences	42
Amortisation	(67)
	<hr/>
Closing net book amount as at 30 September 2010	4,242
	<hr/>
Six months ended 30 September 2009	
Opening net book amount as at 1 April 2009	4,399
Amortisation	(66)
	<hr/>
Closing net book amount as at 30 September 2009	4,333
	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

7 Goodwill

Movements of goodwill during the period are as follows:

	HK\$'000 (Unaudited)
Six months ended 30 September 2010	
Net book amount as at 1 April and 30 September 2010	1,059
At 30 September 2010	
Cost	1,059
Impairment charge	—
Net book amount	1,059
Six months ended 30 September 2009	
Net book amount as at 1 April and 30 September 2009	1,059
At 30 September 2009	
Cost	1,059
Impairment charge	—
Net book amount	1,059

8 Interest in an associate

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Share of net assets	—	—

The accumulated losses not recognised by the Group for the associate were HK\$546,000 (31 March 2010: HK\$546,000), the Group does not have further obligation to bear the losses of the associate beyond its costs of investment.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Interest in a jointly controlled entity and amount due from a jointly controlled entity

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Share of net assets (Note (a))	—	—
Amount due from a jointly controlled entity (Note (b))	26,108	24,082

Notes:

- (a) The accumulated losses not recognised by the Group for the jointly controlled entity were HK\$Nil (31 March 2010: Nil); the Group does not have further obligation to bear the losses of the jointly controlled entity beyond its cost of investment.
- (b) The amount due from the jointly controlled entity is unsecured, non-interest bearing and repayable on demand. The carrying value of the amount due from the jointly controlled entity approximates its fair value.

The Group's indirect interest in a jointly controlled entity, which is unlisted, is as follows:

Name	Particulars of issued shares held	Place of incorporation	Interest held	Principal activities
Suga-AI Limited	Ordinary shares HK\$2	Hong Kong, Limited liability company	50%	Trading of electronic products in Hong Kong

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

9 Interest in a jointly controlled entity and amount due from a jointly controlled entity *(Continued)*

The Group's share of assets, liabilities, revenues and results of the jointly controlled entity are as follows:

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Financial position		
Assets	17,793	15,578
Liabilities	17,793	15,578
	Six months ended 30 September 2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Operating results		
Revenue	97,338	89,275
Profit for the period	-	-

There are no contingent liabilities relating to the Group's interest in the jointly controlled entity, and no contingent liabilities exist in the jointly controlled entity itself.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Trade and other receivables

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Trade receivables	134,046	116,212
Less: Provision for impairment	(3,620)	(6,964)
	<hr/>	<hr/>
Trade receivables, net	130,426	109,248
Prepayments	686	390
Rental and other deposits	1,498	1,864
Value added tax receivables	10,824	8,595
Others	8,123	7,892
	<hr/>	<hr/>
	151,557	127,989
	<hr/>	<hr/>

The carrying value of the Group's trade and other receivables approximates their fair value.

The ageing analysis of trade receivables is as follows:

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
0 to 30 days	126,503	88,411
31 to 60 days	1,482	1,795
61 to 90 days	1,662	5,456
91 to 180 days	830	13,475
Over 180 days	3,569	7,075
	<hr/>	<hr/>
Less: Provision for impairment	(3,620)	(6,964)
	<hr/>	<hr/>
Trade receivables, net	130,426	109,248
	<hr/>	<hr/>

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Trade and other payables

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
0 to 30 days	130,585	91,578
31 to 60 days	16,659	9,246
61 to 90 days	6,577	3,313
91 to 180 days	8,803	4,133
Over 180 days	4,648	4,886
	<hr/>	<hr/>
Trade payables	167,272	113,156
Salaries and staff welfare payable	6,922	6,634
Accrued expense	3,114	4,092
Others	3,234	6,215
	<hr/>	<hr/>
	180,542	130,097
	<hr/>	<hr/>

12 Bank borrowings

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Non-current		
Long term bank borrowings	47,535	32,504
Less: Current portion of long-term bank borrowings	(9,344)	(6,341)
	<hr/>	<hr/>
	38,191	26,163
	<hr/>	<hr/>
Current		
Trust receipt bank loans	6,135	2,107
Current portion of long-term bank borrowings	9,344	6,341
	<hr/>	<hr/>
	15,479	8,448
	<hr/>	<hr/>
Total borrowings	53,670	34,611
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Bank borrowings (Continued)

The maturity of borrowings is as follows:

	Trust receipt bank loans		Bank borrowings		Total	
	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Within one year	6,135	2,107	9,344	6,341	15,479	8,448
In the second year	-	-	9,376	2,733	9,376	2,733
Between 2 and 5 years	-	-	15,000	8,377	15,000	8,377
Over 5 years	-	-	13,815	15,053	13,815	15,053
	6,135	2,107	47,535	32,504	53,670	34,611

At 30 September 2010, the Group has aggregate banking facilities of approximately HK\$461,495,000 (31 March 2010: HK\$432,304,000) for overdrafts, loans and trade financing.

Unused facilities at the same date amounted to approximately HK\$396,070,000 (31 March 2010: HK\$393,297,000). These facilities are secured by:

- certain land and buildings of the Group with the carrying amount of HK\$48,313,000 (31 March 2010: HK\$48,970,000).
- certain inventories held under trust receipts bank loans arrangements.
- corporate guarantee provided by the Company and certain of its subsidiaries.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Share capital

	Number of shares '000 (Unaudited)	Nominal value HK\$'000 (Unaudited)
Authorised – ordinary shares of HK\$0.1 each	2,000,000	200,000
Issued and fully paid – ordinary shares of HK\$0.1 each		
At 1 April 2009	230,840	23,084
Issue of shares upon exercise of share options	<u>4,000</u>	<u>400</u>
At 30 September 2009	234,840	23,484
Issue of shares upon exercise of share options	<u>7,680</u>	<u>768</u>
At 31 March 2010	242,520	24,252
Issue of shares upon exercise of share options	3,420	342
Bonus issue of shares (Note a)	24,577	2,458
At 30 September 2010	270,517	27,052

Notes:

- (a) During the period, the Company allotted and issued 24,577,000 shares in September 2010 by way of bonus issue (the "Bonus Issue") on the basis of one new bonus share for every ten existing shares held by the shareholders. The number of share options and their exercise prices (as stated in note (b) below) are restated accordingly as a result of the Bonus Issue.
- (b) Details of the movements in the number of share options outstanding and their related weighted average exercise prices, after taking into account the effect of the Bonus Issue, are as follows:

	2010		2009	
	Average exercise price in HK\$ per share	Number of options '000	Average exercise price in HK\$ per share	Number of options '000
At 1 April (restated)	0.682	3,910	0.780	12,700
Granted	1.251	2,442	0.682	8,390
Exercised	0.835	(3,420)	0.436	(4,000)
Lapsed/cancelled	–	–	1.23	(5,500)
At 30 September		2,932		11,590

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

13 Share capital *(Continued)*

Share options outstanding at the end of the period have the following expiry dates and exercise prices:

Expiry date	Exercise price HK\$	Number of options		Vested percentages	
		2010 '000 (restated)	2009 '000 (restated)	2010	2009
Directors					
22 March 2012	0.396	–	2,000	–	100%
3 August 2014	0.682	550	3,350	100%	100%
Employees					
22 March 2012	0.396	–	1,200	–	100%
3 August 2014	0.682	110	4,710	100%	100%
28 April 2015	1.331	897	–	100%	–
3 June 2015	1.145	1,045	–	–	–
Others					
3 August 2014	0.682	330	330	100%	100%
		2,932	11,590		

14 Expenses by nature

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

	Six months ended	
	30 September 2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Cost of inventories	466,344	382,066
Depreciation of property, machinery and equipment		
– owned assets	5,814	6,194
– assets held under finance leases	–	42
Amortisation of land use rights	67	66
Employee benefit expense (including directors' emoluments)	49,497	40,569
Written back of provision for impairment of trade receivables	(557)	(305)
Written back of provision for obsolete and slow-moving inventories	–	(53)
Fair value (gain)/ loss on derivative instruments	(79)	24
Other expenses	30,272	25,759
Total cost of sales, distribution and selling expenses and general and administrative expenses	551,358	454,362

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Finance income and finance costs

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Finance income	826	278
Interest on bank borrowings	(519)	(245)
	<hr/>	<hr/>
Finance income – net	307	33
	<hr/>	<hr/>

16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2010: 16.5%) on the estimated assessable profits for the period. Taxation on overseas profits has been calculated on the estimated assessable profits for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended 30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	2,557	3,463
– Income tax outside Hong Kong	2,061	668
	<hr/>	<hr/>
	4,618	4,131
Deferred income tax relating to the origination and reversal of temporary differences	(99)	(515)
	<hr/>	<hr/>
	4,519	3,616
	<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue, after taking into account the effect of the Bonus Issue during the period.

	Six months ended 30 September 2010 (Unaudited)	2009 (Restated)
Profit attributable to equity holders of the Company (HK\$'000)	40,533	25,143
Weighted average number of ordinary shares in issue ('000)	268,661	257,067
Basic earnings per share (HK cents)	15.09	9.78

(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 and adjusting for the Bonus Issue in September 2010 (as stated in note 13(a)). 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 annual 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.

	Six months ended 30 September 2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Restated)
Profit attributable to equity holders of the Company (HK\$'000)	40,533	25,143
Weighted average number of ordinary shares in issue ('000)	268,661	257,067
Adjustments for share options ('000)	1,525	850
Weighted average number of ordinary shares for diluted earnings per share ('000)	270,186	257,917
Diluted earnings per share (HK cents)	15.00	9.75

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

18 Interim dividend

The Board has resolved to declare an interim dividend of HK5.0 cents per share (2009: HK4.0 cents) for the six months ended 30 September 2010 to shareholders whose names appear on the register of members of the Company on 15 December 2010. The interim dividend will be paid on or before 23 December 2010.

19 Operating Lease

As at 30 September 2010, the Group had future aggregate minimum lease payments in respect of rented premises under non-cancellable operating leases as follows:

	As at 30 September 2010 HK\$'000 (Unaudited)	As at 31 March 2010 HK\$'000 (Audited)
Not later than one year	3,329	5,130
Later than one year and not later than five years	357	1,760
	<u>3,686</u>	<u>6,890</u>

20 Related party transactions

(a) During the period, the Group has the following significant related party transactions:

	Six months ended 30 September 2010 HK\$'000 (Unaudited)	2009 HK\$'000 (Unaudited)
Sales of electronic products to a jointly controlled entity	166,379	159,920
Management fee received from a jointly controlled entity	90	90
Management fee paid to a jointly controlled entity	50	46

Note:

In the opinion of the Directors, the above transactions, which were conducted at terms mutually agreed by the respective parties, were carried out in the normal course of the Group's business.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Related party transactions *(Continued)* (b) Key management compensation

	Six months ended	
	30 September	
	2010	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	4,853	4,551
Post-employment benefits	282	276
Share-based compensation expenses	—	593
	5,135	5,420