

Financial Review

LIQUIDITY AND FINANCIAL RESOURCES

As at 30th June, 2008, the Group's shareholders' funds were approximately HK\$977,629,000, compared with approximately HK\$926,841,000 as at 31st December, 2007.

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, 2008 was approximately 0.50 (31st December, 2007: 0.50), and the liquidity ratio was approximately 1.53 (31st December, 2007: 1.47), both were maintained at a healthy level. As at 30th June, 2008, cash, bank balances and time deposits amounted to approximately HK\$213,958,000. All these reflect that the Group is in sound financial position.

CONTINGENT LIABILITIES

	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Guarantees given to financial institutions in respect of credit facilities utilized by outsiders	–	894

PLEDGE OF ASSETS

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

	Net Book Value	
	30th June, 2008	31st December, 2007
	HK\$'000	HK\$'000
Leasehold buildings	24,777	67,690
Leasehold land and land use rights	4,097	12,381
Plant and machinery	8,015	10,648
Bank deposits (<i>Note</i>)	25,703	33,820
	62,592	124,539

Note: The bank deposits have been pledged to secure short-term bank borrowings and are therefore classified as current assets.

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 certain 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.