

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2001, the Group's total shareholders' funds amounted to HK\$374.9 million, compared with HK\$366.9 million at March 31, 2001. The gearing ratio was 23.4% at September 30, 2001, compared to 33.8% at March 31, 2001.

At September 30, 2001, the Group had working capital of HK\$219.2 million, which included a cash balance of HK\$103.9 million, compared with working capital of HK\$204.9 million, which included a cash balance of HK\$114.0 million at March 31, 2001. The increase in working capital is mainly due to a net increase in cash and cash equivalent by HK\$16.7 million and a decrease in trading stocks of HK\$9.1 million.

The Company had available working capital facilities of HK\$85 million in total with various banks at September 30, 2001. Such banking facilities include letter of credit arrangements, import loans, overdraft and other facilities commonly used in the jewelry business. All such banking facilities bear interest at floating rates generally based on prime lending rates, and are subject to periodic review. At September 30, 2001, the Group utilized approximately HK\$9.8 million of its credit facilities.