



[For Immediate Release]

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**SUGA Makes Record High Turnover of HK\$2.1 Billion with
Net Profit Surged by 186.1% to HK\$79.3 Million in FY2020/21 Albeit the Pandemic**

SUGA International Holdings Limited (“SUGA” or the “Group”) today announced its annual results for the year ended 31 March 2021.

Its turnover for the year amounted to HK\$2.1 billion (FY2019/20: approximately HK\$1.6 billion), an increase of 30.1% compared with the previous year. Correspondingly, gross profit of the Group grew by 38.9% to HK\$286.6 million, with gross profit margin up to 13.6% (FY2019/20: approximately HK\$206.3 million and 12.8% respectively), owed mainly the climb in revenue and also in production capacity in Vietnam, plus effective cost control measures, boosting cost-effectiveness. Profit attributable to shareholders surged by 186.1% year-on-year to HK\$79.3 million (FY2019/20: HK\$27.7 million), with net profit margin up to 3.8% (FY2019/20: 1.7%). Basic earnings per share were HK27.96 cents (FY2019/20: HK9.77 cents).

To share the fruitful results with shareholders, the Board proposed to pay a final dividend of HK8.0 cents per share (FY2019/20: HK2.0 cents per share) and a special dividend of HK3.0 cents per share (FY2019/20: Nil). Together with the interim dividend of HK6.0 cents per share already paid, total dividend for the year would be HK17.0 cents per share (FY2019/20: HK8.0 cents per share).

Dr C H Ng, Chairman of SUGA, said, “During the year, COVID-19 continued to wreak havoc worldwide and brought unprecedented challenges to all industries. However, the pandemic has also given rise of the ‘stay-at-home economy’ and fueled online shopping, and companies responsive, highly adaptable, and well-prepared were able to stand out among its peers. We have a diversified product portfolio, and have insisted on developing new products and deploying our production base in Vietnam amid the pandemic, as such have been able to seize new opportunities stemming out of COVID-19. Some of our products were in demand because of the ‘stay-at-home’ phenomenon, helping push up our turnover to new high.”

BUSINESS REVIEW

Electronic products business remained as the Group’s main revenue source, contributing HK\$1,695.4 million (FY2019/20: HK\$1,364.4 million) for the year, up 24.3% year-on-year, accounting for 80.7% of total sales.

The Group has insisted on developing innovative products over the years, no exception even amid the pandemic, and those efforts paid off during the extraordinary year. With the working from and studying at home modes prevailing because of COVID-19, there was a strong demand from many business partners for the Group’s professional audio equipment, particularly wireless microphones which orders increased notably. As consumers have had to stay at home more, the demand for professional audio equipment for entertainment also increased markedly, as such, related sales saw satisfactory growth during the year, and along came a diverse and stable customer base for the Group. Orders for other products were delayed at the impact of the pandemic, but some showed signs of improvement in the second half year.

By market, the Chinese economy quickly rebounded with the pandemic effectively under control. Focusing on tapping the development potential of the huge market, the Group secured more orders there during the year, mainly for general consumer electronics. New orders landed in China were enough to fill the production capacity vacated of the Dongguan factory, which was relocated to Vietnam.

The **pet business** contributed revenue of approximately HK\$406.2 million (FY2019/2020: HK\$250.8 million), representing a year-on-year increase of 62.0%, accounting for 19.3% of the Group's total revenue. The growth was mainly attributable to the significant increase in sales of pet training devices. With people spending more time at home and pet owners particularly having more time with their pets because of the pandemic, demand for pet-related products had a strong push during the year.

Regarding the pet food business, to seize the enormous business opportunities in the mainland China market, in early November 2020, the Group started selling the domestic pet food brand "TeenyTiny" on the largest e-commerce platform in the country and received enthusiastic consumer response, reflective of the strong demand for quality pet food in the market. To enhance awareness of its own-brand pet food and grasp the online shopping trend amid the pandemic, the Group strengthened online marketing and sales, which resulted in growth of its pet food business in both Mainland China and Hong Kong. Turnover of its subsidiary Espetsso Limited climbed more than 30% last year. Happypaws, another online store of the Group, commenced operation during the year providing all-round online services including pet products retail and wholesale, and vet consultation.

PROSPECTS

SUGA has a diversified product portfolio and professional audio equipment stands out as expertise area of SUGA among all its products, drawing to it a good number of business partners, hence demand for those products is expected to sustain. The Group will continue to grow its R&D team and strive to develop for customers more products with strong demand potential, including professional audio equipment and hair styling products co-developed with a smart personal care product customer in recent years, all to the end of creating more room for it to grow profit. As for other products, orders and cooperation plans gradually improved in the second half year and will be back on the right track hopefully in the coming year.

Among all markets, China, the fastest to have the pandemic under control, has become the engine of global economic growth. To capture the opportunities presented by China's inner circulation policy, the Group started to focus on expanding the China market last year and reaped initial results. In the future, it will make good use of the production capacity of its Dongguan plant and continue to develop business in China, aiming to expand its customer base, achieve a more balance and healthy market layout, and enhance its risk resistance.

Similarly, the Group's customers are also recognising the importance of market diversification and dispersing supply chain risks, thus tend to prefer to work with partners with production capacity in different regions. The Group started adopting the "China Plus One" strategy in 2018 and established a highly automated factory in Vietnam to meet customers' need for more cost-effective production that Vietnam affords. With that demand increasing, the Group has since kept expanding its production capacity in Vietnam. The Group is building a more than 30,000 sq.m. new plant in Que Vo III Industrial Zone, Bac Ninh Province, Vietnam, which is expected to commence production in second half of 2021. With operation of its existing plant maturing and when the new plant is finished, the Group expects to enjoy strong economies of scale and achieve higher yet cost-effectiveness in production.

As for pet business, the Group believes the business will continue to benefit from “stay-at-home” new normal. Thus, it will not only pursue online marketing to boost recognition of its domestic pet food brand “TeenyTiny”, but will also look for producers for “Brabanconne” in other regions to disperse supply risks. In addition, it will source more brands for its online stores to give customers diverse choices of high-quality products, and also continue to launch new online features to enhance user experience.

Dr. Alfred Ng, Executive Director and Chief Technology Officer of SUGA, added, “Capitalising on diverse business development strategy, forward-looking deployment of production facilities in different regions and strong innovative capability and adaptability, SUGA has overcome challenges, such as trade wars and pandemics, in the past three decades and seen its business climbing to new heights. Hence, it has strong confidence in seizing opportunities in the new normal. We will continue to pay close attention to macroeconomic and market trends and timely adjust our strategies as the new normal commands. As we celebrate the Group’s 30th anniversary this year, we promise to keep working hand-in-hand with all parties to take SUGA's businesses to the next level, as well as create the greatest value for our customers and shareholders.”

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