

Systematic Management

Understanding of Customers' Requirements

Good Quality

Advanced Technology

Interim Report
2009/2010



SUGA INTERNATIONAL HOLDINGS LIMITED

(Incorporated in Bermuda with limited liability)

Stock Code: 912



PHOTOS ON COVER

Interactive LED Projector

Rewarded "2009 HKEIA Silver Award for Outstanding Innovation and Technology"

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CORPORATE INFORMATION

Board of Directors

Executive

Dr. Ng Chi Ho (*Chairman*)
Mr. Ma Fung On (*Deputy Chairman*)
Mr. Wong Wai Lik, Lamson
(resigned on 1 September 2009)

Non-executive

Mr. Lee Kam Hung
(appointed on 1 September 2009)

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

Units 1904–7
19th Floor
Chevalier Commercial Centre
8 Wang Hoi 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
18 Harcourt Road
Hong Kong

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Stock code: 912

CHAIRMAN'S STATEMENT

Specialize in Specialized Electronic Products

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 2009.

Financial Performance

Despite the prevailing generally weak business environment, SUGA recorded turnover of approximately HK\$482.9 million for the review period, up 18% from HK\$409.2 million for the same period last year. The increase is mainly attributable to the orders on hand and new orders secured for some of our specialized electronic products in the period.

The Group's gross profit grew to HK\$63.0 million compared to HK\$50.9 million for the last corresponding period. Gross profit margin was 13.0% (2008: 12.4%). The increase in gross profit margin was mainly owed to effective cost control. At our boosted effort to reduce bank borrowings, finance costs for the period decreased notably. Profit attributable to shareholders increased by 91.4% to HK\$25.1 million (2008: HK\$13.1 million). Net profit margin was 5.2% (2008: 3.2%). Basic earnings per share was HK10.81 cents (2008: HK5.69 cents).

Interim Dividend

The Directors have resolved to declare an interim dividend of HK4.0 cents per share (2008: HK2.0 cents) for the period payable to shareholders whose names appear on the register of members of the Company on 29 December 2009. The interim dividend will be paid on or before 8 January 2010. This dividend represents approximately 37.9% of the net profit of the Group for the first half of the fiscal year.

Business Overview

Beginning this fiscal year, our consumer electronic products and telecommunication products are combined into a single reporting segment and a new segment – moulds and plastic products – has been added. We believe these changes in our business segments can better reflect our focuses.

Electronic products

Sales of the segment was HK\$465.2 million, accounting for 96.3% of the Group's total sales. The segment covers specialized electronic products, such as electronic ticket processors, interactive educational products, pet training devices, professional audio equipment, and general consumer electronic products and other electronic products.

Sales of electronic ticket processors surged by over 200% and that of professional audio equipment was even higher at more than 400%. The strong growth in sales of electronic ticket processor was driven mainly by better penetration of the European markets. SUGA expects to continue to benefit from the expansion plan of its customer in the European market. As for the professional audio equipment, with a relative small base last year for comparison, it recorded significant sales growth during the period. We expect to receive bigger orders for professional audio equipment and generate more revenues from them in the coming years.

CHAIRMAN'S STATEMENT

Interactive educational products continued to deliver satisfactory growth, attributable to an increasingly receptive market. While Europe and the United States (U.S.) continue to be the largest markets of the products, many schools in these regions have yet to adopt the interactive education model. Governments in different countries, like the U.S., have continued to invest in education and encourage more educational institutions to provide interactive education. This means the Group is looking at a promising market for its products.

Regarding pet training devices, as our customer maintained a lower inventory level in the review period commanded by the tough market environment, their sales dropped in the first half of the fiscal year compared with the same period last year. However, with the market gradually picking up in the second half of 2009, the customer has started to restock. We are thus positive about the sales performance of pet training devices in the second half of the fiscal year.

Sensitive to changes in the global economy, some general consumer electronic products including telecommunications products reported declined revenues. Nevertheless, the product category remained a stable revenue source to the Group. We also continued to maintain close relationship with our renowned Japanese customers, whose stringent requirements have helped us enhance operational efficiency.

Moulds and plastic products

Sales of this segment was HK\$17.7 million and made up 3.7% of the Group's total sales. The segment is operated by a subsidiary acquired in September 2004 by the Group. In the past the subsidiary was mainly responsible for supplying the Group's internal need for plastic components. During the second half of fiscal year 2008/09, the Group spent about Reminbi 3 million on new plant and machineries which empowered the subsidiary to produce large plastic components for external customers. The extended business scope of the subsidiary has expanded our earning base.

Prospects

Looking ahead, SUGA will strive for organic growth by securing new customers to enlarge its customer base. We will continue to develop specialized electronic products and perfect our services to attract potential customers.

Most of our customers are optimistic about the market outlook. We expect a number of our products, including electronic ticket processor, professional audio equipment, and interactive educational products, to maintain growth momentum and deliver satisfactory incomes to the Group. As our pet training devices customer has started to replenish inventory, we expect to receive more orders from this customer. Optimism about the market is also shared by other general consumer electronic product customers of the Group. Thus, we believe the performance of electronic products will generate solid incomes to the Group in the second half year.

CHAIRMAN'S STATEMENT

In addition to focusing on our core businesses, we are also committed to bringing more innovative products to the market. An interactive LED projector the Group introduced at this year's Electronic Fair won the Silver Award of the HKEIA Awards for Outstanding Innovation and Technology Products 2009. This is the second consecutive win by SUGA products in the Award. The interactive LED projector comes with an interactive pen that allows the user to work on projection of materials without having to rely on the computer keyboard and mouse. This projector demonstrated our ability to combine know-how with creativity. We will target the commercial and educational markets for the projector and will explore possibilities of working together with our customers.

We will strive to provide top quality products to our customers. In October and November 2009, SUGA received customer recognitions for its quality services. It was presented a certificate of appreciation from Oki Communication System Co., Ltd ("OKI") recognising the quality of its manufacturing services in the production of over 100,000 units of the voice-over-internet-protocol ("VoIP") Terminal Set "IP-Talk" for OKI. Furthermore, SUGA was named by Brookstone, Inc as the "The Best Vendor" in 2009" for its efficient service. We are very pleased to have received accolades from our long-standing customers.

Currently, the Group has a cash balance of more than HK\$103.6 million and considerable banking facilities at its disposal, giving it great flexibility in pursuing business expansion if it so desired. However, we will carefully assess opportunities presented to us with the best interest of shareholders in mind. Building on a solid foundation, we are confident of bringing satisfactory rewards to shareholders.

Appreciation

On behalf of the Group, I would like to express my heartfelt appreciation to our management team and staff for their dedication and hard work during the review period. My gratitude also goes to our business partners, customers and all stakeholders for their support which is critical to the continuous success of the Group.

On behalf of the Board of Directors,

Ng Chi Ho

Chairman

Hong Kong, 8 December 2009

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Review

During the six months ended 30 September 2009, the revenue of the Group grew by 18% to HK\$482.9 million (2008: HK\$409.2 million). The Group was able to maintain a steady growth in revenue as a result of focusing on specialized electronic products such as interactive educational products, electronic ticket processors and professional audio equipments of which the sales were not so affected by the recent global financial turmoil.

The Group determines its operating segments based on the reports that are used to make strategic decisions by the Group senior management. The Group senior management considers the Group business mainly from product perspective, and the products of the Group are mainly divided into electronic products and moulds and plastic products.

During the period under review, sales of electronic products and moulds and plastic products increased by HK\$66.9 million and HK\$6.7 million respectively. The increase in sales of electronic products was mainly attributable to growth in sales of interactive educational products, electronic ticket processors and professional audio equipment during the period under review. As for moulds and plastic products, the Group started to manufacture large plastic components for its customers during the period and this was the main reason for the increase in sale of this segment.

Geographically, for the six months ended 30 September 2009, revenue generated from European market had increased by 58.9% to reach HK\$191.5 million. The increase was mainly due to rise in sales of interactive educational products. Sales to the Asian Pacific market increased by 17.8% to HK\$164.5 million. The increase was mainly attributable to the rise in sales of electronic ticket processors. Consumer confidence plunged resulted from the global financial tsunami, especially in the United States ("U.S.") market, sales to the U.S. dropped by 14.9% to HK\$126.8 million. The decrease was primarily due to a decrease in sales of pet training products and digital photo album. The global economy seems to have bottomed out in the second quarter of 2009, and positive signs of improvement were shown in second half of 2009. Sales to U.S. market are expected to pick up in the second half of the financial year.

Gross profit increased by 23.7% to HK\$63.0 million for the six months ended 30 September 2009 (2008: HK\$50.9 million). Gross profit margin improved by 0.6% from 12.4% to 13.0% during the period. The Group's continued effort to enhance production efficiency paid off, resulting in lower raw materials costs and labour costs. This led to an improvement in gross profit margin. The increase in sales and rise in gross profit margin contribute for the increase in gross profit.

Operating profit increased by 78.9% to HK\$28.7 million for the period (2008: HK\$16.1 million). The increase in operating profit was primarily attributable by the increase in gross profit. Besides, the decrease in distribution and selling expenses also accounted for the increase in operating profit. The reduction in distribution and selling expenses was mainly resulted from decreased in transportation costs. As for general and administrative expenses, it remained at about the same level of last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS

During the six months ended 30 September 2009, the Group was able to maintain a net finance income of HK\$33,000 compared to net finance costs of HK\$801,000 for the corresponding period last year. This was mainly due to lower bank interest rates and the decrease in average bank borrowings during the period, which was resulted from tightening of credit controls and efficient fund management.

As a result of the aforementioned factors, the Group's profit attributable to equity holders for the period increased by 91.4% to HK\$25.1 million.

Liquidity and Financial Resources

As at 30 September 2009, the Group has current assets of HK\$384.2 million and current liabilities of HK\$154.1 million. The current ratio was 2.5 (31 March 2009: 3.01).

The Group generally finances its business operations by internally generated resources and banking facilities provided by its principal bankers in Hong Kong. Banking facilities used by the Group include revolving bank loans, trust receipt loans, overdrafts, leasing and term loans, which are primarily on floating interest rates. As at 30 September 2009, the Group had aggregate facilities of approximately HK\$372.1 million (31 March 2009: HK\$375.8 million) from its principal bankers for overdrafts, loans and trade financing, with unused facilities of HK\$342.1 million (31 March 2009: HK\$318.3 million).

As at 30 September 2009, the Group had outstanding bank and other borrowings of HK\$21.4 million (31 March 2009: HK\$12.4 million). The Group's gearing ratio (calculated by dividing total bank borrowings by total equity) was 7.0% as compared to 4.3% at 31 March 2009. The Group was at a net cash position of HK\$82.2 million (31 March 2009: HK\$67.3 million).

Capital Expenditures

The Group's total capital expenditures for the period under review was HK\$3.1 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 Reminbi, 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 2009.

During the six months ended 30 September 2009, the Group has entered into several foreign exchange contracts to hedge the currency translation risk of Reminbi 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Pledge of Assets

As at 30 September 2009, the Group did not pledge any of its assets (31 March 2009: nil) as securities for the banking facilities granted to the Group.

Capital Commitments and Contingent Liabilities

As at 30 September 2009, the Group had outstanding capital commitment of approximately HK\$39.7 million (31 March 2009: nil) in respect of acquisition of one floor of an office building together with 4 car parking spaces located at Kowloon Bay.

On 29 May 2009, the Group has signed a Memorandum for Sale (“Memorandum”) to acquire the whole 22nd floor, Tower B, Billion Centre, Kowloon Bay together with 4 car parking spaces at a consideration of HK\$49.6 million. An initial deposit of HK\$2.5 million was paid to the vendor on 29 May 2009 upon signing of the Memorandum. A further deposit of HK\$7.4 million was paid to the vendor on 14 July 2009 upon signing of the formal Sale and Purchase Agreement. The balance of consideration (HK\$39.7 million) was paid to the vendor upon completion of the acquisition on 20 October 2009.

Corporate guarantees given to banks to secure the borrowings granted to subsidiaries as at 30 September 2009 amounted to HK\$30.0 million (31 March 2009: HK\$55.2 million) and the Group did not have any significant contingent liabilities.

Human Resources

As at 31 March 2009 the Group employed 1,787 employees, of which 55 were based in Hong Kong and Macao while the rest were mainly 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 2008/09 Annual Report.

OTHER INFORMATION

Interim Dividend

The Board has resolved to declare an interim dividend of HK4.0 cents per share for the six months ended 30 September 2009 (2008: HK2.0 cents) payable to shareholders whose names appear on the register of members of the Company on 29 December 2009. The interim dividend will be paid on or before 8 January 2010.

Closure of Register

The register of shareholders of the Company will be closed from Thursday, 24 December 2009 to Tuesday, 29 December 2009 (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 4:30 p.m. on Wednesday, 23 December 2009 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 considers 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 2009.

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 unaudited interim financial information for the six months ended 30 September 2009.

Directors' Interests in Shares

As at 30 September 2009, the interests and the short positions of the directors 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 and underlying shares of the Company*

Name of Director	Number of ordinary shares of HK\$0.1 each						Total interests	Percentage of issued ordinary share capital	Number of underlying shares held under equity derivatives (Note 1)
	Personal interests	Corporate interests	Family interest	Trust/similar interest	Other interest				
Dr. Ng Chi Ho	4,000,000	39,608,000 (Note 2)	100,000,000 (Note 3)	-	-	143,608,000	61.15%	2,300,000	
Mr. Ma Fung On	3,630,000	9,000,000 (Note 4)	-	-	-	12,630,000	5.38%	300,000	
Mr. Wong Wai Lik, Lamson (Note 5)	500,000	-	-	-	-	500,000	0.21%	2,000,000	
Mr. Lee Kam Hung (Note 6)	1,772,000	2,000,000 (Note 7)	-	-	-	3,772,000	1.61%	-	
Professor Wong Sook Leung, Joshua	-	-	-	-	-	-	-	400,000	
Mr. Leung Yu Ming, Steven	-	-	-	-	-	-	-	300,000	

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. 39,608,000 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. 100,000,000 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. 9,000,000 Shares are held by Global Class Enterprises Limited, the entire issued shares of which is held by Mr. Ma Fung On.
5. Mr. Wong Wai Lik Lamson resigned as executive director of the Company with effect from 1 September 2009.
6. Mr. Lee Kam Hung appointed as non executive director of the Company with effect from 1 September 2009.
7. 2,000,000 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*

As at 30 September 2009, each of Dr. Ng Chi Ho and Mr. Ma Fung On held the following non-voting deferred shares of HK\$1 each in Suga Electronics Limited, a wholly owned subsidiary of the Company.

Name of shareholder	Number of non-voting deferred shares
Dr. Ng Chi Ho (Note)	3,680,000
Mr. Ma Fung On (Note)	240,000

Note:

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. 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 2009.

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 2008/9 Annual Report.

Details of the shares option movements during the period ended 30 September 2009 under the Share Option Scheme are as follows:

	Number of share options				Outstanding at 30 September 2009	Exercise price (HK\$)	Date of grant	Exercisable Period
	Outstanding at 1 April 2009	Granted during the period	Exercised during the period	Lapsed during the period				
Dr. Ng Chi Ho	2,000,000	-	-	2,000,000	-	1.230	7 May 2004	7 May 2004 – 6 May 2009
	-	2,300,000	-	-	2,300,000	0.750	4 August 2009	4 August 2009 – 3 August 2014
Mr. Ma Fung On	1,000,000	-	-	1,000,000	-	1.230	7 May 2004	7 May 2004 – 6 May 2009
	2,000,000	-	2,000,000	-	-	0.436	23 March 2007	23 March 2007 – 22 March 2012
	-	300,000	-	-	300,000	0.750	4 August 2009	4 August 2009 – 3 August 2014
Mr. Wong Wai Lik, Lamson (Note 1)	1,000,000	-	-	1,000,000	-	1.230	7 May 2004	7 May 2004 – 6 May 2009
	2,000,000	-	-	-	2,000,000	0.436	23 March 2007	23 March 2007 – 22 March 2012
Professor Wong Sook Leung Joshua	500,000	-	-	500,000	-	1.230	7 May 2004	7 May 2004 – 6 May 2009
	-	400,000	-	-	400,000	0.750	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
Continuous contract employees	500,000	-	-	500,000	-	1.230	7 May 2004	7 May 2004 – 6 May 2009
	3,200,000	-	2,000,000	-	1,200,000	0.436	23 March 2007	23 March 2007 – 22 March 2012
	-	5,000,000	-	-	5,000,000	0.750	4 August 2009	4 August 2009 – 3 August 2014
	<u>12,200,000</u>	<u>8,300,000</u>	<u>4,000,000</u>	<u>5,000,000</u>	<u>11,500,000</u>			

Notes:

1. Mr. Wong Wai Lik Lamson resigned as executive director of the Company with effect from 1 September 2009.

OTHER INFORMATION

Substantial Shareholders

As at 30 September 2009, 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 of Shareholder	Number of	
	Ordinary Shares	Percentage
Superior View Inc. (Note 1)	100,000,000	42.58%
Billion Linkage Limited (Note 2)	39,608,000	16.87%

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 2009.

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2009

		As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment	5	58,888	62,761
Land use rights	6	4,333	4,399
Goodwill	7	1,059	1,059
Interest in an associate	8	–	–
Interest in a jointly controlled entity	9	–	–
Long term deposits		9,925	–
Deferred tax assets		2,449	2,179
		<u>76,654</u>	<u>70,398</u>
Current assets			
Inventories		116,070	125,341
Trade and other receivables	10	125,461	96,018
Tax recoverable		593	1,116
Amount due from a jointly controlled entity	9	38,375	27,601
Derivative financial instruments		105	–
Cash and cash equivalents		103,628	79,647
		<u>384,232</u>	<u>329,723</u>
Total assets		<u>460,886</u>	<u>400,121</u>
LIABILITIES			
Current liabilities			
Trade and other payables	11	114,874	84,111
Income tax payable		17,667	14,401
Bank borrowings	12	21,388	8,683
Finance lease liabilities		–	42
Bank advances for factored receivables		–	2,175
Derivative financial instruments		130	–
		<u>154,059</u>	<u>109,412</u>

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

As at 30 September 2009

	Note	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Non-current liabilities			
Long term bank borrowings	12	–	3,636
Deferred tax liabilities		<u>2,501</u>	<u>2,746</u>
		<u>2,501</u>	<u>6,382</u>
Total liabilities		<u>156,560</u>	<u>115,794</u>
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	13	23,484	23,084
Other reserves		99,223	96,732
Retained earnings			
– Proposed dividend		9,518	8,149
– Others		<u>172,101</u>	<u>156,362</u>
Total equity		<u>304,326</u>	<u>284,327</u>
Total equity and liabilities		<u>460,886</u>	<u>400,121</u>
Net current assets		<u>230,173</u>	<u>220,311</u>
Total assets less current liabilities		<u>306,827</u>	<u>290,709</u>

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

For the six months ended 30 September 2009

	Note	Six months ended 30 September	
		2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Revenue	4	482,873	409,225
Cost of sales	14	(419,891)	(358,318)
Gross profit		62,982	50,907
Other income		215	222
Distribution and selling expenses	14	(8,667)	(9,734)
General and administrative expenses	14	(25,804)	(25,341)
		28,726	16,054
Finance income	15	278	353
Finance costs	15	(245)	(1,154)
Finance income/(costs) – net	15	33	(801)
Profit before income tax		28,759	15,253
Income tax expense	16	(3,616)	(2,115)
Profit for the period		25,143	13,138
Earnings per share for profit attributable to equity holders of the Company during the period			
– Basic (HK cents)	17	10.81	5.69
– Diluted (HK cents)	17	10.78	5.67
Interim dividend	18	9,518	4,617

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 September 2009

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Profit attribution to shareholders of the Company	25,143	13,138
Other comprehensive income for the period, net of tax		
Exchange differences arising on translation of the financial statements of foreign subsidiaries	<u> —</u>	<u> 5,257</u>
Total comprehensive income attributable to shareholders of the Company for the period	<u>25,143</u>	<u>18,395</u>

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	Unaudited						
	Share capital	Share premium	Capital reserve	Share-based compensation reserve	Exchange reserve	Retained earnings	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	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	

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 September 2009

	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 2008	23,084	54,490	10,591	664	25,038	151,129	264,996
Exchange differences arising on translation of the financial statements of foreign subsidiaries	-	-	-	-	5,257	-	5,257
Profit attributable to the equity holders of the Company	-	-	-	-	-	13,138	13,138
Total comprehensive income for the period ended 30 September 2008	-	-	-	-	5,257	13,138	18,395
Dividend paid	-	-	-	-	-	(6,925)	(6,925)
As at 30 September 2008	23,084	54,490	10,591	664	30,295	157,342	276,466
Representing:							
Proposed dividend						4,617	
Others						152,725	
						157,342	

CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

For the six months ended 30 September 2009

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	33,765	33,330
Net cash used in investing activities	(12,275)	(6,524)
Net cash generated from/(used in) financing activities	2,491	(16,833)
	<hr/>	<hr/>
Net increase in cash and cash equivalents	23,981	9,973
Effect of foreign exchange rate changes	–	803
Cash and cash equivalents, beginning of period	79,647	64,868
	<hr/>	<hr/>
Cash and cash equivalents, end of period	103,628	75,644
	<hr/>	<hr/>

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 8 December 2009.

2 Basis of preparation

This unaudited condensed consolidated interim financial information for the six months ended 30 September 2009 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 2009, which have 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 2009, except as mentioned below.

(a) Effect of adopting new standards and amendments to standards

The following new standards and amendments to standards are mandatory for the financial year beginning 1 April 2009.

- HKAS 1 (Revised) "Presentation of Financial Statements". The revised standard prohibits the presentation of items of income and expenses (that is "non-owner changes in equity") in the statement of changes in equity, requiring "non-owner changes in equity" to be presented separately from owner changes in equity. All "non-owner changes in equity" are required to be shown in a performance statement.

Entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income).

The Group has elected to present two statements: an income statement and a statement of comprehensive income. The condensed consolidated interim financial information has been prepared under the revised disclosure requirements.

- HKFRS 8 "Operating Segments". HKFRS 8 replaces HKAS 14 "Segment Reporting". It requires a "management approach" under which segment information is presented on the same basis as that used for internal reporting purposes.

Operating segments are reported in manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the executive directors who make strategic decisions.

Goodwill is allocated by management to groups of cash-generating units on a segment level. Goodwill relating to previous acquisitions remains in the respective segments. There has been no further impact on the measurement of the Group's assets and liabilities.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies *(Continued)*

(a) Effect of adopting new standards and amendments to standards *(Continued)*

- Amendment to HKFRS 7 "Financial instruments: disclosures". The amendments increase the disclosure requirements about fair value measurement and amend the disclosure about liquidity risk. The amendments introduce a three-level hierarchy for fair value measurement disclosures about financial instruments and require some specific quantitative disclosures for those instruments classified in the lowest level in the hierarchy. These disclosures will help to improve comparability between entities about the effects of fair value measurements. In addition, the amendments clarify and enhance the existing requirements for the disclosure of liquidity risk primarily requiring a separate liquidity risk analysis for derivative and non-derivative financial liabilities. They also require a maturity analysis for financial assets where the information is needed to understand the nature and context of liquidity risk. The Group will make additional relevant disclosures in its financial statements for the year ending 31 March 2010.

The following amendments to standards and interpretations are mandatory for the financial year beginning 1 April 2009:

HKFRSs (Amendment)	Improvements to HKFRS 2008 [#]
HKFRS 1 and HKAS 27 (Amendment)	Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
HKFRS 2 (Amendment)	Share-based Payment Vesting Conditions and Cancellations
HKAS 23 (Revised)	Borrowing Costs
HKAS 32 and HKAS 1 (Amendments)	Puttable Financial Instrument and Obligation Arising on Liquidation
HK(IFRIC)-Int 9 and HKAS 39	Embedded Derivatives
HK(IFRIC)-Int 13	Customer Loyalty Programmes
HK(IFRIC)-Int 15	Agreements for the Construction of Real Estate
HK(IFRIC)-Int 16	Hedges of a Net Investment in a Foreign Operation

[#] Effective for the Group for annual period beginning 1 April 2009 except the amendment to HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations" which is effective for annual periods beginning 1 April 2010.

The adoption of these amendments and interpretations to standards did not result in a significant impact on the result and financial position of the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

3 Accounting policies *(Continued)*

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

The following amendments to standards and interpretations have been issued but are not effective and have not been early adopted.

HKFRSs (Amendment)	Improvements to HKFRS 2009 ¹
HKAS 27 (Revised)	Consolidated and Separate Financial Statements ¹
HKAS 39 (Amendment)	Eligible Hedged Items ¹
HKFRS 1 (Revised)	First-time Adoption of Hong Kong Financial Reporting Standards ¹
HKFRS 3 (Revised)	Business Combinations ¹
HK(IFRIC)–Int 17	Distributions of Non-cash Assets to Owners ¹
HK(IFRIC)–Int 18	Transfer of Assets from Customers ²

¹ Effective for the Group for annual period beginning 1 April 2010

² Effective for transfer of assets received on or after 1 July 2009

The effect that the adoption of HKFRS 3 (Revised), HKAS 27 (Revised) and HK(IFRIC)–Int 17 will have on the results and financial position of the Group will depend on the incidence and timing of business combinations occurring on or after 1 April 2010. The Directors anticipate that the adoption of other amendments to standards and interpretations will not result in a significant impact on the results and financial position of the Group.

4 Revenue and segment information

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

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of:		
– electronic products	465,163	398,259
– moulds and plastic products	17,710	10,966
	<u>482,873</u>	<u>409,225</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(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 adjusted earnings before other income, finance income/(costs), net and income tax expense ("segment results").

Segment assets, exclude deferred income tax assets, tax recoverable and corporate assets, all of which are managed on a central basis.

Other unallocated assets mainly comprise property, plant and equipment, prepayment, deposits and other receivables, and cash and cash equivalents held at corporate level.

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 six months ended 30 September 2009 and 2008 is as follows:

	Six months ended 30 September 2009		
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Total segment revenue	<u>465,163</u>	<u>17,710</u>	<u>482,873</u>
Results of reportable segments	<u>25,708</u>	<u>2,803</u>	<u>28,511</u>
A reconciliation of results of reportable segments to profit for the period is as follows:			
Results of reportable segments			28,511
Other income			215
Finance income			278
Finance costs			(245)
Income tax expense			<u>(3,616)</u>
Profit for the period			<u>25,143</u>
Segment results included:			
Depreciation and amortisation	<u>4,728</u>	<u>1,574</u>	<u>6,302</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

	Six months ended 30 September 2008		
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Total segment revenue	<u>398,259</u>	<u>10,966</u>	<u>409,225</u>
Results of reportable segments	<u>15,642</u>	<u>190</u>	<u>15,832</u>
A reconciliation of results of reportable segments to profit for the period is as follows:			
Results of reportable segments			15,832
Other income			222
Finance income			353
Finance costs			(1,154)
Income tax expense			<u>(2,115)</u>
Profit for the period			<u>13,138</u>
Segment results included:			
Depreciation and amortisation	<u>6,062</u>	<u>2,228</u>	<u>8,290</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

(b) Segment information *(Continued)*

The segment assets as at 30 September 2009 and 31 March 2009 and the reconciliation to the total assets are as follows:

	As at 30 September 2009		
	Electronic products HK\$'000 (Unaudited)	Moulds and plastic products HK\$'000 (Unaudited)	Total HK\$'000 (Unaudited)
Segment assets	369,538	38,354	407,892
Deferred income tax assets			2,449
Tax recoverable			593
Other unallocated assets			<u>49,952</u>
Total assets per consolidated balance sheet			<u>460,886</u>
Additions to non-current assets	<u>12,458</u>	<u>583</u>	<u>13,041</u>
	As at 31 March 2009		
	Electronic products HK\$'000 (Audited)	Moulds and plastic products HK\$'000 (Audited)	Total HK\$'000 (Audited)
Segment assets	330,444	32,213	362,657
Deferred income tax assets			2,179
Tax recoverable			1,116
Other unallocated assets			<u>34,169</u>
Total assets per consolidated balance sheet			<u>400,121</u>
Additions to non-current assets	<u>7,617</u>	<u>4,744</u>	<u>12,361</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

4 Revenue and segment information *(Continued)*

The Company is domiciled in Bermuda. An analysis of the Group's revenue by geographical market, which is determined by the location of customers, is as follows:

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Europe	191,540	120,546
Asian Pacific Region	164,512	139,677
The United States of America	126,821	149,002
	<u>482,873</u>	<u>409,225</u>

An analysis of the Group's non-current assets by geographical locations is as follows:

	As at	As at
	30 September	31 March
	2009	2009
	HK\$'000	HK\$'000
	(Unaudited)	(Audited)
Hong Kong	15,615	6,640
Mainland China	60,616	63,190
Macao	423	568
	<u>76,654</u>	<u>70,398</u>

For the six months ended 30 September 2009, external revenue of approximately HK\$271,923,000 (2008: HK\$274,738,000) is generated from three (2008: 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 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

Six months ended 30 September 2008

Opening net book amount as at 1 April 2008	65,195
Additions	6,930
Exchange differences	1,088
Depreciation	(8,224)
	<hr/>
Closing net book amount as at 30 September 2008	64,989

6 Land use rights

HK\$'000
(Unaudited)

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

Six months ended 30 September 2008

Opening net book amount as at 1 April 2008	4,458
Amortisation	(66)
Exchange differences	73
	<hr/>
Closing net book amount as at 30 September 2008	4,465

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 2009	
Net book amount as at 1 April and 30 September 2009	<u>1,059</u>
At 30 September 2009	
Cost	1,059
Accumulated depreciation	<u>—</u>
Net book amount	<u>1,059</u>
Six months ended 30 September 2008	
Net book amount as at 1 April and 30 September 2008	<u>1,059</u>
At 30 September 2008	
Cost	1,059
Accumulated depreciation	<u>—</u>
Net book amount	<u>1,059</u>

8 Interest in an associate

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Share of net assets	<u>—</u>	<u>—</u>

The accumulated losses not recognised by the Group for the associate were HK\$546,000 (31 March 2009: HK\$546,000), as 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

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Share of net assets (Note (a))	—	—
Amount due from a jointly controlled entity (Note (b))	38,375	27,601

Notes:

- (a) The accumulated losses not recognised by the Group for the jointly controlled entity were HK\$40,000 (31 March 2009: HK\$40,000), as 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 *(Continued)*

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

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Financial position		
Assets	<u>23,995</u>	<u>16,185</u>
Liabilities	<u>24,040</u>	<u>16,230</u>
	Six months ended 30 September 2009 HK\$'000 (Unaudited)	2008 HK\$'000 (Unaudited)
Operating results		
Revenue	<u>89,275</u>	<u>57,039</u>
Loss for the period	<u>—</u>	<u>—</u>

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 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Trade receivables	120,546	90,460
Less: Provision for impairment	(7,597)	(7,902)
Trade receivables, net	112,949	82,558
Prepayments	1,185	794
Rental and other deposits	1,722	1,900
Value added tax receivables	9,224	7,878
Others	381	2,888
	125,461	96,018

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

10 Trade and other receivables *(Continued)*

The ageing analysis of trade receivables is as follows:

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
0 to 30 days	106,498	53,064
31 to 60 days	667	11,744
61 to 90 days	81	9,430
91 to 180 days	403	3,491
Over 180 days	12,897	12,731
	120,546	90,460
Less: Provision for impairment	(7,597)	(7,902)
Trade receivables, net	112,949	82,558

At 31 March 2009, a subsidiary of the Company had factored trade receivables of approximately HK\$2,175,000 to banks for cash under certain receivables purchase agreements. As the subsidiary of the Company still retained the risks and rewards associated with the default and delay in payment by the customers, the financial asset derecognition conditions as stipulated in HKAS 39 have not been fulfilled. Accordingly, the proceeds from the factoring of trade receivables have been accounted for as the Group's liabilities and included in "Bank advances for factored receivables".

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

11 Trade and other payables

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
0 to 30 days	89,851	66,592
31 to 60 days	4,454	1,801
61 to 90 days	4,445	1,034
91 to 180 days	10	897
Over 180 days	4,146	4,301
Trade payables	102,906	74,625
Salaries and staff welfare payable	5,536	4,724
Accrued expense	4,942	3,395
Others	1,490	1,367
	114,874	84,111

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

12 Bank borrowings

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Non-current		
Long term bank borrowings	7,273	10,909
Less: Current portion of long-term bank borrowings	<u>(7,273)</u>	<u>(7,273)</u>
	-	3,636
	-----	-----
Current		
Trust receipt bank loans	14,115	1,410
Current portion of long-term bank borrowings	<u>7,273</u>	<u>7,273</u>
	<u>21,388</u>	<u>8,683</u>
	-----	-----
Total borrowings	<u>21,388</u>	<u>12,319</u>

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	As at	As at	As at	As at	As at
	30 September	31 March	30 September	31 March	30 September	31 March
	2009	2009	2009	2009	2009	2009
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
Within one year	14,115	1,410	7,273	7,273	21,388	8,683
In the second year	-	-	-	3,636	-	3,636
	<u>14,115</u>	<u>1,410</u>	<u>7,273</u>	<u>10,909</u>	<u>21,388</u>	<u>12,319</u>

At 30 September 2009, the Group has aggregate banking facilities of approximately HK\$372,072,000 (31 March 2009: HK\$375,751,000) for overdrafts, loans and trade financing.

Unused facilities at the same date amounted to approximately HK\$342,071,000 (31 March 2009: HK\$318,334,000). Certain of these facilities are secured by:

- (a) certain inventories held under trust receipts bank loans arrangements.
- (b) 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	<u>2,000,000</u>	<u>200,000</u>
Issued and fully paid – ordinary shares of HK\$0.1 each		
At 1 April 2008, 30 September 2008 and 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	<u>234,840</u>	<u>23,484</u>

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	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Cost of inventories	382,066	315,237
Staff costs, including directors' emoluments	40,569	41,248
Depreciation of property, machinery and equipment		
– owned assets	6,194	8,182
– assets held under finance leases	42	42
Amortisation of land use rights	66	66
(Written back of provision for)/provision for impairment of trade receivables	(305)	29
Written back of provision for obsolete and slow-moving inventories	(53)	(104)
Fair value loss on derivative instruments	24	593
Research and development cost	490	1,486
Other expenses	25,269	26,614
	<u>454,362</u>	<u>393,393</u>
Total cost of sales, distribution and selling expenses and general and administrative expenses	<u>454,362</u>	<u>393,393</u>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

15 Finance income and finance costs

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Interest on:		
– bank borrowings wholly repayable within five years	(245)	(1,152)
– finance leases liabilities	<u>–</u>	<u>(2)</u>
Finance costs	(245)	(1,154)
Finance income	278	353
Finance income/(costs)–net	<u>33</u>	<u>(801)</u>

16 Income tax expense

Hong Kong profits tax has been provided at the rate of 16.5% (2008: 16.5%) on the estimated assessable profit for the period. Taxation on overseas profits has been calculated on the estimated assessable profit for the period at the rates of taxation prevailing in the countries in which the Group operates.

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Current income tax		
– Hong Kong profits tax	3,463	645
– Income tax outside Hong Kong	668	528
	4,131	1,173
Deferred income tax relating to the origination and reversal of temporary differences	(515)	942
	<u>3,616</u>	<u>2,115</u>

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 during the period.

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>25,143</u>	<u>13,138</u>
Weighted average number of ordinary shares in issue ('000)	<u>232,490</u>	<u>230,840</u>
Basic earnings per share (HK cents)	<u>10.81</u>	<u>5.69</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 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

17 Earnings per share (Continued)

(b) Diluted (Continued)

	Six months ended	
	30 September	
	2009	2008
	(Unaudited)	(Unaudited)
Profit attributable to equity holders of the Company (HK\$'000)	<u>25,143</u>	<u>13,138</u>
Weighted average number of ordinary shares in issue ('000)	<u>232,490</u>	230,840
Adjustments for share options ('000)	<u>773</u>	<u>995</u>
Weighted average number of ordinary shares for diluted earnings per share ('000)	<u>233,263</u>	<u>231,835</u>
Diluted earnings per share (HK cents)	<u>10.78</u>	<u>5.67</u>

18 Interim dividend

The Board has resolved to declare an interim dividend of HK4.0 cent per share (2008: HK2.0 cent) for the six months ended 30 September 2009 to shareholders whose names appear on the register of members of the Company on 29 December 2009. The interim dividend will be paid on or before 8 January 2010.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

19 Commitments

(a) Capital commitments

Capital expenditure at the balance sheet date but not yet accrued is as follows:

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Contracted but not provided for in respect of – property, plant and equipment	39,698	–

(b) Operating lease commitments

As at 30 September 2009, the Group had future aggregate minimum lease payments in respect of rented premises under non-cancellable operating leases as follows:

	As at 30 September 2009 HK\$'000 (Unaudited)	As at 31 March 2009 HK\$'000 (Audited)
Not later than one year	3,190	3,941
Later than one year and not later than five years	339	3,898
	3,529	7,839

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

20 Related party transactions

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

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Sales of electronic products to a jointly controlled entity	159,920	97,336
Management fee received from a jointly controlled entity	90	90
Management fee paid to a jointly controlled entity	46	46

Note:

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

- (b) Key management compensation

	Six months ended	
	30 September	
	2009	2008
	HK\$'000	HK\$'000
	(Unaudited)	(Unaudited)
Salaries and other short-term employee benefits	4,551	4,141
Post-employment benefits	276	257
Share-based compensation expenses	593	—
	5,420	4,398