

# FINANCIAL REVIEW

## Liquidity and Financial Resources

As at 30th June, 2013, the Group's shareholders' funds were approximately HK\$1,390,490,000, compared with approximately HK\$1,378,937,000 as at 31st December, 2012.

The Group finances its operations with internally generated cash flow and banking facilities provided by its bankers in Hong Kong and China. The Group's debt ratio as at 30th June, 2013 was approximately 0.48 (31st December, 2012: 0.44), and the liquidity ratio was approximately 1.27 (31st December, 2012: 1.33), both were maintained at a healthy level. As at 30th June, 2013, cash, bank balances and time deposits amounted to approximately HK\$293,118,000 and available banking facilities amounted to approximately HK\$518,000,000. All these reflect that the Group is in sound financial position.

## Financial Guarantees and Contingent Liabilities

	30th June, 2013 HK\$'000	31st December, 2012 HK\$'000
Guarantees given to financial institutions in respect of credit facilities utilized by third party	-	-

## Pledge of Assets

At the balance sheet date, assets with the following carried amounts were pledged by the Group to secure general banking facilities:

	Net book value	
	30th June, 2013 HK\$'000	31st December, 2012 HK\$'000
Leasehold buildings	59,745	58,590
Leasehold land and land use rights	20,546	20,467
Plant and machinery	57,749	60,045
Bank deposits	60,812	53,562
	<b>198,852</b>	<b>192,664</b>

## Foreign Currencies and Treasury Policy

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong Dollars, Renminbi or United States Dollars. It is the Group's treasury policy to manage its foreign currency exposure whenever its financial impact is material to the Group. During the period, the Group had no fixed interest rate borrowings. Foreign exchange risks arising from fluctuation of exchange rates of foreign currencies are managed by the Group using foreign exchange forward contracts when necessary.