



[For Immediate Release]

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SUGA ANNOUNCES FY2017/18 ANNUAL RESULTS

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**SEPARATES PET BUSINESS AS INDEPENDENT UNIT
MORE CLEARLY REFLECTS BUSINESS STRUCTURE**

Suga International Holdings Limited (“SUGA” or the “Group”) (stock code: 912), a leading electronics total solutions provider, today announced its annual results for the year ended 31 March 2018 (“FY2017/18”).

SUGA recorded turnover of approximately HK\$1,510.5 million for FY2017/18, representing a year-on-year growth of about 6.82% (FY2016/17: HK\$1,414.1 million), attributable mainly to the increase in orders for some of the Group’s specialized electronic products. Gross profit rose by 3.38% to approximately HK\$231.1 million (FY2016/17: HK\$223.6 million) and gross profit margin was 15.3%, which was similar to that in the previous year (FY2016/17: 15.8%), the slight decrease was mainly from appreciation of the RMB pushing up some costs during the year.

Profit attributable to shareholders was approximately HK\$74.1 million (FY2016/17: HK\$61.7 million), representing an increase of 20.03% against the previous year. Net profit margin was 4.9% (FY2016/17: 4.2%) and basic earnings per share were HK26.29 cents (FY2016/17: HK22.12 cents).

The Directors have proposed to pay a final dividend of HK8.0 cents per share (FY2016/17: HK8.0 cents per share). Together with the interim dividend of HK7.0 cents per share already paid, total dividend for the year would be HK15.0 cents per share (FY2016/17: HK15.0 cents per share).

Dr C H Ng, Chairman of SUGA, said, “SUGA has kept looking for opportunities to diversify its business, so as to create value for its shareholders. Building on the solid foundation of its electronic business, the Group has strived to enter the potential-rich pet product market in Hong Kong and mainland China in recent years. By integrating IoT technology into this business, the Group has developed an innovative ecosystem for pet health. We have been producing and embarking on R&D of pet training devices for over 20 years and the products were grouped all along under the electronic product segment. However, with the Group having decided a few years ago to tap the pet product markets in Hong Kong and mainland China, the management considered it the right time for the pet business to stand independent, so as to make it easier for shareholders to understand its development.”

Business Overview

Electronic products business segment generated stable revenue and strong cash flow for the Group. Segmental revenue for the year amounted to HK\$1,180.2 million, a slight decrease of 0.5% from HK\$1,186.0 million in the previous year, making up 78.13% of the Group’s total revenue.

During the year, the business performance of most core products remained stable, with telephones for the hearing impaired elderly and communication products from Japanese clients affording relatively more satisfactory results. The Group stepped up intellectualization of its electronic products by combining Internet of Things (IoT) technology with its products. Customers of professional audio equipment responded particularly well to the move and more customers wanted to upgrade their products to meet consumers’ need. SUGA has developed and turned professional audio equipment into one of its core products in recent years and built a solid customer base. The Group looks forward to attracting more potential customers and generating yet more satisfactory revenue for the Group.

In addition, the Group together with a Japanese customer launched the new IoT smart environment monitoring system business and produced IoT educational products for another customer during the year under review. The income brought in by those businesses constituted only a small portion of the Group’s total, but the SUGA team was able to gain more knowledge about IoT products in the R&D and production processes, thus laid the foundation vital for it to apply related technologies in other types of product.

The pet business recorded revenue of HK\$330.4 million, accounting for 21.87% of the Group's total revenue. During the year under review, pet training devices, which were the major income source of the pet business segment, performed satisfactorily. The Group's own "Brabanconne" pet food brand was officially launched in Hong Kong and mainland China in March 2017 and started to bring in income for the Group. During the year, the Group focused on building online and offline sales network in first-tier cities in mainland China and actively participated in pet shows in major Chinese cities. It will continue to enhance marketing and promotion of "Brabanconne", with the hope of reaching more potential pet owners and let them understand the benefits that the products can bring to their pets.

Prospects

The Group expects its core electronic product business to maintain steady development. New features are going to be added to the new generation telephones for the hearing impaired developed by SUGA and a business partner to give yet greater convenience to their users. The Group hopes to bring better quality of living to the elderly. Furthermore, SUGA has kept enhancing the capability of its R&D team in recent years, and spotting the potential of IoT, has incorporated related elements into its products, enabling them to connect with the internet. With IoT having wide applications, SUGA has been exploring relevant opportunities to cooperate with potential customers. The Group expects to secure more new customers in the area in the near future and see the product portfolio of the Group's core electronic product business expand.

Regarding the pet business, it has pet training devices as a good foundation to build on, and SUGA's own brand "Brabanconne" pet food was launched in Hong Kong and mainland China. The Group has established online and offline sales networks in first-tier mainland cities such as Beijing, Shanghai, Shenzhen and Guangzhou, supported by more than 150 distributors. The Group will continue to allocate resources to increase promotion. Apart from participating in the pet exhibitions in major mainland cities, the Group will also take part in the large international exhibitions. The "Brabanconne" products have already captured the eyes of overseas companies, recognising the brand's philosophy of tailoring products to meet the nutritional needs of pets in Asia. SUGA had also set up a branch office with business partner in Japan in the year under review to help take "Brabanconne" and PETBLE[®], SUGA's proprietary smart pet products, to the Japan market.

SUGA has worked hard to establish a comprehensive pet health ecosystem encompassing both online and offline operations. Apart from tailoring food healthy for pets and smart pet products, the Group is also collaborating with renowned education institutions to launch pet health programs. SUGA is working with the Huazhong Agricultural University Veterinary Teaching Hospital on research, with "Brabanconne" and PETBLE[®] products as base, to monitor the health of different types of pets. The study will provide scientific data to SUGA and bring positive impact on the entire pet health ecosystem.

Dr. Ng added, "Regarding the land where our former Huizhou plant stood, the application to change its purpose to commercial and residential use is still in progress. Huizhou is one of the nine cities in Guangdong Province within the Guangdong-Hong Kong-Macao Greater Bay Area. The cities in Greater Bay Area are all within about an hour's travelling time among one another, meaning residents in those cities can have closer exchange – be it in work, employment and living in the future. As such, the Group believes the parcel of land it has in Huizhou has great value and it will handle it in the best way. The Group is in a net cash position now with capital sufficient to support future developments. The management thus has full confidence in the Group's long-term business prospect."

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