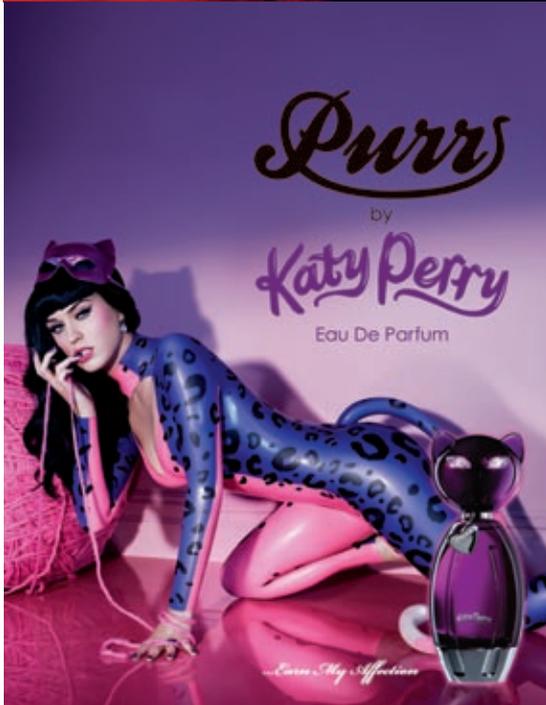


# Financial Review



## CAPITAL RESOURCES AND LIQUIDITY

As at 31 March 2012, the Group's total equity funds were HK\$1,630.8 million including reserves of HK\$1,349.4 million. The Group continued to maintain a strong financial position with cash and bank balances of HK\$598.6 million. The Group's working capital was HK\$1,188.0 million. Based on the Group's steady cash inflow from operations, coupled with sufficient cash and bank balances and readily available banking facilities, the Group has adequate liquidity and financial resources to meet the working capital requirements as well as to fund its budgeted expansion plans in the next financial year.

During the year, the majority of the Group's cash and bank balances were in Hong Kong dollars, US dollars, Euro or Renminbi and deposited in reputable financial institutions with maturity dates falling within one year. This is in line with the Group's treasury policy to maintain liquidity of its funds and continue to contribute a relatively stable yield to the Group.





### FINANCIAL POSITION

Total funds employed (representing total equity) as at 31 March 2012 were HK\$1,630.8 million, which represented a 20.6% year-on-year increase.

The gearing ratio, defined as the ratio of total loans less cash and bank balances to total assets, was nil as at 31 March 2012 and 31 March 2011.

### TREASURY POLICIES

It is the Group's treasury management policy not to engage in any highly leveraged or speculative derivative products. In this respect, the Group continued to adopt a conservative approach to financial risk management with no significant borrowing during the year. Most of the assets, receipts and payments of the Group are denominated either in Hong Kong dollars, US dollars, Euro or Renminbi. Based on purchase orders placed, the Group minimised its foreign exchange exposure by way of buying against order at spot or entering into foreign currency forward contracts with reputable financial institutions. For practical purposes, we maintain no open positions. These hedging policies are regularly reviewed by the Group.

### CHARGE ON GROUP ASSET

As at 31 March 2012, no Group asset was under charge to a financial institution.

### CONTINGENT LIABILITIES

The Group had no significant contingent liability as at 31 March 2012.

### CAPITAL COMMITMENTS

As at 31 March 2012, the Group had total capital commitments in respect of acquisition of property, plant and equipment of HK\$287.9 million.



