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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)**

### **ANNOUNCEMENT OF UNAUDITED INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

#### **FINANCIAL HIGHLIGHTS**

- Revenue amounted to HK\$694.7 million (2023: HK\$717.5 million)
- Gross profit was HK\$98.7 million (2023: HK\$104.1 million)
- Profit attributable to owners of the Company was HK\$20.3 million (2023: HK\$19.7 million)
- Basic earnings per share was HK7.14 cents (2023: HK6.90 cents)
- The Board has resolved to declare an interim dividend of HK4.0 cents per share (2023: interim dividend of HK4.0 cents per share)

*\* for identification purpose only*

## INTERIM RESULTS

The Board of Directors (the “Board”) of Suga International Holdings Limited (the “Company”) would like to announce the unaudited condensed consolidated results of the Company and its subsidiaries (together “SUGA” or the “Group”) for the six months ended 30 September 2024:

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024

		Six months ended 30 September	
	Note	2024 HK\$'000 (Unaudited)	2023 HK\$'000 (Unaudited)
Revenue	3	694,741	717,521
Cost of sales	5	(595,996)	(613,461)
<b>Gross profit</b>		<b>98,745</b>	104,060
Other income		5,352	4,412
Other losses– net	4	(2,156)	(1,232)
Distribution and selling expenses	5	(26,561)	(27,846)
General and administrative expenses	5	(52,098)	(53,171)
<b>Operating profit</b>		<b>23,282</b>	26,223
Finance income	6	2,972	918
Finance costs	6	(1,377)	(3,753)
Finance income/(costs) – net		1,595	(2,835)
Profit before income tax		24,877	23,388
Income tax expense	7	(4,537)	(3,723)
<b>Profit for the period</b>		<b>20,340</b>	19,665
Profit attributable to:			
Owners of the Company		20,344	19,653
Non-controlling interests		(4)	12
		<b>20,340</b>	19,665
Earnings per share for profit attributable to owners of the Company during the period			
– Basic (HK cents)	8	7.14	6.90
– Diluted (HK cents)	8	7.14	6.90
Dividends	9	11,392	11,392

**CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2024**

	<b>Six months ended</b>	
	<b>30 September</b>	
	<b>2024</b>	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Profit for the period</b>	<b>20,340</b>	19,665
<b>Other comprehensive income/(loss)</b>		
<i>Items that may be reclassified subsequently to profit or loss:</i>		
Exchange differences arising on translation of foreign operations	<b>2,051</b>	(20,424)
<i>Item that will not be reclassified subsequently to profit or loss:</i>		
Fair value gains/(losses) on equity investments at fair value through other comprehensive income	<b>255</b>	(97)
<b>Other comprehensive income/(loss) for the period</b>	<b>2,306</b>	(20,521)
<b>Total comprehensive income/(loss) for the period</b>	<b>22,646</b>	(856)
<b>Total comprehensive income/(loss) attributable to:</b>		
Owners of the Company	<b>22,650</b>	(868)
Non-controlling interests	<b>(4)</b>	12
	<b>22,646</b>	(856)

**CONDENSED CONSOLIDATED INTERIM BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2024**

		<b>As at</b>	<b>As at</b>
		<b>30 September</b>	<b>31 March</b>
		<b>2024</b>	<b>2024</b>
	<i>Note</i>	<b>HK\$'000</b>	<b>HK\$'000</b>
		<b>(Unaudited)</b>	<b>(Audited)</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment		<b>205,065</b>	210,559
Right-of-use assets		<b>78,507</b>	80,079
Investment properties		<b>17,468</b>	19,462
Intangible assets		-	-
Goodwill		<b>3,949</b>	3,949
Interests in associates		-	-
Financial assets at fair value through other comprehensive income		<b>5,670</b>	6,651
Deferred income tax assets		<b>928</b>	997
Non-current prepayments, deposits and other receivables	<i>10</i>	<b>3,796</b>	3,170
		<b>315,383</b>	324,867
<b>Current assets</b>			
Inventories		<b>240,731</b>	273,739
Trade and other receivables	<i>10</i>	<b>303,045</b>	317,981
Financial assets at fair value through profit or loss		<b>40</b>	52
Amounts due from associates		<b>585</b>	585
Cash and cash equivalents		<b>281,527</b>	161,874
		<b>825,928</b>	754,231
<b>Total assets</b>		<b>1,141,311</b>	1,079,098

		As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Bank borrowings		-	2,225
Lease liabilities		2,994	3,582
Deferred income tax liabilities		1,781	1,269
		<u>4,775</u>	<u>7,076</u>
<b>Current liabilities</b>			
Trade and other payables	11	299,530	227,909
Contract liabilities		14,845	8,479
Income tax payable		15,787	12,251
Lease liabilities		1,829	1,777
Bank borrowings		10,255	38,570
		<u>342,246</u>	<u>288,986</u>
<b>Total liabilities</b>		<u>347,021</u>	<u>296,062</u>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		28,479	28,479
Other reserves		67,998	65,500
Retained earnings		695,766	687,006
		<u>792,243</u>	<u>780,985</u>
Non-controlling interests		2,047	2,051
<b>Total equity</b>		<u>794,290</u>	<u>783,036</u>
<b>Total equity and liabilities</b>		<u>1,141,311</u>	<u>1,079,098</u>

Notes:

## 1. BASIS OF PREPARATION

This unaudited condensed consolidated interim financial information 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. This condensed consolidated interim financial information should be read in conjunction with the annual consolidated financial statements for the year ended 31 March 2024, which have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRSs”).

## 2. ACCOUNTING POLICIES

The accounting policies applied are consistent with those of the annual consolidated financial statements for the year ended 31 March 2024 as described in those annual consolidated financial statements except that taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings, the adoption of amended standards and interpretation as set out below.

### (a) New standards and amendments adopted by the Group

The following standards and interpretations apply for the first time to financial reporting periods commencing on or after 1 April 2024 and currently relevant to the Group:

HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants
HKFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback
Hong Kong Interpretation 5 (Revised)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause
HKAS 7 and HKFRS 7 (Amendments)	Supplier Finance Arrangements (Amendments)

The adoption of these amended standards and interpretation does not have significant impacts on the results and financial position of the Group.

- (b) Amendments to existing standards and interpretation that are not yet effective and have not been early adopted by the Group

The following amendments to existing standards and interpretation have been issued but are not effective for the financial year beginning 1 April 2024 and have not been early adopted by the Group:

		<b>Effective for annual periods beginning on or after</b>
Amendments to HKAS 21 and HKFRS 1	Lack of Exchangeability	1 April 2025
Amendments to HKFRS 9 and HKFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 April 2026
Annual Improvement to HKFRS Accounting Standards – Volume 11	Amendments to Classifications, Simplifications, Corrections, and Changes Intended to Improve Consistency	1 April 2026
HKFRS 18 and HK Interpretation 5	Presentation and Disclosure in Financial Statements	1 April 2027
HKFRS 19	Subsidiaries without Public Accountability: Disclosure	1 April 2027
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

The directors of the Group are in the process of assessing the financial impact of the adoption of the above amendments to existing standards and interpretation, and do not expect them to have a significant impact in the current reporting periods and on foreseeable future transactions. The directors of the Group will adopt the amendments to existing standards and interpretation when they become effective.

### 3. REVENUE AND SEGMENT INFORMATION

The chief operating decision-maker (“CODM”) has been identified as the Executive Directors of the Group, who make strategic decisions and review the internal reporting of the Group in order to assess performance and allocate resources.

There are two reportable segments for the Group:

Electronic products	-	Develop, manufacture and sale of electronic products (Other than pet-related electronic products)
Pet-related products	-	Manufacture and distribution of pet-related products

The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2024 is as follows:

	<b>Six months ended 30 September 2024</b>			
	<b>Electronic products</b>	<b>Pet-related products</b>	<b>Elimination</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>				
Revenue from external customers	594,535	100,206	-	694,741
Inter-segment revenue	71,492	30,799	(102,291)	-
	<b>666,027</b>	<b>131,005</b>	<b>(102,291)</b>	<b>694,741</b>
	<b>21,343</b>	<b>6,259</b>	<b>-</b>	<b>27,602</b>
Segment results	<b>21,343</b>	<b>6,259</b>	<b>-</b>	<b>27,602</b>

A reconciliation of segment results to profit for the period is as follows:

Segment results	27,602
Unallocated expenses, net	(7,516)
Other income	5,352
Other losses – net	(2,156)
Operating profit	23,282
Finance income	2,972
Finance costs	(1,377)
Profit before income tax	24,877
Income tax expense	(4,537)
Profit for the period	<b>20,340</b>

	<b>Electronic products</b>	<b>Pet-related products</b>	<b>Unallocated</b>	<b>Total</b>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Other segment information</b>				
Depreciation of property, plant and equipment	15,475	119	1,036	16,630
Depreciation of right-of-use assets	838	201	1,160	2,199
Additions to non-current assets (other than interests in associates, financial assets and deferred tax assets)	10,393	390	71	10,854



The segment information provided to the CODM for the reportable segments for the six months ended 30 September 2023 is as follows:

	Six months ended 30 September 2023			
	Electronic products <i>HK\$ '000</i> (Unaudited)	Pet-related products <i>HK\$ '000</i> (Unaudited)	Elimination <i>HK\$ '000</i> (Unaudited)	Total <i>HK\$ '000</i> (Unaudited)
<b>Revenue</b>				
Revenue from external customers	590,201	127,320	-	717,521
Inter-segment revenue	92,243	32,751	(124,994)	-
	<u>682,444</u>	<u>160,071</u>	<u>(124,994)</u>	<u>717,521</u>
Segment results	<u>25,731</u>	<u>4,414</u>	<u>-</u>	<u>30,145</u>
A reconciliation of segment results to profit for the period is as follows:				
Segment results				30,145
Unallocated expenses, net				(7,102)
Other income				4,412
Other losses – net				(1,232)
Operating profit				26,223
Finance income				918
Finance costs				(3,753)
Profit before income tax				23,388
Income tax expense				(3,723)
Profit for the period				<u>19,665</u>
	Electronic products <i>HK\$ '000</i> (Unaudited)	Pet-related products <i>HK\$ '000</i> (Unaudited)	Unallocated <i>HK\$ '000</i> (Unaudited)	Total <i>HK\$ '000</i> (Unaudited)
<b>Other segment information</b>				
Depreciation of property, plant and equipment	17,357	81	1,012	18,450
Depreciation of right-of-use assets	846	230	1,160	2,236
Additions to non-current assets (other than interests in associates, financial assets and deferred tax assets)	2,120	517	4,839	7,476

The segment assets and segment liabilities as at 30 September 2024 and the reconciliation to the total assets and total liabilities are as follows:

	<b>As at 30 September 2024</b>		
	<b>Electronic products HK\$'000 (Unaudited)</b>	<b>Pet-related products HK\$'000 (Unaudited)</b>	<b>Total HK\$'000 (Unaudited)</b>
Segment assets	942,399	78,941	1,021,340
Unallocated:			
Property, plant and equipment			21,143
Right-of-use assets			19,280
Investment properties			17,468
Deferred income tax assets			928
Amount due from associates			585
Income tax recoverable			535
Other investments			5,710
Cash and cash equivalents			27,498
Other unallocated assets			26,824
			<hr/>
Total assets per condensed consolidated interim balance sheet			1,141,311
			<hr/> <hr/>
Segment liabilities	302,565	12,531	315,096
Unallocated:			
Bank borrowings			10,255
Deferred income tax liabilities			1,781
Income tax payable			15,787
Lease liabilities			2,471
Other unallocated liabilities			1,631
			<hr/>
Total liabilities per condensed consolidated interim balance sheet			347,021
			<hr/> <hr/>

The segment assets and segment liabilities as at 31 March 2024 and the reconciliation to the total assets and total liabilities are as follows:

	As at 31 March 2024		
	Electronic products <i>HK\$'000</i> (Audited)	Pet-related products <i>HK\$'000</i> (Audited)	Total <i>HK\$'000</i> (Audited)
Segment assets	872,090	82,576	954,666
Unallocated:			
Property, plant and equipment			22,108
Right-of-use assets			20,440
Investment property			19,462
Deferred income tax assets			997
Amount due from an associate			585
Income tax recoverable			1,071
Other investments			6,703
Cash and cash equivalents			26,900
Other unallocated assets			26,166
			<hr/>
Total assets per consolidated balance sheet			1,079,098
			<hr/> <hr/>
Segment liabilities	223,673	12,577	236,250
Unallocated:			
Bank borrowings			40,795
Deferred income tax liabilities			1,269
Income tax payable			12,251
Lease liabilities			3,269
Other unallocated liabilities			2,228
			<hr/>
Total liabilities per consolidated balance sheet			296,062
			<hr/> <hr/>

An analysis of the Group's revenue from external customers by country of destination for the periods ended 30 September 2024 and 2023 is as follows:

	Six months ended 30 September	
	2024 <i>HK\$'000</i> (Unaudited)	2023 <i>HK\$'000</i> (Unaudited)
The People's Republic of China (the "PRC") *	250,080	231,061
The United States of America (the "USA")	249,313	267,609
Japan	53,334	71,749
United Kingdom	51,318	65,923
Singapore	36,892	4,314
Australia	23,924	26,248
France	15,425	33,702
Germany	-	2,061
Others	14,455	14,854
	<hr/>	<hr/>
	694,741	717,521
	<hr/> <hr/>	<hr/> <hr/>

\* The PRC, including Hong Kong and Taiwan

An analysis of the Group's non-current assets, excluding financial assets at fair value through other comprehensive income, deferred income tax assets, non-current deposits and other receivables and interests in associates, by geographical locations is as follows:

	<b>As at 30 September 2024 <i>HK\$'000</i> (Unaudited)</b>	As at 31 March 2024 <i>HK\$'000</i> (Audited)
The PRC*	<b>226,800</b>	240,601
Vietnam	<b>81,985</b>	83,268
	<b>308,785</b>	323,869

\* The balances include Hong Kong and Taiwan

For the six months ended 30 September 2024, external revenue of approximately HK\$74,869,000 (2023: HK\$180,432,000) was generated from one (2023: two) major customer(s), who accounted for more than 10% (2023: 10%) of the Group's revenue. No other customers individually accounted for more than 10% of the Group's revenue for the six months ended 30 September 2024 and 2023.

#### 4. OTHER LOSSES – NET

	<b>Six months ended 30 September</b>	
	<b>2024</b>	2023
	<b><i>HK\$'000</i></b>	<i>HK\$'000</i>
	<b>(Unaudited)</b>	(Unaudited)
Net fair value losses on financial assets at fair value through profit or loss	<b>(12)</b>	(11)
Net foreign currency exchange losses	<b>(1,840)</b>	(1,241)
Gain on lease termination	-	26
Gain/(loss) on disposals of property, plant and equipment	<b>1,690</b>	(6)
Fair value loss on investment properties	<b>(1,994)</b>	-
Total other losses – net	<b>(2,156)</b>	(1,232)

## 5. 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	484,325	499,850
Depreciation of property, plant and equipment	16,630	18,450
Depreciation of right-of-use assets	2,199	2,236
Employee benefit expense (including directors' emoluments)	114,394	116,226
Commission	897	2,363
Consumable and other material	2,590	3,078
Advertising	3,607	2,329
Repair and maintenance	2,152	2,443
Transportation	6,948	7,361
Utilities expense	6,528	6,758
Legal and professional fee	1,241	1,231
Computer expense	1,176	886
Entertainment	1,537	1,492
Other expenses	30,431	29,775
	<hr/>	<hr/>
Total cost of sales, distribution and selling expenses and general and administrative expenses	<b>674,655</b>	<b>694,478</b>

## 6. FINANCE INCOME AND FINANCE COSTS

	Six months ended 30 September	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest income from:		
– bank deposits	2,787	239
– overdue interests received from customers	185	679
	<hr/>	<hr/>
Finance income	2,972	918
	<hr/>	<hr/>
Interest expense on:		
– bank borrowings	(1,262)	(3,635)
– lease liabilities	(115)	(118)
	<hr/>	<hr/>
Finance costs	(1,377)	(3,753)
	<hr/>	<hr/>
Finance income/(costs) – net	<b>1,595</b>	<b>(2,835)</b>

## 7. INCOME TAX EXPENSE

### (a) Bermuda and British Virgin Islands income tax

The Company is exempted from taxation in Bermuda until 2035. The Company's subsidiaries in the British Virgin Islands are incorporated under the International Business Acts of the British Virgin Islands and, accordingly, are exempted from the British Virgin Islands income taxes.

### (b) Hong Kong profits tax

For the periods ended 30 September 2024 and 2023, the Group is eligible to nominate one Hong Kong incorporated entity in the Group to be chargeable at the two tiered profits tax rates, whereby profits tax will be chargeable on the first HK\$2 million of assessable profits at 8.25% and assessable profits above this threshold will be subject to a rate of 16.5%. Hong Kong profits tax for other Hong Kong incorporated entities in the Group has been provided for at the rate of 16.5% on the estimated assessable profits.

### (c) PRC corporate income tax

The Group's subsidiaries in the PRC are subject to corporate income tax at 25% (2023: 25%) effective from 1 January 2008. According to a policy promulgated by the State Tax Bureau of the PRC and effective from 2008 onwards, enterprises engaged in research and development activities are entitled to claim ranging from 150% to 175% of the research and development expenses so incurred in a period as tax deductible expenses in determining its tax assessable profits for that period ("Super Deduction"). Certain PRC subsidiaries have applied such Super Deduction during the year.

### (d) Vietnam taxation

The subsidiaries established and operated in Vietnam were subject to corporate income tax at a rate of 20% (2023: 20%). The Group's subsidiaries incorporated in Vietnam are entitled to tax holiday under which its profits would be fully exempted from Vietnam enterprise income tax ("EIT") for two years starting from its first year of profitable operations after offsetting prior year tax losses, followed by 50% reduction in EIT in next four years.

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

Hong Kong profits tax has been provided at the rate of 16.5% (2023: 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	
	2024	2023
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	2,790	2,544
– Income tax outside Hong Kong	1,165	616
Deferred income tax relating to the origination and reversal of temporary differences	582	563
	<u>4,537</u>	<u>3,723</u>

## 8. EARNINGS PER SHARE

### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the period.

	Six months ended 30 September	
	2024 (Unaudited)	2023 (Unaudited)
Profit attributable to owners of the Company ( <i>HK\$ '000</i> )	<u>20,344</u>	<u>19,653</u>
Weighted average number of ordinary shares in issue ( <i>'000</i> )	<u>284,790</u>	<u>284,790</u>
Basic earnings per share ( <i>HK cents</i> )	<u><u>7.14</u></u>	<u><u>6.90</u></u>

### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding assuming conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares which is the share options granted to employees. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

Diluted earnings per share for the six months ended 30 September 2024 and 2023 equal basic earnings per share as the exercise of the outstanding share options would be anti-dilutive.

## 9. DIVIDENDS

	Six months ended 30 September	
	2024	2023
	<i>HK\$'000</i>	<i>HK\$'000</i>
	(Unaudited)	(Unaudited)
Interim dividend, declared, of HK4.0 cents (2023: HK4.0 cents) per ordinary share	<b>11,392</b>	11,392

A final dividend of HK\$11,392,000 (2023: final dividend of HK\$11,392,000 and a special dividend of HK\$8,542,000, totalling approximately HK\$19,934,000) for the year ended 31 March 2024, was paid on 30 August 2024.

On 27 November 2024, the board of directors resolved to declare an interim dividend of HK4.0 cents per share (2023: HK4.0 cents per share), which is payable on or before 23 December 2024 to shareholders whose names appear on the Company's register of shareholders on 13 December 2024. This interim dividend, amounting to HK\$11,392,000 (2023: HK\$11,392,000), has not been recognised as a liability in this condensed consolidated interim balance sheet.

## 10. TRADE AND OTHER RECEIVABLES

	As at	As at
	30 September	31 March
	2024	2024
	(Unaudited)	(Audited)
Trade receivables	257,946	270,244
Less: Loss allowance	(6,704)	(6,704)
	<u>251,242</u>	<u>263,540</u>
Trade receivables, net	251,242	263,540
Amount due from Guangdong Fuchuan Investment Co., Ltd ("Guangdong Fuchuan") (Note)	22,041	21,062
Prepayments to vendors	12,771	13,851
Prepayments for plant and equipment	815	470
Other prepayments	4,130	3,445
Rental and other deposits	1,204	1,145
Value added tax receivables	3,595	2,343
Income tax recoverable	535	1,071
Other receivables	15,986	19,702
Less: Loss allowance	(5,478)	(5,478)
	<u>306,841</u>	<u>321,151</u>
Less: Non-current prepayments, deposits and other receivables	(3,796)	(3,170)
	<u>303,045</u>	<u>317,981</u>

Note: In September 2022, the Group entered into an agreement for the disposal of its entire 50% equity interests in a joint venture, Huizhou Jiayifu Real Estate Development Co., Ltd ("Huizhou Jiayifu") to Guangdong Fuchuan at a consideration of RMB45,900,000, payable by instalments in FY2023, FY2024 and FY2025. As at 30 September 2024, taking into account the discounting impact, the outstanding consideration receivables due from Guangdong Fuchuan amounted to approximately RMB20,408,000 (equivalent to approximately HK\$22,041,000) (31 March 2024: RMB 19,502,000 (equivalent to approximately HK\$21,062,000)).



As at 30 September 2024, the outstanding consideration receivables were overdue. Management was in active negotiation on the settlement plan of these overdue balances. Management assessed and considered other receivables from Guangdong Fuchuan to be fully recoverable as at 30 September 2024 as the Group has the right to require the overdue amount to be satisfied by the transfer of the saleable properties held by Guangdong Fuchuan at prices equal to 80% of their market value pursuant to the disposal agreement. The Group had succeeded in requiring Guangdong Fuchuan to settle by transferring saleable properties of Huizhou Jiayifu in November 2023.

The carrying values of the Group's trade and other receivables approximate their fair values.

All trade receivables are either repayable within one year or on demand. The Group generally grants credit terms of 30 to 60 days to its customers. The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

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

	<b>As at 30 September 2024 HK\$'000 (Unaudited)</b>	As at 31 March 2024 HK\$'000 (Audited)
0 to 30 days	<b>234,022</b>	248,290
31 to 60 days	<b>9,266</b>	11,273
61 to 90 days	<b>6,439</b>	3,628
91 to 180 days	<b>1,920</b>	805
Over 180 days	<b>6,299</b>	6,248
	<b>257,946</b>	270,244
Less: Loss allowance	<b>(6,704)</b>	(6,704)
Trade receivables, net	<b>251,242</b>	263,540

## 11. TRADE AND OTHER PAYABLES

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
Trade payables	255,866	188,729
Salaries and staff welfare payable	20,222	21,530
Accrued expenses	6,377	5,427
Others	17,065	12,223
	<hr/>	<hr/>
Total trade and others payables	<b>299,530</b>	227,909
	<hr/> <hr/>	<hr/> <hr/>

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

	As at 30 September 2024 <i>HK\$'000</i> (Unaudited)	As at 31 March 2024 <i>HK\$'000</i> (Audited)
0 to 30 days	183,237	168,966
31 to 60 days	9,561	8,622
61 to 90 days	11,008	1,071
91 to 180 days	26,566	4,043
Over 180 days	25,494	6,027
	<hr/>	<hr/>
	<b>255,866</b>	188,729
	<hr/> <hr/>	<hr/> <hr/>

## FINANCIAL PERFORMANCE

During the period under review, the global economy continued to be ridden with challenges. Nevertheless, the U.S. economy showed strong resilience in the first half year, and some economies in Europe also improved, while China actively introduced a host of policies to stimulate growth. Market sentiment however was still affected by multiple uncertainties, including the U.S. presidential election and continuing geopolitical tensions, as well as prevailing inflation dampening consumption desire. As a result, the overall market was more cautious. For the Group, able to stay abreast with times and adopt strategically a diversified product mix and a “China Plus One” production capacity layout, it maintained stable operation.

During the period under review, customers tended to wait-and-see about market situation and became more conservative in ordering. As such, the Group recorded turnover of HK\$694.7 million for the period (1H 2023/24: HK\$717.5 million), similar to that in the first half of 2023/24. Gross profit was HK\$98.7 million (1H 2023/24: HK\$104.1 million) and gross profit margin was 14.2% (1H 2023/24: 14.5%). Profit attributable to owners amounted to HK\$20.3 million (1H 2023/24: HK\$19.7 million) and net profit margin was 2.9% (1H 2023/24: 2.7%). Basic earnings per share were HK7.14 cents (1H 2023/24: HK6.90 cents).

## BUSINESS REVIEW

### *Electronic Products*

Electronic products, the Group’s core business, continued to be the main source of revenue during the period under review, with sales reaching HK\$594.5 million (1H 2023/24: HK\$590.2 million), a 0.7% increase year-on-year, accounting for 85.6% of total sales of the Group.

During the period, the Group’s forward-looking business deployment and competitive advantages bore fruit. SUGA started deploying ahead for Internet of Things (“IoT”) business in recent years, with an IoT department set up to provide one-stop solution that covers design, development, testing, production, assembly and shipment to fully meet the needs of business partners. The number of its major IoT partners has been increasing and it has also expanded its IoT product categories to cover more scenarios in fields including Smart City, logistics and transportation, and retail management. Via collecting big data and analyzing them, it has been able to help customers to examine business situations and control labor costs. Related production, gradually rolled out, has brought significant revenue contribution to the Group. The performance of professional audio equipment products was basically stable, mainly due to customers hoping to control inventory costs, hence tended to maintain a cautious ordering strategy.

The diversified product structure of the Group has given its operation lasting vitality. Professional audio equipment products, IoT products and other electronic products are the three main product pillars, forming the solid foundation on which this core business stands and enabling it to tackle challenges in different cycles and deliver robust performance.

## *Pet Business*

Pet business recorded sales of HK\$100.2 million for the period (1H 2023/24: HK\$127.3 million), representing a year-on-year decrease of 21.3% and accounting for 14.4% of the Group's total sales.

For pet electronic products, while the business with existing customers remained stable, with customers choosing to keep inventory levels low, sales of relevant products saw a moderately decline during the period. In the pet food market, sales in Hong Kong and Japan continued to be steady. The pet food containing CS4 polysaccharide selenium nanoparticles (CS4 SeNP) – a key active ingredient found in caterpillar fungus, which is an important product developed by the Group, sold well in the market and is in line with expectation.

SUGA is dedicated to producing and selling healthy and high-quality pet products, and building a pet health ecosystem. With the pet market ever changing, the Group will closely heed market trends and look out for new development opportunities. On top of continuing to invest in product R&D, it will also adopt innovative sales and cooperation strategies to promote steady progress of the business.

## **PROSPECTS**

Stepping into the second half of 2024, the global economy has yet to grow and recover. Such factors as international trade protectionism and geopolitical conflicts have continued to limit healthy economic growth worldwide. In September though, the U.S. Federal Reserve announced the first rate cut in four years, then another round of rate cut by 0.25% in early November. With the rate cut cycle starting, market confidence has improved. However, with inflation level still relatively high, outlook of the market remains uncertain. Some developing economies have seen impressive growth though, so the global economy while still gloomy is not totally lacking vitality and opportunities. With the economy swayed by multiple factors, SUGA has adopted a business diversification strategy and a “China Plus One” production layout to enhance its competitiveness and risk resilience. It remains cautiously optimistic about the prospect of its business in the second half of the financial year, and will continue to strive to maintain excellent operation and management, actively seize business opportunities, and work hard towards its goal of achieving steady growth.

Thanks to its forward-looking “China Plus One” production layout, the Group has had production facilities built in mainland China and Vietnam, as such, has continued to boast an edge in diversification. With geographical advantages, those sophisticated and efficient facilities have served the Group as showcases for visitors among potential customers in and outside the country and venues for business negotiations. With the U.S. presidential election now over, the Trump administration to take over is expected to put pressure on U.S. import tariffs and market access policies. Fortunately, with its “two plants” strategically placed, the Group will have stronger ability to counter the risks resulting from fluctuation of those policies. SUGA will keep its eyes on market trends, flexibly deploy production capacities, and implement effective risk management and cost control measures. Aware of the vibrant development of ASEAN economies and the increasing spending power of consumers in them in recent years, the Group has carried out studies of the ASEAN market in advance, for the sake of helping business partners quickly enter and develop the consumer markets in Southeast Asia in the future. The Group expects the advantage of its “China Plus One” layout to prevail, enabling it to consolidate its strengths as well as secure more new customers.

Production and sales of electronic products, the Group's core business, will continue to contribute significant revenue, and professional audio products, a long-time important product line of the Group, is expected to continue to generate stable revenue. At the same time, with its IoT product deployment beginning to bring results in recent years, the Group expects the business, having a mature and stable product line, to continue to be another important revenue source. Furthermore, its wide varieties of IoT products are applicable in so many different scenarios, thus are in strong demand among such industries as Smart City, logistics and transportation, and retail management, and that means they have enormous room for market development. Displaying its original design manufacturing (ODM) capabilities to the full, the Group exhibited its proprietary next-generation Hybrid Analog Mixer Platform and Stream Desk, an audio and video streaming interface, at the Hong Kong Electronics Fair (Autumn Edition) this year. Efforts to explore markets for relevant products will continue.

For pet business, SUGA expects the segment to continue to develop steadily in the second half year. The Group has an experienced pet research and development and production team, which has over the years focused on understanding pet market demands and building a comprehensive pet health ecosystem. The Group will continue to adhere to its strategic goals, explore consumer market demand for pet electronic products and healthy pet food, especially in Southeast Asia with a growing population of middle-class consumers driving spending on pet products. It will keep its eyes to any opportunities in the market.

During the period under review, the Group saw a significant increase in net cash level meaning it has strong liquidity, therefore has the ability to more flexibly allocate resources to develop projects or pursue investment opportunities with promising potential, so as to create robust returns and long-term added value for shareholders. Confident about its future development, the Group will advance in firm strides coping with market changes and challenges.

## **LIQUIDITY AND FINANCIAL RESOURCES**

As at 30 September 2024, the current assets and current liabilities of the Group were approximately HK\$825.9 million (31 March 2024: HK\$754.2 million) and approximately HK\$342.2 million (31 March 2024: HK\$289.0 million) respectively. The liquidity ratio, which is calculated as current assets over current liabilities, was 2.41 times as at 30 September 2024, as compared to that of 2.61 times as at 31 March 2024.

The Group generally finances its operations by internally generated resources and banking facilities provided by its principal bankers in Hong Kong. Banking facilities used by the Group include revolving loans, overdrafts and term loans, which are primarily on floating interest rates basis. As at 30 September 2024, the Group maintained cash and bank balances at approximately HK\$281.5 million (31 March 2024: HK\$161.9 million). The Group's total bank borrowings were HK\$10.3 million as at 30 September 2024 (31 March 2024: HK\$40.8 million). Net cash position (total bank borrowings less cash and cash equivalents) was HK\$271.3 million (31 March 2024: net cash of HK\$121.1 million). Gearing ratio, expressed as a percentage of total bank borrowings over total equity, was 1.3% (31 March 2024: 5.2%).

The Group's total assets and total liabilities as at 30 September 2024 amounted to approximately HK\$1,141.3 million (31 March 2024: HK\$1,079.1 million) and HK\$347.0 million (31 March 2024: HK\$296.1 million) respectively. The debt ratio, which is calculated based on total liabilities over total assets, was approximately 0.30 times as at 30 September 2024, as compared to that of approximately 0.27 times as at 31 March 2024.

The net asset value of the Group increased from HK\$783.0 million as at 31 March 2024 to HK\$794.3 million as at 30 September 2024, the increase is mainly attributable by the net effect of comprehensive profit for the period and final dividends paid for the financial year 2023/24.

As at 30 September 2024, the Group had aggregate banking facilities of approximately HK\$792.8 million (31 March 2024: HK\$792.8 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK\$772.4 million (31 March 2024: HK\$735.8 million).

## **FOREIGN EXCHANGE EXPOSURE**

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

As at 30 September 2024 and 31 March 2024, the Group has not used any financial instruments to hedge against foreign currency risk. It is the Group's policy not to enter into derivative transactions for speculative purposes.

## **PLEDGE OF ASSETS**

The Group did not pledge any other assets as securities for the banking facilities granted to the Group as at 30 September 2024 and 31 March 2024.

## **CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES**

As at 30 September 2024, the Group had a capital commitment of HK\$0.1 million for property, plant and equipment. (31 March 2024: HK\$3.8 million).

Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 30 September 2024 amounted to HK\$10.3 million (31 March 2024: HK\$40.8 million). As at 30 September 2024, the Group did not provide any financial guarantees except for corporate guarantees given to banks to secure the borrowings granted to subsidiaries (31 March 2024: Same).

## **HUMAN RESOURCES**

As at 30 September 2024 the Group has approximately 2,016 employees, of which 52 were based in Hong Kong, while the rest were mainly in Mainland China and Vietnam. Remuneration policy was reviewed regularly, making reference to current legislation, market condition and both the individual and company performance. In addition to salaries and other usual benefits like annual leave, medical insurance and various mandatory pension schemes, the Group also provides educational sponsorship subsidies, discretionary performance bonus and share options.

## **PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES**

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the Company's shares during the period.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

The Company had complied with the code provisions as set out in the Appendix C1 "Corporate Governance Code" to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "CG Code") throughout the period.

## **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 C3 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 2024.

## **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 risk management and internal control systems and financial reporting matters, including the review of the unaudited condensed consolidated interim financial information for the six months ended 30 September 2024.

## **INTERIM DIVIDEND**

The Board has resolved to declare an interim dividend of HK4.0 cents per share (1H 2023/24: interim dividend of HK4.0 cents per share) for the six months ended 30 September 2024, payable to shareholders whose names appear on the Register of Shareholders of the Company on 13 December 2024. The interim dividend will be paid on or before 23 December 2024.

## **CLOSURE OF REGISTER**

For the purpose of ascertaining the entitlement of the shareholders to receive the interim dividend, the Register of Shareholders of the Company will be closed on 13 December 2024 during which date no transfer of shares in the Company will be registered. 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 branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at shops 1712 – 1716, 17/F., Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 December 2024.

## **PUBLICATION OF INTERIM RESULTS ON THE STOCK EXCHANGE'S WEBSITE**

All the financial and other related information of the Company required by the Listing Rules will be published on the Stock Exchange's website at ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company's website at ([www.suga.com.hk](http://www.suga.com.hk)). The Interim report will be dispatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**NG Chi Ho**  
Chairman

Hong Kong, 27 November 2024

*As at the date hereof, the executive directors of the Company are Dr. NG Chi Ho and Dr. NG Man Cheuk, the non-executive directors of the Company are Mr. MA Fung On, Mr. LEE Kam Hung and Prof. LUK Wing Ching and the independent non-executive directors of the Company are Mr. LEUNG Yu Ming, Steven, Mr. CHAN Kit Wang and Dr. LAW Sui Chun.*