You should read the following discussion and analysis in conjunction with our consolidated financial information, including the notes thereto, as set forth in the Accountants' Report included as Appendix I to this document, and our selected historical consolidated financial information and operating data included elsewhere in this document. Our consolidated financial information has been prepared in accordance with HKFRS.

The following discussion and analysis contains certain forward-looking statements and are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, whether actual results, outcomes and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. See the sections headed "Risk Factors" and "Forward-looking Statements" for discussions of those risks and uncertainties.

OVERVIEW

We are the leading *Cha Chaan Teng (茶餐廳)* chain owner and operator in Hong Kong based on revenue and number of seats in 2011, according to the Frost & Sullivan Report. As at the Latest Practicable Date, we own and operate all of our 26 restaurants[(1)] under our 翠華餐廳 Tsui Wah Restaurant "*Tsui Wah* (翠華)" brand, including 21 restaurants in Hong Kong, four restaurants in China and one restaurant in Macau. Over our 23 years of operating history under the control of the Core Shareholders, we have successfully built up our 翠華餐廳 Tsui Wah Restaurant "*Tsui Wah* (翠華)" brand to represent delicious, quality, safe and fresh *Cha Chaan Teng* cuisine. We expanded into the PRC in 2009.

We have been able to successfully apply the concept of a central kitchen to operating our restaurants. We commenced use of a central kitchen in Hong Kong in 2008. Our central kitchen centralizes, for our operations, the production and distribution of semi-processed or processed food ingredients, including fish balls, meats, soups and sauces, and prepares the proprietary seasonings and spices used in our dishes. For the year ended March 31, 2012, approximately 50% of the semi-processed or processed food ingredients used in our Tsui Wah restaurants are prepared at our central kitchen.

With the success of our 翠華餐廳 Tsui Wah Restaurant "*Tsui Wah* (翠華)" brand, we currently operate a quick service restaurant at the Hong Kong International Airport under the "*Tsui Wah EATery*" sub-brand through which we gain exposure among travelers. We launched a pilot restaurant in December 2011 in Hong Kong under a new sub-brand "*Tsui Wah Concept* (翠華 Concept)", which offers a more limited yet diverse menu in a smaller restaurant footprint than our Tsui Wah restaurants. With "*Tsui Wah Concept* (翠華 Concept)", we target a younger demographic, and areas where we have not located our larger, Tsui Wah restaurants such as shopping malls and residential neighborhoods.

As the leading *Cha Chaan Teng* chain owner and operator in Hong Kong, we intend to replicate our success in certain affluent regions in the PRC, including Shanghai, Shenzhen and Guangzhou. We plan to expand into new markets in the PRC based on a hub-and-spoke strategy. Under this strategy, we seek to initially establish flagship restaurants in key economic locations or high-traffic areas in each new city or targeted district to generate brand recognition and establish a customer base. After building up a sufficient customer base and a number of flagship restaurants, we then establish a central kitchen, which serves as the "hub", to allow for

(1) Includes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

greater economies of scale and consistency of food quality through centralized food preparation, procurement and logistics functions. We leverage these centralized functions to support the flagship restaurants and new restaurants added in neighboring areas, i.e., the "spokes".

We plan to open approximately five, eight and 11 new restaurants in the PRC in each of the three years ending March 31, 2015, respectively. Of the new restaurants expected to open in the PRC in the year ending March 31, 2013, four are expected to be located in the Yangtze River Delta and one is expected to be located in Central China, respectively. Of the eight new restaurants expected to open in the PRC in the year ending March 31, 2014, five are expected to be located in the Yangtze River Delta, two are expected to be located in Southern China and one are expected to be located in Central China, respectively. Of the 11 new restaurants expected to open in the PRC in the year ending March 31, 2015, five are expected to be located in the Yangtze River Delta, five are expected to be located in Southern China and one is expected to be located in Central China, respectively. To support our planned expansion in the PRC, we expect our first central kitchen in Shanghai to become operational in the year ending March 31, 2014.

In Hong Kong, we intend to pursue a multi-channel penetration by opening new Tsui Wah restaurants, expanding our delivery services and exploring catering services. We plan to open five, four and four new Tsui Wah restaurants in each of the three years ending March 31, 2013, 2014 and 2015 in Hong Kong, respectively. We intend to strengthen our existing delivery services from our Tsui Wah restaurants by purchasing additional motor vehicles and hiring more delivery drivers. In addition, we plan to open delivery centers in new locations to expand the geographic penetration of our existing delivery services. Currently, we expect to open one, three and three delivery centers in each of the three years ending March 31, 2013, 2014 and 2015, respectively. Given the depth of our experience in the restaurant industry, we intend to expand into the catering services industry. To support our planned expansion in Hong Kong, we expect our second central kitchen in Hong Kong to become operational in the year ending March 31, 2014.

Our revenue[(1)] increased by 35.9% from HK$440.0 million for the year ended March 31, 2010 to HK$598.0 million for the year ended March 31, 2011, by 27.5% from HK$598.0 million for the year ended March 31, 2011 to HK$762.8 million for the year ended March 31, 2012, and by 33.7% from HK$167.3 million for the three months ended June 30, 2011 to HK$223.6 million for the three months ended June 30, 2012. Our profit attributable to owners of our Company increased by 20.6% from HK$53.8 million for the year ended March 31, 2010 to HK$64.9 million for the year ended March 31, 2011, by 60.1% from HK$64.9 million for the year ended March 31, 2011 to HK$103.9 million for the year ended March 31, 2012, and by 25.2% from HK$19.1 million for the three months ended June 30, 2011 to HK$24.0 million for the three months ended June 30, 2012.

BASIS OF PRESENTATION

The Reorganization has been undertaken in preparation of the [●]. We have accounted for the Reorganization on the basis of merger accounting for common control combination. Accordingly, our financial information includes (i) results of all companies now comprising the Group from the beginning of the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, or since the respective dates when the companies now comprising our Group were incorporated or established, whichever is later, and (ii) the results of Joy Express for the period from the beginning of the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 to September 30, 2009.

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(1) Excludes our share of results from the two restaurants operated by our Jointly-Controlled Entities.

Joy Express is a limited liability company incorporated prior to the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 and wholly-owned by the Controlling Shareholders. Joy Express was engaged in the "*Cha Chaan Teng* (茶餐廳)" business of the Group from the beginning of the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 to September 30, 2009, the date it ceased involvement in the business of the Group, and thereafter has been engaged in the property investment business. Accordingly, the results, cash flows, assets and liabilities of Joy Express have been consolidated with our financial information for the respective period, and the net assets retained by Joy Express on October 1, 2009 were derecognized as the entire equity interests in Joy Express were deemed to have been distributed to the Controlling Shareholders. Our Directors confirm that none of the net assets derecognized were related to the "*Cha Chaan Teng* (茶餐廳)" business. The net assets retained by Joy Express on October 1, 2009 comprised solely of a real property and did not include any assets relating to the *Cha Chaan Teng* business.

The consolidated statements of financial positions of our Group as at March 31, 2010, 2011 and 2012 and June 30, 2012 have been prepared to present the assets and liabilities of the Group using the existing carrying values from the Controlling Shareholders' perspective. No adjustments have been made to reflect fair values or recognize any new assets or liabilities as a result of the Reorganization.

FACTORS AFFECTING RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Our results of operations and financial condition have been and will continue to be affected by a number of factors, many of which may be beyond our control, including those factors set out in the section headed "Risk Factors" in this document and those set out below.

Number of Restaurants in Operation

We generate substantially all of our revenue from food and beverage sales at our restaurants. Food and beverage sales are affected by the number of our restaurants in operation and the number of total operating days of our restaurants. Accordingly, restaurant openings and closings substantially affect our revenue growth.

The following table sets forth the number of our restaurants[(1)] in operation, by geographical region, as of the dates indicated.

	As of March 31,			As of June 30,	As of the Latest Practicable Date
	2010	2011	2012	2012	
Number of Restaurants:					
Hong Kong	12	15	18	19	20
China	1	2	2	4	4
Total	**13**	**17**	**20**	**23**	**24**

From the beginning of the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 on April 1, 2009 to the Latest Practicable Date, we closed one restaurant in Hong Kong in January 2011, which was consolidated with another restaurant on the same street after we secured a larger premise.

(1) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

The table below sets forth a breakdown by revenue[(1)] and number of restaurants[(2)] for our restaurants in operation throughout each period indicated, restaurants newly opened and restaurants closed during the applicable period.

	Restaurants in operation throughout the period	Restaurants newly opened during the period	Restaurants closed during the period	Total
	(HK$'000, except number of restaurants)			
Year ended March 31, 2010				
Revenue	400,471	35,300	—	435,771
Percentage of total revenue	91.9%	8.1%	—	100%
Number of restaurants	12	1	—	13
Year ended March 31, 2011				
Revenue	481,714	101,999	8,962	592,675
Percentage of total revenue	81.3%	17.2%	1.5%	100%
Number of restaurants	12	5	1	17
Year ended March 31, 2012				
Revenue	724,787	23,535	—	748,322
Percentage of total revenue	96.9%	3.1%	—	100%
Number of restaurants	17	3	—	20
Three months ended June 30, 2012				
Revenue	210,302	8,733	—	219,035
Percentage of total revenue	96.0%	4.0%	—	100%
Number of restaurants	20	3	—	23

Restaurants incur various costs and expenses before they open and new restaurants generally experience lower results of operations during the first few months of operation due to initially lower sales and higher start-up operating costs. A new restaurant generally requires a period of time from its opening to achieve target performance income. We opened 12 new restaurants[(3)] during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. As at the Latest Practicable Date, nine of these 12 restaurants have achieved breakeven, which we consider to be the point at which the monthly revenue is at least equal to the monthly expenses[(4)] of a restaurant. On average, these nine new restaurants[(5)] require approximately one to two months to breakeven. The other three new restaurants have not yet achieved breakeven. As at the Latest Practicable Date, six of the 12 new restaurants opened during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 have reached the investment payback point, which we consider the amount of time it takes for the accumulated net profit from a restaurant to cover the costs of opening and operating a restaurant, including incurred capital expenditures and ongoing cash and non-cash operating expenses. The average investment payback period for these six new restaurants opened during that the period consisting of the three years ended

(1) Excludes our share of results from the two restaurants owned by our Jointly-Controlled Entities.
(2) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.
(3) Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.
(4) Monthly expenses include all cash and non-cash operating expenses, namely, cost of inventories sold, staff costs, depreciation, property rentals and related expenses, fuel and utility expenses, advertising and marketing expenses and other operating expenses.
(5) Among these nine restaurants, one was opened during the year ended March 31, 2010, five were opened during the year ended March 31, 2011, one was opened during the year ended March 31, 2012 and two were opened during the three months ended June 30, 2012.
(6) These six restaurants were opened during the two years ended March 31, 2010 and 2011.

March 31, 2012 and the three months ended June 30, 2012 that have reached such point[6] is approximately 12 months. The other six restaurants opened during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 have not yet achieved investment payback. We currently intend to open a total of approximately ten, 12, and 15 new Tsui Wah restaurants for each of the three years ending March 31, 2013, 2014 and 2015, respectively, in Greater China. The proportion of new restaurants we have in operation during any period may affect our overall results of operations.

Comparable Restaurant Sales

Our profitability is affected in part by our ability to successfully grow revenue from our existing restaurants. We believe that comparable restaurant sales provide a meaningful period-to-period comparison of restaurant performance because they exclude increases that are due to the opening of new restaurants. We define our comparable restaurant base to be those restaurants that were open throughout the periods under comparison. For example, the comparable restaurants for the years ended March 31, 2010 and 2011 are restaurants that were open throughout both the year ended March 31, 2010 and the year ended March 31, 2011.

Comparable restaurant sales are primarily affected by the average number of invoices per table per day and the average spending per invoice. We are focused on increasing comparable restaurant sales by driving through a variety of initiatives, including continuously introducing new and innovative menu offerings, upgrading the decoration of existing restaurants and carefully selecting restaurant sites in high-traffic areas.

The table below sets forth our comparable restaurant sales over the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	For the year ended March 31,		For the year ended March 31,		For the three months ended June 30,	
	2010	2011	2011	2012	2011	2012
Number of comparable restaurants[(1)]						
Hong Kong	11	11	11	11	15	15
China	—	—	1	1	2	2
Total number	11	11	12	12	17	17
Comparable restaurants sales *(HK$'000)*						
Hong Kong	385,850	433,990	433,990	488,220	146,059	166,315
China	—	—	47,724	55,449	18,648	24,789
Total sales	385,850	433,990	481,714	543,669	164,707	191,104
Daily average revenue per comparable restaurant[(2)] *(HK$'000)*						
Hong Kong	96	108	108	122	107	122
China	—	—	131	152	102	136
Total daily average revenue	96	108	110	124	106	124
Percentage increase of comparable restaurants sales during comparable periods						
Hong Kong	12.5%		12.5%		13.9%	
China	—		16.2%		32.9%	
Total increase	12.5%		12.9%		16.0%	

Average Number of Invoices Per Table Per Day and Average Spending Per Invoice

Our business is significantly affected by changes in the average number of invoices per table per day and average spending per invoice. We record the number of invoices and spending per invoice through our point-of-sale systems. Due to our communal seating arrangement, we can record more than one invoice at one table at a particular time. Accordingly, the average number of invoices per table per day serves as an indicator of guest traffic at our restaurants, and the average spending per invoice serves as an indicator of the amounts our guests are spending per visit (when dining in) or per order (when ordering deliveries and takeaways).

The average number of invoices per table per day and average spending per invoice at our restaurants are affected by various factors, including macroeconomic factors, tourism levels, our menu mix and pricing, changes in discretionary spending patterns and consumer tastes.

(1) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

(2) Daily average revenue per comparable restaurant equals comparable restaurant sales divided by number of comparable restaurants, and then divided by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012.

The following table sets forth the average number of invoices per table per day and average spending per invoice for our comparable restaurants during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	For the year ended March 31,		For the year ended March 31,		For the three months ended June 30,	
	2010	2011	2011	2012	2011	2012
Number of comparable restaurants[1]						
Hong Kong	11	11	11	11	15	15
China	—	—	1	1	2	2
Total number	11	11	12	12	17	17
Average number of invoices per table per day[2]						
Hong Kong	21	24	24	25	24	24
China	—	—	7	8	6	7
Total average number of invoice per table per day	21	24	22	22	20	21
Average spending per invoice[3] *(HK$)*						
Hong Kong	66	68	68	74	71	74
China	—	—	169	190	193	190
Total average spending per invoice	66	68	72	80	76	81

The average number of invoices per table per day for our restaurants in China was lower but average spending per invoice for our restaurants in China was higher than our restaurants in Hong Kong during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 primarily due to our slightly different market positioning and local customs in China. Our menu pricing for our restaurants in China is generally slightly higher than in Hong Kong. Our customers in China are also not accustomed to communal seating arrangements, thereby reducing the number of invoices per table per day. On the other hand, our customers in China are accustomed to ordering more dishes and more expensive menu items, which increases the average spending per invoice.

Growth of Tourism in Hong Kong

A majority of our Group's revenue was derived from our operations in Hong Kong during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. Given that our "*Tsui Wah* (翠華)" brand is an iconic brand serving *Cha Chaan Teng (*茶餐廳*)* cuisine, a significant part of Hong Kong's dining culture, our Directors believe many tourists, particularly PRC tourists, visiting Hong Kong are attracted to our restaurants. The PRC is one of the world's fastest growing major economies and is expected to continue to contribute to tourism markets in Hong Kong and Macau due to the growth in the income levels of PRC consumers. Accordingly, our Group's results are affected by the number

(1) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

(2) Average number of invoices per table per day equals the total number of invoices (excluding delivery and takeaway orders) during a period divided by total number of tables in such restaurants, and then divided by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012.

(3) Average spending per invoice equals total sales during a year/period divided by the total number of invoices during such year/period.

of PRC tourists visiting Hong Kong. According to the statistics of the Hong Kong Tourism Board, in 2011, Hong Kong received 42 million visitors from around the world, with an increase of 16.4% over 2010. In 2011, China continued to be the largest source of tourists in Hong Kong amounting to 28.1 million visitors and representing 67% of the total number of visitors in Hong Kong in 2011. Our Directors believe that spending by tourists from the PRC and the development of tourism in Hong Kong and Macau will continue to have a significant impact on our Group's performance.

Food prices

Our cost of inventories sold is comprised of the cost of all food and beverages used in our operations. Cost of inventories sold is the largest component of our operating expenses. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our cost of inventories sold amounted to HK$133.7 million, HK$183.0 million, HK$236.5 million and HK$69.1 million, respectively, representing 30.4%, 30.6%, 31.0% and 30.9% of our revenue for each such period. Therefore, food prices have a significant effect on our results of operations.

We purchase raw materials and food ingredients from our suppliers in the PRC as well as from importers in Hong Kong who in turn source raw materials and food ingredients from various overseas countries, including Europe and the United States. Food prices worldwide have generally increased during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. In addition, any appreciation of foreign currencies of countries from which our raw materials and food ingredients are sourced against the Hong Kong dollar increases our purchasing costs. In response to this trend, we have, among other things, refined our menu and increased prices of selected menu items, introduced higher-margin menu items, and enhanced relationships with our major suppliers to secure better pricing. We expect the rising food price trend to continue in the foreseeable future and we will need to constantly monitor and respond to changes in the costs of our raw materials and food ingredients. Our cost of inventories sold as a percentage of revenue will continue to be a key performance indicator of the overall efficiency and profitability of our business operations.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in cost of inventories sold on our profit before tax and our profit for the year/period during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. Fluctuations are assumed to be 5.0%, 10.0% and 15.0% for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, which correspond to the range of historical fluctuations of our cost of inventories sold during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	(HK$'000, except percentages)					
Hypothetical Fluctuation	**+5%**	**-5%**	**+10%**	**-10%**	**+15%**	**-15%**
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2010						
Change in cost of inventories sold	6,685	(6,685)	13,371	(13,371)	20,056	(20,056)
Change in profit before tax	(6,685)	6,685	(13,371)	13,371	(20,056)	20,056
Change in profit after tax	(5,669)	5,669	(11,338)	11,338	(17,007)	17,007
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2011						
Change in cost of inventories sold	9,152	(9,152)	18,304	(18,304)	27,456	(27,456)
Change in profit before tax	(9,152)	9,152	(18,304)	18,304	(27,456)	27,456
Change in profit after tax	(7,450)	7,450	(14,899)	14,899	(22,349)	22,349
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2012						
Change in cost of inventories sold	11,823	(11,823)	23,646	(23,646)	35,469	(35,469)
Change in profit before tax	(11,823)	11,823	(23,646)	23,646	(35,469)	35,469
Change in profit after tax	(9,730)	9,730	(19,461)	19,461	(29,191)	29,191
Impact on Certain Consolidated Income Statement Items for the Three Months Ended June 30, 2012						
Change in cost of inventories sold	3,453	(3,453)	6,906	(6,906)	10,359	(10,359)
Change in profit before tax	(3,453)	3,453	(6,906)	6,906	(10,359)	10,359
Change in profit after tax	(2,845)	2,845	(5,691)	5,691	(8,536)	8,536

Staff Costs

Restaurant operations are highly service-oriented, and therefore our success, to a considerable extent, depends upon our ability to attract, motivate and retain a sufficient number of qualified employees, including restaurant managers and staff. We believe high-quality customer service is a key attribute of the success of our restaurants. Employee attrition levels tend to be higher in the food services industry than in other industries. We offer competitive wages and other benefits to our restaurant employees to manage employee attrition.

Our staff costs includes all salaries and benefits payable to all our employees and staff, including our executive Directors, headquarters staff and restaurant and central kitchen staff. Our staff costs amounted to HK$121.8 million, HK$162.8 million, HK$197.5 million and HK$63.5 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. As a percentage of revenue, our staff costs remained relatively stable during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 at 27.7%, 27.2%, 25.9% and 28.4% of our revenue for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Due to changes in local labor laws and the general increase in labor costs in Hong Kong, the salary level of employees in the restaurant industry in Hong Kong has generally increased in recent years. We expect our staff costs to continue to increase as inflationary pressures in Hong Kong continue to drive up wages. We believe the resulting upward pressure on our total staff costs as a percentage of total revenue could be mitigated by (i) increasing operating leverage by increasing the use of central kitchens as our restaurant network expands; (ii) our efforts to control the staff costs at our newly-opened restaurants by managing employee headcount levels before a restaurant achieves certain target performance levels more efficiently and prioritizing internal transfers and re-allocations of employees from existing restaurants; (iii) our efforts to increase productivity of our staff by providing various training programs; and (iv) minimizing attrition levels by continuing to implement our various employee retention initiatives in the future to promote employee loyalty and motivate our employees.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in staff costs on our profit before tax and our profit for the year/period during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. Fluctuations are assumed to be 5.0%, 8.0% and 10.0% for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, which correspond to the range of historical fluctuations of our staff costs during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	(HK$'000, except percentages)					
Hypothetical Fluctuation	**+5%**	**-5%**	**+8%**	**-8%**	**+10%**	**-10%**
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2010						
Change in staff costs	6,089	(6,089)	9,742	(9,742)	12,177	(12,177)
Change in profit before tax	(6,089)	6,089	(9,742)	9,742	(12,177)	12,177
Change in profit after tax	(5,163)	5,163	(8,261)	8,261	(10,326)	10,326
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2011						
Change in staff costs	8,138	(8,138)	13,021	(13,021)	16,276	(16,276)
Change in profit before tax	(8,138)	8,138	(13,021)	13,021	(16,276)	16,276
Change in profit after tax	(6,624)	6,624	(10,599)	10,599	(13,248)	13,248
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2012						
Change in staff costs	9,877	(9,877)	15,803	(15,803)	19,753	(19,753)
Change in profit before tax	(9,877)	9,877	(15,803)	15,803	(19,753)	19,753
Change in profit after tax	(8,129)	8,129	(13,006)	13,006	(16,257)	16,257
Impact on Certain Consolidated Income Statement Items for the Three Months Ended June 30, 2012						
Change in staff costs	3,176	(3,176)	5,082	(5,082)	6,353	(6,353)
Change in profit before tax	(3,176)	3,176	(5,082)	5,082	(6,353)	6,353
Change in profit after tax	(2,617)	2,617	(4,188)	4,188	(5,235)	5,235

Property Rentals and Related Expenses

We lease all the properties on which our restaurants operate. The costs of leasing and maintaining our restaurants, central kitchen and headquarters are reflected in our property rentals and related expenses. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our property rentals and related expenses amounted to HK$45.7 million, HK$75.0 million, HK$96.2 million and HK$30.5 million, respectively, representing 10.4%, 12.5%, 12.6% and 13.6% of our revenue for each such period. Rental expenses vary depending on the size and location of the restaurant. Most of our restaurant leases provide for a fixed rent. Some of our restaurant leases require the rent to be determined as a sum of (i) a specified fixed amount, plus (ii) a contingent rent calculated based on a certain percentage of the monthly turnover if monthly turnover exceeds a certain amount, depending on the specific terms of the relevant lease agreements. Some of our restaurant leases require the rent to be the higher amount between (i) a contingent rent as a percentage of revenue and (ii) a specified fixed rent, depending on the specific terms of the relevant lease agreements. The rental rate may be subject to a rent escalation clause. We have no preference as to entering into leases with fixed or contingent rent. For every lease that our Group considers to enter into, we will consider whether the rental expense, whether on fixed or contingent terms, is within the range acceptable by us, taking into account the expected revenue to be derived by the restaurant in question. As a result of the above, our annual property rental and related expenses vary according to our revenues derived from restaurant operations. As we intend to continue to open new restaurants and expand our restaurant network, we expect our property rental and related expenses related to our restaurants and central kitchens to increase generally in the future.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations in property rentals and related expenses on our profit before tax and our profit for the year/period during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. Fluctuations are assumed to be 10.0%, 15.0% and 20.0% for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, which correspond to the range of historical fluctuations of our property rentals and related expenses during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	(HK$'000, except percentages)					
Hypothetical Fluctuation	**+10%**	**-10%**	**+15%**	**-15%**	**+20%**	**-20%**
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2010						
Change in property rentals and related expenses	4,568	(4,568)	6,853	(6,853)	9,137	(9,137)
Change in profit before tax	(4,568)	4,568	(6,853)	6,853	(9,137)	9,137
Change in profit after tax	(3,874)	3,874	(5,811)	5,811	(7,748)	7,748
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2011						
Change in property rentals and related expenses	7,502	(7,502)	11,253	(11,253)	15,004	(15,004)
Change in profit before tax	(7,502)	7,502	(11,253)	11,253	(15,004)	15,004
Change in profit after tax	(6,107)	6,107	(9,160)	9,160	(12,213)	12,213
Impact on Certain Consolidated Income Statement Items for the Year Ended March 31, 2012						
Change in property rentals and related expenses	9,617	(9,617)	14,426	(14,426)	19,234	(19,234)
Change in profit before tax	(9,617)	9,617	(14,426)	14,426	(19,234)	19,234
Change in profit after tax	(7,915)	7,915	(11,872)	11,872	(15,830)	15,830
Impact on Certain Consolidated Income Statement Items for the Three Months Ended June 30, 2012						
Change in property rentals and related expenses	3,048	(3,048)	4,571	(4,571)	6,095	(6,095)
Change in profit before tax	(3,048)	3,048	(4,571)	4,571	(6,095)	6,095
Change in profit after tax	(2,511)	2,511	(3,767)	3,767	(5,022)	5,022

Seasonality

We experience seasonal fluctuations in our revenue. Our revenue during the summer seasons (generally from June to August) and certain holiday periods, such as the Chinese New Year holiday and Christmas holiday (generally from November to January) is usually higher than those for the remaining months of the year.

CRITICAL ACCOUNTING POLICIES, ESTIMATES AND JUDGMENTS

We have identified certain accounting policies that are critical to the preparation of our financial information. These accounting policies are important for an understanding of our financial position and results of operations and are set forth in Note 3.1 "Summary of Significant Accounting Policies" of the Accountants' Report in Appendix I to this document.

In addition, the preparation of the financial information requires our management to make significant and subjective estimates, assumptions and judgments that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of each of the three years ended March 31, 2010, 2011 and 2012, and the three-month period ended June 30, 2012. However, uncertainties about these assumptions, estimates and judgments could result in outcomes that require a material adjustment to the carrying amounts of the assets and liabilities affected in the future. These key assumptions and estimates are set forth in Note 3.2 "Significant Accounting Estimates" of the Accountants' Report in Appendix I to this document.

We believe that the following critical accounting policies and accounting estimates involve the most significant or subjective judgments and estimates used in the preparation of the financial information.

Jointly-controlled entities

A Jointly-Controlled Entity is a joint venture that is subject to joint control, resulting in none of the participating parties having unilateral control over the economic activity of the jointly-controlled entity.

Our Group's investments in Jointly-Controlled Entities are stated in the consolidated statement of financial position at our Group's share of net assets under the equity method of accounting, less any impairment losses. Our Group's share of the post-acquisition results and reserves of Jointly-Controlled Entities is included in the consolidated income statement and consolidated reserves, respectively. Where the profit sharing ratio is different from our equity interest, our share of the post-acquisition results of the Jointly-Controlled Entities is determined based on the agreed profit sharing ratio. Unrealized gains and losses resulting from transactions between our Group and our Jointly-Controlled Entities are eliminated to the extent of our Group's investments in the Jointly-Controlled Entities, except where unrealized losses provide evidence of an impairment of the asset transferred.

The Group recognizes its interests in its jointly-controlled entities using the equity method, as described in the relevant Hong Kong Financial Reporting Standards ("HKFRSs"). Applying those applicable accounting standards, if the Group's share of losses of a jointly-controlled entity equals or exceeds its interest in the jointly-controlled entity, the Group discontinues recognizing its share of further losses. After the Group's interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the jointly-controlled entity. If the jointly-controlled entity subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, we had two Jointly-Controlled Entities, one of which was established for the operation of one of our restaurants in a shopping mall in Hong Kong under a joint venture arrangement with a joint venture partner and the other was established for the operation of our restaurant in Macau under a joint venture arrangement with a joint venture partner.

HKFRS 10 *Consolidated Financial Statements* establishes a single control model that applies to all entities including special purpose entities or structured entities effective for annual periods beginning on or after January 1, 2013. It includes a new definition of control which is used to determine which entities are consolidated. In the opinion of the Directors, the Group together with the joint venture partners collectively control each of Famous Star and Pak Tat.

Upon the adoption of the HKFRS 10, the Group will continue to account for its interests in joint ventures, Famous Star and Pak Tat, under equity method in accordance with the relevant HKFRSs.

HKFRS 11 *Joint Arrangements* replaces HKAS 31 *Interests in Joint Ventures* and HK(SIC)-Int 13 *Jointly Controlled Entities — Non-Monetary Contributions by Venturers* effective for annual periods beginning on or after January 1, 2013. It describes the accounting for joint arrangements with joint control. It addresses only two forms of joint arrangements, i.e., joint operations and joint ventures, and removes the option to account for joint ventures using proportionate consolidation. Based on the Directors' assessment of the impact of the new HKFRS 11 upon initial application in the financial year ending March 31, 2014, the Group's jointly-controlled entities at the end of the Relevant Periods would continue to be accounted for as jointly-controlled entities and the adoption of the new standard would have no significant effect on the financial position or performance of the Group.

Foreign currencies

Our Group's consolidated financial information is presented in Hong Kong dollars, our functional and presentation currency.

The functional currencies of certain of our overseas subsidiaries and one of our Jointly-Controlled Entities are currencies other than Hong Kong dollars. As at the end of each of the three years ended March 31, 2010, 2011 and 2012, and the three-month period ended June 30, 2012, the assets and liabilities of these entities are translated into Hong Kong dollars, the presentation currency of our Company, at the exchange rates prevailing at the end of the reporting period and income and expenses are translated into Hong Kong dollars at the weighed average exchange rates for the year. The resulting exchange differences are recognized in other comprehensive income and accumulated in the exchange fluctuation reserve.

Revenue recognition

We measure revenue at the fair value of the consideration received or receivable, representing gross restaurant revenue and sale of food, net of business taxes.

We recognize revenue from our restaurant operations when we provide our catering services. We recognize revenue from the sale of food when the food is delivered to our customers.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Construction in progress is stated at cost less any impairment losses, and is not depreciated.

Depreciation is calculated on a straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognized in profit or loss.

Deferred tax assets

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profits will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of deferred tax assets relating to recognized tax losses as at March 31, 2010, 2011 and 2012 and June 30, 2012 was HK$5.5 million, HK$4.2 million, HK$2.1 million and HK$1.5 million, respectively.

PRINCIPAL CONSOLIDATED INCOME STATEMENT COMPONENTS

Revenue

We generate substantially all of our revenue from sales of food and beverage from our restaurants, which are recorded net of business taxes. The results of our two restaurants owned by our Jointly-Controlled Entities are not recorded as Group's revenue.

We also derive revenue from sales of processed or semi-processed food ingredients, primarily from our central kitchen to our Jointly-Controlled Entities, for use in the two restaurants owned by them.

The table below sets forth our revenue for the periods indicated, broken down by source of revenue.

	For the year ended March 31,			For the three months ended June 30,	
	2010	2011	2012	2011	2012
			(HK$'000)		
				(unaudited)	
Restaurant operations	435,771	592,675	748,322	164,707	219,035
Sale of food	4,239	5,372	14,469	2,543	4,588
Revenue	440,010	598,047	762,791	167,250	223,623

Invoices at our restaurants are primarily settled by way of cash and smart card, and in certain restaurants and our "*Tsui Wah EATery*" quick service restaurant, we accept credit card payment. The following table sets forth our revenue from restaurant operations broken down by type of settlement method for the periods indicated.

	For the year ended March 31,			For the three months ended June 30,
	2010	2011	2012	2012
		(percentages)		
Cash	80.5	76.3	75.1	72.7
Smart Card	18.1	19.3	18.8	18.9
Credit Card	1.4	4.4	6.1	8.4
Total	100.0	100.0	100.0	100.0

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, revenue from our restaurant operations[1] are derived from Hong Kong and China. The following table sets forth our revenue derived from restaurant operations[1] by geographic segment for the periods indicated.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(HK$'000, except percentages)									
Hong Kong	400,471	91.9	535,043	90.3	667,407	89.2	146,059	88.7	186,500	85.1
China	35,300	8.1	57,632	9.7	80,915	10.8	18,648	11.3	32,535	14.9
Total	435,771	100.0	592,675	100.0	748,322	100.0	164,707	100.0	219,035	100.0

Other Income and Gains

Other income and gains primarily consists of tips we receive from customers as part of our restaurant operations.

Cost of Inventories Sold

Cost of inventories sold primarily consists of the cost of all the food and beverages used in our operations. The principal food and beverage items used in our operations are meat, vegetable, seafood, and standardized food and supplies, such as beverages and seasonings. Cost of inventories includes costs incurred in bringing the inventories to their present location. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our cost of inventories sold amounted to HK$133.7 million, HK$183.0 million, HK$236.5 million and HK$69.1 million, respectively, representing 30.4%, 30.6%, 31.0% and 30.9% of our revenue for each such period.

Staff Costs

Our staff costs comprises salaries and benefits, including wages, salaries, bonuses, retirement benefit costs, housing provident fund, social security costs and other allowances and benefits payable to all our employees and staff, including our (i) executive Directors, (ii) headquarters staff, and (iii) our restaurant and central kitchen staff. The number of our employees increased by 175, or 14.3%, from 1,222 as of March 31, 2010 to 1,397 as of March 31, 2011, increased by 342, or 24.5%, from 1,397 as of March 31, 2011 to 1,739 as of March 31, 2012 and increased by 442, or 25.4%, from 1,739 as of March 31, 2012 to 2,181 as of June 30, 2012. Our staff costs amounted to HK$121.8 million, HK$162.8 million, HK$197.5 million and HK$63.5 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, representing 27.7%, 27.2%, 25.9% and 28.4%, respectively, of our revenue for such periods.

1 Excludes our share of results from one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.

The following table sets forth a breakdown of our staff costs during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012:

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of staff costs	Amount	% of staff costs	Amount	% of staff costs	Amount	% of staff costs	Amount	% of staff costs
	(HK$'000, except percentages)									
Staff Costs										
Executive Directors	4,175	3.4	4,146	2.6	4,260	2.2	1,065	2.5	1,065	1.7
Headquarters staff	4,160	3.4	11,937	7.3	19,113	9.7	3,724	8.6	5,948	9.4
Restaurant and central kitchen staff	113,436	93.2	146,674	90.1	174,161	88.1	38,530	88.9	56,516	88.9
Total	121,771	100.0	162,757	100.0	197,534	100.0	43,319	100.0	63,529	100.0

We implemented a performance based incentive scheme in Hong Kong for all of our Hong Kong staff starting from May 2011 and in the PRC for all of our restaurant staff starting from July 2010. Pursuant to this scheme, (i) restaurant personnel will receive bonuses if the restaurant at which he or she works achieves certain performance targets and (ii) office personnel will receive bonuses depending on the number of restaurants that achieve performance targets. From the beginning of the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 to the implementation of this performance based incentive scheme, our employees, other than our Directors, were paid a discretionary bonus at the end of year. Our Directors confirm that such discretionary bonus is generally equal to one month salary. We intend to implement the performance based incentive scheme in the PRC for the rest of our PRC staff in the year ending March 31, 2013.

The following table sets forth a breakdown of our staff costs, by geographical region and by salaries, bonuses and retirement benefit scheme contributions, during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012. Our Directors' remunerations are excluded from the following table as our Directors were not entitled to and did not receive any discretionary bonuses during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration	Amount	% of staff costs excluding Director's remuneration
	(HK$'000, except percentages)									
Hong Kong										
Salaries	97,731	83.1	131,910	83.2	163,411	84.5	36,461	86.3	51,289	82.1
Bonuses(1)	8,488	7.2	11,333	7.1	7,079	3.7	1,004	2.4	1,608	2.6
Retirement benefit scheme contributions	4,939	4.2	5,678	3.6	6,630	3.4	1,476	3.5	2,368	3.8
China										
Salaries	5,620	4.8	8,327	5.3	14,437	7.5	2,852	6.7	6,097	9.8
Bonuses(2)	468	0.4	694	0.4	512	0.3	234	0.6	462	0.7
Retirement benefit scheme contributions	350	0.3	669	0.4	1,205	0.6	227	0.5	640	1.0
Total	117,596	100.0	158,611	100.0	193,274	100.0	42,254	100.0	62,464	100.0

(1) Prior to May 2011, our Hong Kong staff received a discretionary year-end bonus. Starting from May 2011, bonuses relating to our Hong Kong staff were calculated based on our performance based discretionary bonus scheme only.

(2) For our PRC restaurant staff, bonuses during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 were calculated based on (i) one month year-end fixed bonus prior to July 2010 and (ii) our discretionary bonus scheme starting from July 2010. The rest of our PRC staff received a one month year-end fixed bonus only.

Property Rentals and Related Expenses

Our property rentals and related expenses primarily consist of lease payments under operating leases for our restaurants, central kitchen and headquarters. Our property rentals and related expenses amounted to HK$45.7 million, HK$75.0 million, HK$96.2 million and HK$30.5 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively, representing 10.4%, 12.5%, 12.6% and 13.6%, respectively, of our revenue for such periods.

The following table sets forth the number of our restaurants[(1)] and a breakdown of our property rental expenses for our restaurants by category of rent and by geographical region during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Number of restaurants	Amount of rental expenses	Number of restaurants	Amount of rental expenses	Number of restaurants	Amount of rental expenses	Number of restaurants	Amount of rental expenses	Number of restaurants	Amount of rental expenses
		(HK$'000)		(HK$'000)		(HK$'000)		(HK$'000)		(HK$'000)
Specified fixed rent										
Hong Kong	12	38,084	14[(2)]	57,333	15	66,191	13	15,724	16	17,865
China	1	4,544	2	5,319	2	6,495	2	1,772	3	4,706
Contingent rent										
Hong Kong	—	—	2	6,528	3	14,841	2	3,164	3	4,850
China	—	—	—	—	—	—	—	—	1	732
Total	13	42,628	18	69,180	20	87,527	17	20,660	23	28,153

Our restaurant leases typically have terms of two to ten years. Certain leases have rent-free periods ranging from one to eight months at the beginning of the leases. Upon expiration of the leases, certain of our leases contain options to renew for periods ranging from two years to six years, exercisable at our discretion. The following table summarizes the expiration period of our restaurant leases and whether such leases contain an option to renew as at June 30, 2012.

	By June 30, 2013	By June 30, 2014	By June 30, 2015	Beyond June 30, 2015
Number of restaurants				
Option to renew	3	1	1	6
No option to renew.	1	5	1	5
Total	4	6	2	11

Depreciation

Our depreciation represents depreciation charges for our property, plant and equipment, which comprises of land and buildings, leasehold improvements, catering and other equipment, furniture and fixtures, motor vehicles and transportation vehicles. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our depreciation accounted for 3.4%, 3.7%, 2.9% and 3.3%, respectively, of our revenue for such periods.

(1) Excludes one restaurant in Hong Kong and one restaurant in Macau owned by our Jointly-Controlled Entities.
(2) Includes one restaurant closed in January 2011, which was consolidated with another restaurant on the same street after we secured a larger premise for such restaurant.

Fuel and Utility Expenses

Our fuel and utility expenses primarily consist of expenses incurred for gas, electricity and water utilities. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our fuel and utility expenses accounted for 5.8%, 5.3%, 4.6% and 5.0%, respectively, of our revenue for such periods.

Advertising and Marketing Expenses

Our advertising and marketing expenses primarily consist of advertising and promotional expenses. For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our advertising and marketing expenses accounted for 0.8%, 0.5%, 0.4% and 0.4%, respectively, of our revenue for such periods.

Other Operating Expenses

Other operating expenses primarily consist of repairs and maintenance expenses for our restaurants, cleaning expenses for our restaurants, office expenses, consultancy fees for third-party consultants, staff uniform and meal expenses, insurance expenses, legal and professional fees, transportation expenses, card charges relating to credit card and smart card purchases, other rental expenses and other miscellaneous expenses. The following table sets forth a breakdown of our other operating expenses for the periods indicated:

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of other operating expenses	Amount	% of other operating expenses	Amount	% of other operating expenses	Amount	% of other operating expenses	Amount	% of other operating expenses
	(HK$'000, except percentages)									
Other Operating Expenses										
Repairs and maintenance	6,824	22.9	8,310	20.4	7,341	14.8	1,623	14.3	1,588	10.8
Cleaning expenses	5,744	19.3	7,769	19.0	9,012	18.2	2,030	17.8	2,485	16.9
Office expenses	3,132	10.5	3,116	7.6	3,834	7.7	923	8.1	1,114	7.6
Consultancy fees	2,608	8.8	2,722	6.7	4,062	8.2	531	4.7	357	2.4
Staff uniform and meal	2,252	7.6	4,777	11.7	5,377	10.9	888	7.8	1,984	13.5
Insurance	1,215	4.1	1,973	4.8	3,341	6.7	565	5.0	1,025	6.9
Legal and professional fees	1,434	4.8	1,824	4.5	3,202	6.5	422	3.7	335	2.3
Transportation	2,320	7.8	3,101	7.6	5,681	11.5	1,072	9.4	2,404	16.3
Card charges	944	3.2	1,614	4.0	2,817	5.7	461	4.0	755	5.1
Other rental expenses	352	1.2	1,041	2.5	1,408	2.8	383	3.4	299	2.0
Other expenses	2,920	9.8	4,579	11.2	3,468	7.0	2,485	21.8	2,382	16.2
Total	29,745	100.0	40,826	100.0	49,543	100.0	11,383	100.0	14,728	100.0

For each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, our other operating expenses accounted for 6.8%, 6.8%, 6.5% and 6.6%, respectively, of our revenue for such periods.

Finance Costs

Our finance costs represent interest expenses on bank loans and finance leases. Our interest expenses on bank loans for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012 were HK$342,000, HK$54,000, HK$134,000 and HK$0, respectively. Our interest expenses on finance leases for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012 were HK$19,000, HK$47,000, HK$27,000 and HK$6,000, respectively. As at March 31, 2011, our bank loan comprised a profits tax loan in the amount of HK$12.8 million. Our finance leases during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 comprised solely of leases for transportation vehicles used to transport processed food ingredients from our central kitchen to our restaurants in Hong Kong.

Share of Profits less Losses of Jointly-Controlled Entities

Jointly-Controlled Entities are companies over which our Group is in a position to exercise joint control with other joint venture parties in accordance with contractual arrangements and where none of the participating parties has unilateral control over the economic activity of the joint venture.

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, we had two Jointly-Controlled Entities. One Jointly-Controlled Entity was established for the operation of one of our restaurants in a shopping mall in Hong Kong, under a joint venture arrangement with a joint venture partner. A second Jointly-Controlled Entity was established for the operation of our restaurant in the Galaxy casino in Macau, under a joint venture arrangement with a joint venture partner. For further details of our Jointly-Controlled Entities, please refer to Note 15 to the Accountants' Report in Appendix I to this document.

Our Group's share of our Jointly-Controlled Entities' profits is recognized in the consolidated income statements under the equity method of accounting.

Income Tax Expenses

Our operations in Hong Kong are subject to a profit tax rate of 16.5% on estimated assessable profits arising in Hong Kong. Our operations in the PRC are subject to a corporate income tax rate of 25.0% on taxable income arising in the PRC. For more details, please see Note 10 to the Accountants' Report set out in Appendix I to this document. Our effective tax rate for operations in Hong Kong was 14.1%, 16.9%, 16.8% and 17.2% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Our effective tax rate for operations in the PRC was 42.3%, 29.0%, 27.9% and 25.0% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Our effective income tax rate for operations in the PRC in the year ended March 31, 2010 was higher primarily due to under-provisions in prior years which was adjusted in the year ended March 31, 2010.

Under the PRC EIT Law, dividends declared by a foreign-invested enterprise in China to a foreign investor that is a non-resident enterprise will be subject to a withholding tax, effective from January 1, 2008 and applicable to earnings after December 31, 2007. We are subject to the withholding tax on dividends distributed by our subsidiaries incorporated in the PRC in respect of earnings generated since January 1, 2008. Please see the section headed “Risk Factors — Risks Relating to the PRC — The dividends we receive from our Chinese subsidiaries and our global income may be subject to Chinese tax under the PRC EIT Law, which would have a material adverse effect on our results of operations; our non-PRC Shareholders will be subject to a Chinese withholding tax upon the dividends payable by us and gains on the sale of Shares, if we are classified as a Chinese “resident enterprise”.” As of June 30, 2012, we recognized no deferred tax liability for such withholding tax in connection with the remaining earnings of our subsidiaries incorporated in China because our Directors determined that it was not probable that these subsidiaries would distribute earnings in the foreseeable future. For more details, please see Note 25 to the Accountants' Report set out in Appendix I to this document.

RESULTS OF OPERATIONS OF OUR GROUP

The following table presents the results of operations of our Group for the periods indicated:

	For the Year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(HK$'000, except percentages)									
							(unaudited)			
REVENUE	440,010	100.0	598,047	100.0	762,791	100.0	167,250	100.0	223,623	100.0
Other income and gains	1,630	0.4	1,956	0.3	1,975	0.3	248	0.1	356	0.2
Cost of inventories sold	(133,706)	(30.4)	(183,037)	(30.6)	(236,463)	(31.0)	(51,391)	(30.7)	(69,063)	(30.9)
Staff costs	(121,771)	(27.7)	(162,757)	(27.2)	(197,534)	(25.9)	(43,319)	(25.9)	(63,529)	(28.4)
Depreciation	(15,045)	(3.4)	(22,096)	(3.7)	(21,887)	(2.9)	(5,600)	(3.3)	(7,334)	(3.3)
Property rentals and related expenses	(45,684)	(10.4)	(75,019)	(12.5)	(96,171)	(12.6)	(22,490)	(13.5)	(30,475)	(13.6)
Fuel and utility expenses	(25,667)	(5.8)	(31,610)	(5.3)	(34,805)	(4.6)	(8,270)	(5.0)	(11,187)	(5.0)
Advertising and marketing expenses	(3,369)	(0.8)	(2,821)	(0.5)	(2,901)	(0.4)	(852)	(0.5)	(895)	(0.4)
Other operating expenses	(29,745)	(6.7)	(40,826)	(6.8)	(49,543)	(6.5)	(11,383)	(6.8)	(14,728)	(6.6)
Finance costs	(361)	(0.1)	(101)	(0.0)	(161)	(0.0)	(73)	(0.0)	(6)	(0.0)
Share of profits less losses of jointly-controlled entities	1,276	0.3	1,790	0.3	8,905	1.2	415	0.2	4,355	1.9
PROFIT BEFORE TAX	67,568	15.4	83,526	14.0	134,206	17.6	24,535	14.6	31,117	13.9
Income tax expense	(10,249)	(2.3)	(15,502)	(2.6)	(23,777)	(3.1)	(4,386)	(2.6)	(5,469)	(2.4)
PROFIT FOR THE YEAR/PERIOD	57,319	13.0	68,024	11.4	110,429	14.5	20,149	12.0	25,648	11.5
Attributable to:										
Owners of the Company	53,812	12.2	64,909	10.9	103,910	13.6	19,137	11.4	23,956	10.7
Non-controlling interests	3,507	0.8	3,115	0.5	6,519	0.9	1,012	0.6	1,692	0.8
	57,319	13.0	68,024	11.4	110,429	14.5	20,149	12.0	25,648	11.5

Three months ended June 30, 2012 compared to three months ended June 30, 2011

Revenue

Our revenue increased by HK$56.4 million, or 33.7%, from HK$167.3 million for the three months ended June 30, 2011 to HK$223.6 million for the three months ended June 30, 2012, which was primarily attributable to an increase in revenue from existing restaurants and revenue generated from the opening of new restaurants.

Our revenue from restaurant operations increased by HK$54.3 million, or 33.0%, from HK$164.7 million for the three months ended June 30, 2011 to HK$219.0 million for the three months ended June 30, 2012. Such increase reflected:

- a HK$26.4 million increase in comparable restaurants sales from the three months ended June 30, 2011 to the three months ended June 30, 2012; and

- HK$27.9 million in revenue from the six new restaurants that were opened subsequent to June 30, 2011.

Our revenue from sale of food increased by HK$2.1 million, or 80.4%, from HK$2.5 million for the three months ended June 30, 2011 to HK$4.6 million for the three months ended June 30, 2012. Such increase was primarily due to the sale of food to our restaurant in Macau opened in May 2011, which is owned by one of our Jointly-Controlled Entities.

Other income and gains

Our other income and gains, which primarily consists of tips we receive from customers as part of our restaurant operations, amounted to HK$0.2 million for the three months ended June 30, 2011 and HK$0.4 million for the three months ended June 30, 2012. As a percentage of our revenue for each respective periods, our other income and gains remained stable at 0.2%, respectively.

Cost of inventories sold

Our cost of inventories sold increased by HK$17.7 million, or 34.4%, from HK$51.4 million for the three months ended June 30, 2011 to HK$69.1 million for the three months ended June 30, 2012, which was primarily due to an increase in the amount of food and beverages used in our operations, in line with the increase in revenue in the three months ended June 30, 2012.

Staff costs

Our staff costs increased by HK$20.2 million, or 46.7%, from HK$43.3 million for the three months ended June 30, 2011 to HK$63.5 million for the three months ended June 30, 2012, primarily as a result of increased hiring due to the expansion of our restaurant network, including the opening of six new restaurants from July 1, 2011 to June 30, 2012. As a percentage of revenue, our staff costs increased from 25.9% for the three months ended June 30, 2011 to 28.4% for the three months ended June 30, 2012, primarily reflecting (i) the increase in headcount in connection with the opening of three new restaurants during the three months ended June 30, 2012 and (ii) the comparatively lower revenue generated by these three newly opened restaurants during the first few months after their respective commencement of operations. Other than our Macau restaurant owned by our Jointly-Controlled Entity, we did not open any new restaurant during the three months ended June 30, 2011.

Depreciation

Our depreciation charges increased by HK$1.7 million, or 31.0%, from HK$5.6 million for the three months ended June 30, 2011 to HK$7.3 million for the three months ended June 30, 2012. Such increase was mainly due to depreciation expenses incurred for additional property, plant and equipment acquired for our six new restaurants opened from July 1, 2011 to June 30, 2012.

Property rentals and related expenses

Our property rentals and related expenses increased by HK$8.0 million, or 35.6%, from HK$22.5 million for the three months ended June 30, 2011 to HK$30.5 million for the three months ended June 30, 2012. Such increase was mainly due to the (i) opening of our six new restaurants from July 1, 2011 to June 30, 2012, and (ii) renewal of lease agreements for certain of our restaurants in Hong Kong at higher rental rates.

Fuel and utility expenses

Our fuel and utility expenses increased by HK$2.9 million, or 35.3%, from HK$8.3 million for the three months ended June 30, 2011 to HK$11.2 million for the three months ended June 30, 2012, which was mainly due to the additional fuel and utility expenses incurred by our six new restaurants opened from July 1, 2011 to June 30, 2012. As a percentage of revenue, our fuel and utility expenses remained relatively stable at 4.9% and 5.0% for each of the three months ended June 30, 2011 and 2012, respectively.

Advertising and marketing expenses

Our advertising and marketing expenses increased by HK$43,000, or 5.1%, from HK$852,000 for the three months ended June 30, 2011 to HK$895,000 for the three months ended June 30, 2012. Our advertising and marketing expenses were relatively stable for the two respective periods.

Other operating expenses

Our other operating expenses increased by HK$3.3 million, or 29.4%, from HK$11.4 million for the three months ended June 30, 2011 to HK$14.7 million for the three months ended June 30, 2012. Such increase was mainly due to an increase in staff uniform and meal expenses, cleaning expenses, insurance expenses and transportation costs incurred for our new restaurants opened from July 1, 2011 to June 30, 2012. We provide meals for our employees in China. During the three months ended June 30, 2012, our PRC employee headcount increased as we opened two new restaurants in the PRC, resulting in an increase in staff uniform and meal expenses.

Finance costs

Our finance costs amounted to HK$73,000 for the three months ended June 30, 2011 and HK$6,000 for the three months ended June 30, 2012. Our finance costs for the three months ended June 30, 2011 was relatively higher primarily because it included interest payments on a profits tax loan we took out in January 2011, which was repaid by monthly instalments from February 2011 to January 2012. Our finance costs for the three months ended June 30, 2012 comprised solely of interest expenses on our finance leases.

Share of profits less losses of Jointly-Controlled Entities

Share of profits less losses of our Jointly-Controlled Entities amounted to HK$4.4 million for the three months ended June 30, 2012. Share of profits less losses of our Jointly-Controlled Entities was HK$0.4 million for the three months ended June 30, 2011. The increase was primarily due to the opening of our restaurant in Macau, which is owned by one of our Jointly-Controlled Entities, in May 2011.

Profit before tax

As a result of the foregoing, our profit before tax increased by HK$6.6 million, or 26.8%, from HK$24.5 million for the three months ended June 30, 2011 to HK$31.1 million for the three months ended June 30, 2012.

Income tax expense

Our income tax expense increased by HK$1.1 million, or 24.7%, from HK$4.4 million for the three months ended June 30, 2011 to HK$5.5 million for the three months ended June 30, 2012. Such increase was in line with our profit before tax for the three months ended June 30, 2012. Our effective income tax rate decreased slightly from 17.9% for the three months ended June 30, 2011 to 17.6% for the three months ended June 30, 2012.

Profit attributable to owners of our Company

As a result of the factors discussed above, the profit attributable to owners of our Company increased by HK$4.9 million, or 25.2%, from HK$19.1 million for the three months ended June 30, 2011 to HK$24.0 million for the three months ended June 30, 2012.

Year ended March 31, 2012 compared to year ended March 31, 2011

Revenue

Our revenue increased by HK$164.8 million, or 27.5%, from HK$598.0 million for the year ended March 31, 2011 to HK$762.8 million for the year ended March 31, 2012, which was primarily attributable to an increase in revenue from existing restaurants and revenue generated from the opening of new restaurants.

Our revenue from restaurant operations increased by HK$155.6 million, or 26.3%, from HK$592.7 million for the year ended March 31, 2011 to HK$748.3 million for the year ended March 31, 2012. Such increase primarily reflected:

- a HK$79.1 million increase in revenue from the five restaurants that were opened during the year ended March 31, 2011;
- a HK$62.0 million increase in comparable restaurants sales from the year ended March 31, 2011 to the year ended March 31, 2012; and
- HK$23.5 million in revenue from the three new restaurants that were opened during the year ended March 31, 2012.

These increases were partially offset by a decrease in revenue from one restaurant in Hong Kong that was closed during the year ended March 31, 2011.

Our revenue from sale of food increased by HK$9.1 million, or 168.5%, from HK$5.4 million for the year ended March 31, 2011 to HK$14.5 million for the year ended March 31, 2012. Such increase was primarily due to the sale of food to our restaurant in Macau opened in May 2011, which is owned by our Jointly-Controlled Entity.

Other income and gains

Our other income and gains, which primarily consists of tips we receive from customers as part of our restaurant operations, remained stable at HK$2.0 million, or 0.3%, of our revenue for each of the two years ended March 31, 2011 and 2012.

Cost of inventories sold

Our cost of inventories sold increased by HK$53.5 million, or 29.2%, from HK$183.0 million for the year ended March 31, 2011 to HK$236.5 million for the year ended March 31, 2012. The 29.2% increase in cost of inventories from March 31, 2011 to March 31, 2012 was higher than the 27.5% increase in the Group's revenue from March 31, 2011 to March 31, 2012 primarily due to costs of raw materials and food ingredients increasing at a faster rate than prices on our menu items.

Staff costs

Our staff costs increased by HK$34.7 million, or 21.4%, from HK$162.8 million for the year ended March 31, 2011 to HK$197.5 million for the year ended March 31, 2012. Such increase mainly resulted from increased hiring due to the expansion of our restaurant network. Staff costs as a percentage of revenue decreased from 27.2% for the year ended March 31, 2011 to 25.9% for the year ended March 31, 2012. The decrease was primarily due to a change in our bonus policy. Starting from May 2011, the employee bonus amounts are calculated based on the performance of our restaurants.

Depreciation

Our depreciation charges decreased by HK$0.2 million, or 0.9%, from HK$22.1 million for the year ended March 31, 2011 to HK$21.9 million for the year ended March 31, 2012. Such decrease was mainly due to the fact that certain of our property, plant and equipment were fully depreciated in the year ended March 31, 2012. As a percentage of revenue, our depreciation charges decreased from 3.7% for the year ended March 31, 2011 to 2.9% for the three months ended March 31, 2012, as certain of our leasehold improvements for our restaurants were fully depreciated in the year ended March 31, 2012.

Property rentals and related expenses

Our property rentals and related expenses increased by HK$21.2 million, or 28.2%, from HK$75.0 million for the year ended March 31, 2011 to HK$96.2 million for the year ended March 31, 2012. Such increase was mainly due to additional rental expenses incurred for our three new restaurants[1] opened during the year ended March 31, 2012.

Fuel and utility expenses

Our fuel and utility expenses increased by HK$3.2 million, or 10.1%, from HK$31.6 million for the year ended March 31, 2011 to HK$34.8 million for the year ended March 31, 2012. Such increase was mainly due to the additional fuel and utility expenses incurred by our three new restaurants[1] opened during the year ended March 31, 2012. As a percentage of revenue, our fuel and utility expenses decreased from 5.3% for the year ended March 31, 2011 to 4.6% for the year ended March 2012, primarily due to the certain initiatives we adopted to reduce usage of gas in our Hong Kong restaurants.

Advertising and marketing expenses

Our advertising and marketing expenses increased by HK$0.1 million, or 2.8%, from HK$2.8 million for the year ended March 31, 2011 to HK$2.9 million for the year ended March 31, 2012. Our advertising and marketing expenses were relatively stable for the two years ended March 31, 2012.

Other operating expenses

Our other operating expenses increased by 21.4%, or HK$8.7 million, from HK$40.8 million for the year ended March 31, 2011 to HK$49.5 million for the year ended March 31, 2012. Such increase was mainly due to an increase in cleaning expenses, consultancy fees incurred in relation to our employee training, transportation costs and legal and professional fees, which were in line with our business expansion.

Finance costs

Our finance costs increased by HK$0.1 million, or 59.4%, from HK$0.1 million for the year ended March 31, 2011 to HK$0.2 million for the year ended March 31, 2012. Such increase was mainly due to interest paid for the latter period in relation to our profit tax loan taken by us in January 2011, which was repaid by monthly instalments from February 2011 to January 2012.

(1) Excludes one restaurant in Macau owned by one of our Jointly-Controlled Entities.

Share of profits less losses of Jointly-Controlled Entities

Share of profits less losses of our Jointly-Controlled Entities amounted to HK$8.9 million for the year ended March 31, 2012. Share of profits less losses of our Jointly-Controlled Entities was HK$1.8 million for the year ended March 31, 2011. The increase was primarily due to the opening of our restaurant in Macau, which is owned by one of our Jointly-Controlled Entities, in May 2011.

Profit before tax

As a result of the foregoing, our profit before tax increased by HK$50.7 million, or 60.7%, from HK$83.5 million for the year ended March 31, 2011 to HK$134.2 million for the year ended March 31, 2012.

Income tax expense

Our income tax expense increased by HK$8.3 million, or 53.4%, from HK$15.5 million for the year ended March 31, 2011 to HK$23.8 million for the year ended March 31, 2012. Such increase was in line with the increase in our profit before tax for the year ended March 31, 2012. Our effective income tax rate decreased slightly from 18.6% in the year ended March 31, 2011 to 17.7% in the year ended March 31, 2012.

Profit attributable to owners of our Company

As a result of the factors discussed above, the profit attributable to owners of our Company increased by HK$39.0 million, or 60.1%, from HK$64.9 million for the year ended March 31, 2011 to HK$103.9 million for the year ended March 31, 2012.

Year ended March 31, 2011 compared to year ended March 31, 2010

Revenue

Our revenue increased by HK$158.0 million, or 35.9%, from HK$440.0 million for the year ended March 31, 2010 to HK$598.0 million for the year ended March 31, 2011, which was primarily attributable to an increase in revenue from existing restaurants and revenue generated from the opening of new restaurants.

Our revenue from restaurant operations increased by HK$156.9 million, or 36.0%, from HK$435.8 million for the year ended March 31, 2010 to HK$592.7 million for the year ended March 31, 2011. Such increase primarily reflected:

- HK$102.0 million in revenue from the five new restaurants that were opened during the year ended March 31, 2011;
- a HK$48.1 million increase in comparable restaurants sales from the year ended March 31, 2010 to the year ended March 31, 2011; and
- full year results of the one restaurant opened in the year ended March 31, 2010.

These increases were partially offset by the loss of approximately three months of results of one restaurant we closed in January 2011.

Our revenue from sale of food increased by HK$1.2 million, or 26.7%, from HK$4.2 million for the year ended March 31, 2010 to HK$5.4 million for the year ended March 31, 2011. Such increase was primarily due to an increase in sales of processed and semi-processed food ingredients to the restaurant in Hong Kong owned by our Jointly-Controlled Entity.

Other income and gains

Our other income and gains, which primarily consists of tips we receive from customers as part of our restaurant operations, increased by HK$0.4 million, or 20.0%, from HK$1.6 million for the year ended March 31, 2010 to HK$2.0 million for the year ended March 31, 2011. Such increase mainly resulted from gains on foreign exchange differences. We accept Renminbi payments in our restaurants in Hong Kong.

Cost of inventories sold

Our cost of inventories sold increased by HK$49.3 million, or 36.9%, from HK$133.7 million for the year ended March 31, 2010 to HK$183.0 million for the year ended March 31, 2011. The rate of increase in the Group's cost of inventories sold from the year ended March 31, 2010 to the year ended March 31, 2011 was generally in line with the rate of increase in the Group's revenue from the year ended March 31, 2010 to the year ended March 31, 2011.

Staff costs

Our staff costs increased by HK$41.0 million, or 33.7%, from HK$121.8 million for the year ended March 31, 2010 to HK$162.8 million for the year ended March 31, 2011. Such increase was mainly due to our increased hiring of restaurant-level staff as our restaurant network expanded and was in line with the increase in revenue for the same period.

Depreciation

Our depreciation charges increased by HK$7.1 million, or 46.9%, from HK$15.0 million for the year ended March 31, 2010 to HK$22.1 million for the year ended March 31, 2011. Such increase was mainly due to depreciation expenses incurred for additional property, plant and equipment acquired for our five new restaurants opened during the year ended March 31, 2011.

Property rentals and related expenses

Our property rentals and related expenses increased by HK$29.3 million, or 64.2%, from HK$45.7 million for the year ended March 31, 2010 to HK$75.0 million for the year ended March 31, 2011. Such increase was mainly due to the (i) opening of our five new restaurants during such period, and (ii) renewal of lease agreements for certain of our restaurants in Hong Kong at higher rental rates.

Fuel and utility expenses

Our fuel and utility expenses increased by HK$5.9 million, or 23.2%, from HK$25.7 million for the year ended March 31, 2010 to HK$31.6 million for the year ended March 31, 2011. Such increase was primarily due to the additional fuel and utility expenses incurred for our five new restaurants. As a percentage of revenue, fuel and utility expenses decreased from 5.8% to 5.3%, primarily due to the growth in our revenue from increased menu prices, comparable restaurant sales, and the opening of new restaurants.

Advertising and marketing expenses

Our advertising and marketing expenses decreased by HK$0.6 million, or 16.3%, from HK$3.4 million for the year ended March 31, 2010 to HK$2.8 million for the year ended March 31, 2011. Our advertising and marketing expenses for the year ended March 31, 2010 was particularly high as we intensified our advertising efforts in Shanghai during such period in connection with the opening of our first restaurant in China at the end of 2009.

Other operating expenses

Our other operating expenses increased by HK$11.1 million, or 37.3%, from HK$29.7 million for the year ended March 31, 2010 to HK$40.8 million for the year ended March 31, 2011. Such increase was mainly due to an increase in staff uniform and meal expenses and an increase in cleaning expenses and repairs and maintenance expenses as our restaurant network expanded. We provide meals for our employees in China. During the year ended March 31, 2011, our PRC employee headcount increased as we opened a new restaurant in Shanghai, resulting in an increase in staff uniform and meal expenses. As a percentage of revenue, other operating expenses remained stable at 6.8% for each of the years ended March 31, 2010 and March 31, 2011.

Finance costs

Our finance costs decreased by HK$0.3 million, or 72.0%, from HK$0.4 million for the year ended March 31, 2010 to HK$0.1 million for the year ended March 31, 2011. Our finance costs for the year ended March 31, 2010 was relatively higher primarily because it included interest payments on a bank loan taken out by Joy Express.

Share of profits less losses of Jointly-Controlled Entities

Share of profits less losses of our Jointly-Controlled Entities amounted to HK$1.8 million for the year ended March 31, 2011. Share of profits of our Jointly-Controlled Entity for the year ended March 31, 2010 was lower and amounted to HK$1.3 million, primarily due to the share of a loss carried forward from the year ended March 31, 2009.

Profit before tax

As a result of the foregoing, our profit before tax increased by HK$15.9 million, or 23.6%, from HK$67.6 million for the year ended March 31, 2010 to HK$83.5 million for the year ended March 31, 2011.

Income tax expense

Our income tax expense increased by HK$5.3 million, or 51.3%, from HK$10.2 million for the year ended March 31, 2010 to HK$15.5 million for the year ended March 31, 2011. Our effective income tax rate increased from 15.2% in the year ended March 31, 2010 to 18.6% in the year ended March 31, 2011. Our effective income tax rate for the year ended March 31, 2010 was lower than our effective income tax rate for the year ended March 31, 2011 primarily because of the utilization of certain tax losses from previous periods.

Profit attributable to owners of our Company

As a result of the factors discussed above, the profit attributable to owners of our Company increased by 20.6%, or HK$11.1 million, from HK$53.8 million for the year ended March 31, 2010 to HK$64.9 million for the year ended March 31, 2011.

WORKING CAPITAL

We had net current assets of HK$86.6 million as of March 31, 2010, HK$115.3 million as of March 31, 2011, HK$151.6 million as of March 31, 2012 and HK$39.8 million as of June 30, 2012, respectively.

As of September 30, 2012, we had net current assets of HK$60.3 million. The following table sets forth the breakdown of our current assets and current liabilities as of September 30, 2012.

	As of September 30, 2012
	(HK$'000) (unaudited)
Current assets	
Inventories	12,198
Trade receivables	4,048
Prepayments, deposits and other receivables	50,636
Cash and cash equivalents	126,030
Pledged time deposits	438
	193,350
Current liabilities	
Trade payables	50,801
Other payables and accruals	60,503
Interest-bearing other borrowings	412
Tax payable	21,373
	133,089
Net current assets	60,261

LIQUIDITY AND CAPITAL RESOURCES

Historically, we have funded our liquidity and capital requirements primarily through capital contributions from our Controlling Shareholders, cash flows from our operating activities and short-term unsecured bank loans. We had net cash inflows from operating activities of HK$80.9 million, HK$70.9 million, HK$113.8 million and HK$27.3 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We require cash primarily for working capital needs and capital expenditures. As of June 30, 2012, we had HK$104.1 million in cash and cash equivalents.

We expect to finance our working capital requirements for the 12 months following the date of this document with the following sources of funding:

- cash flows generated from our operating activities;
- cash and cash equivalents available, which were HK$104.1 million as of June 30, 2012; and
- [●] to be received by our Group from the [●].

Based on the above, our Directors believe that we will have sufficient funds for our present working capital requirements for at least the next 12 months from the date of this document.

For more information on our expected capital expenditure requirements, please refer to the section headed "Financial Information — Capital Expenditures and Capital Commitments" of this document.

Cash flows of our Group

The following table sets forth selected cash flow data from our consolidated statements of cash flows for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2011 and 2012:

	Year ended March 31,			Three months ended June 30,	
	2010	2011	2012	2011	2012
			(HK$'000)		
				(unaudited)	
Net cash flows from operating activities	80,925	70,934	113,844	23,987	27,291
Net cash flows (used in) investing activities	(92,693)	(77,408)	(65,437)	(21,044)	(4,186)
Net cash flows from/(used in) financing activities	16,764	30,192	(19,052)	(2,229)	(11,736)
Net increase in cash and cash equivalents	4,996	23,718	29,355	714	11,369
Cash and cash equivalents at beginning of year/period	33,802	38,810	62,906	62,906	92,082
Net effect of foreign exchange rate changes	12	378	(179)	82	629
Cash and cash equivalents at end of year/period	38,810	62,906	92,082	63,702	104,080

Operating cash flow

We derive our cash flow from operating activities principally from our restaurant operations. Our working capital requirements are typically used to purchase raw materials and food ingredients and to pay our lease obligations and staff costs. During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our net cash flow from operating activities represented profit before tax for the year adjusted for income tax paid, our share of profits less losses of our Jointly-Controlled Entities, net finance costs or income, non-cash items and changes in working capital.

In the three months ended June 30, 2012, we had net cash generated from operating activities of HK$27.3 million. Profit before tax for the period was HK$31.1 million. Adjustments primarily include our share of profits of our Jointly-Controlled Entities of HK$4.4 million and depreciation in the amount of HK$7.3 million, resulting in operating cash flow before changes in working capital of HK$34.1 million. Changes in working capital represented a net use of HK$0.8 million in cash, primarily driven by an increase in prepayments, deposits and other receivables of HK$14.1 million, a decrease in amounts due to related companies of HK$3.3 million and an increase in trade receivables of HK$1.0 million. The increase in prepayments, deposits and other receivables was primarily due to increases in rental deposits made by us and prepayments we made to professional parties in connection with the [●]. During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our trade receivables mainly consisted of receivables from our Jointly-Controlled Entities relating to the sale of food from our central kitchen to these entities. The increase in trade receivables was primarily due to the opening of our restaurant in Macau in May 2011, which is operated by one of our Jointly-Controlled Entities. These cash outflows were partially offset by an increase in other payables and accruals of HK$12.5 million and an increase in trade payables of HK$5.5 million. The increase in other payables and accruals was primarily due to an increase in rental expenses payables and an increase in accruals relating to staff costs in connection with our new restaurants opened during such period, and accruals of certain expenses relating to the [●]. The increase in trade payables was primarily in line with our business expansion. We paid income tax of HK$6.0 million in the three months ended June 30, 2012.

In the year ended March 31, 2012, we had net cash generated from operating activities of HK$113.8 million. Profit before tax for the period was HK$134.2 million. Adjustments primarily include our share of profits of our Jointly-Controlled Entities of HK$8.9 million and depreciation in the amount of HK$21.9 million, resulting in operating cash flow before changes in working capital of HK$147.3 million. Changes in working capital represented a net use of HK$19.1 million in cash, primarily driven by an increase in prepayments, deposits and other receivables of HK$24.2 million, a decrease in amounts due to related companies of HK$16.4 million, an increase in inventories of HK$2.4 million and an increase in trade receivables of HK$2.1 million. The increase in prepayments, deposits and other receivables was primarily due to increases in rental deposits made by us and prepayments we made to professional parties in connection with the [●]. The increase in inventories was primarily due to the opening of three new restaurants[(1)] over the period. The increase in trade receivables was primarily due to the opening of our restaurant in Macau in May 2011, which is operated by a Jointly-Controlled Entity. These cash outflows were partially offset by an increase in other payables and accruals of HK$16.0 million and an increase in trade payables of HK$10.0 million. The increase in other payables and accruals was primarily due to an increase in payables relating to repair and maintenance of our restaurants and accruals of certain expenses relating to the [●] and the increase in trade payables was primarily in line with our business expansion. We paid income tax of HK$14.3 million in the year ended March 31, 2012.

In the year ended March 31, 2011, we had net cash generated from operating activities of HK$70.9 million. Profit before tax for the period was HK$83.5 million. Adjustments primarily include our share of profits less losses of our Jointly-Controlled Entities of HK$1.8 million, and depreciation in the amount of HK$22.1 million, resulting in operating cash flow before changes in working capital of HK$103.9 million. Changes in working capital represented a net use of HK$17.2 million in cash, primarily driven by a decrease in amounts due to related parties of HK$14.1 million, an increase in prepayments, deposits and other receivables of HK$11.5 million and an increase in inventories of HK$4.0 million. The increase in prepayments, deposits and other receivables and the increase in inventories were primarily due to the opening of five new restaurants over the period. These cash outflows were partially offset by an increase in other payables and accruals of HK$6.6 million, and an increase in trade payables of HK$6.1 million. The increase in other payables and accruals was primarily due to an increase in accruals of property, plant and equipment incurred for our new flagship restaurant in Shanghai opened during such period. The increase in trade payables was primarily due to the opening of new restaurant over the period. We paid income tax of HK$15.7 million in the year ended March 31, 2011.

In the year ended March 31, 2010, we had net cash generated from operating activities of HK$80.9 million. Profit before tax for the period was HK$67.6 million. Adjustments primarily include our share of profits less losses of our Jointly-Controlled Entities of HK$1.3 million, and depreciation in the amount of HK$15.0 million, resulting in operating cash flow before changes in working capital of HK$82.0 million. Changes in working capital represented a net increase of HK$7.3 million in cash, primarily driven by an increase in other payables and accruals of HK$8.5 million, an increase in trade payables of HK$4.1 million and a decrease in prepayments, deposits and other receivables of HK$1.4 million. The increase in other payables and accruals was primarily due to increases in leasehold improvement payables for our new restaurant in

(1) Excludes one restaurant in Macau owned by our Jointly-Controlled Entities.

Shanghai. The increase in trade payables was in line with our business expansion. These cash inflows were partially offset by a decrease in amounts due to related companies of HK$5.2 million, and an increase in inventories of HK$1.0 million. We paid income tax of HK$8.0 million in the year ended March 31, 2010.

Investing cash flow

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our investing activities principally consisted of purchases of property, plant and equipment, advances to related companies and directors, repayment of loans from our Jointly-Controlled Entities and advances to our Jointly-Controlled Entities for working capital purposes.

In the three months ended June 30, 2012, we had net cash used in investing activities of HK$4.2 million, which was primarily due to (i) purchases of property, plant and equipment in the amount of HK$13.3 million for our new restaurants opened during this period and (ii) an increase in amounts due from directors in the amount of HK$1.5 million. These cash outflows were partially offset by repayments of amounts due from related companies in the amount of HK$10.6 million.

In the year ended March 31, 2012, we had net cash used in investing activities of HK$65.4 million, which was primarily due to (i) purchases of property, plant and equipment in the amount of HK$63.3 million for our restaurants in Hong Kong and China, (ii) advances to related companies in the amount of HK$2.7 million and (iii) advances to directors in the amount of HK$1.4 million. These cash outflows were partially offset by dividends received from our Jointly-Controlled Entity in the amount of HK$0.3 million and repayments of advances by our Jointly-Controlled Entities in the amount of HK$1.6 million.

In the year ended March 31, 2011, we had net cash used in investing activities of HK$77.4 million, which was primarily due to (i) purchases of property, plant and equipment in the amount of HK$31.0 million for existing and new restaurants, (ii) increase in amounts due from directors and related companies in the amounts of HK$15.0 million and HK$27.5 million, respectively, and (iii) advances made to our Jointly-Controlled Entities in the amount of HK$5.9 million, primarily in respect of our restaurant in Macau for working capital purposes. These cash outflows were partially offset by dividend income in the amount of HK$2.1 million received from our Jointly-Controlled Entity.

In the year ended March 31, 2010, we had net cash used in investing activities of HK$92.7 million, which was primarily due to (i) our payment for the purchase of property, plant and equipment in the amount of HK$15.0 million, (ii) an increase in prepayments for acquisition of property, plant and equipment in the amount of HK$9.1 million, primarily related to our new restaurants opened in the year ended March 31, 2011 and (iii) increase in amounts due from directors and related companies in the amounts of HK$16.9 million and HK$53.1 million, respectively. These cash outflows were partially offset by a repayment of loan by our Jointly-Controlled Entity in the amount of HK$1.4 million.

Financing cash flow

We derive our cash inflow used in financing activities principally from the proceeds from bank borrowings and amounts due to related companies and directors. Our cash outflow from financing activities relates primarily to our payment of dividends and repayment of bank loans.

In the three months ended June 30, 2012, we had net cash used in financing activities of HK$11.7 million, which consisted principally of repayments of amounts due to related companies in the amount of HK$6.8 million and payment for acquisition of non-controlling interests in a subsidiary operating one restaurant in Central, Hong Kong in the amount of HK$5.0 million.

In the year ended March 31, 2012, we had net cash used in financing activities of HK$19.1 million, which consisted principally of repayments of bank borrowings in the amount of HK$12.8 million and payment of dividends in the amount of HK$16.8 million, partially offset by advances from related companies in the amount of HK$6.9 million, capital contributions from Controlling Shareholders of HK$2.7 million and advances from directors in the amount of HK$0.9 million.

In the year ended March 31, 2011, we had net cash from financing activities of HK$30.2 million, which consisted principally of advances from related companies in the amount of HK$23.3 million, advances from directors in the amount of HK$7.1 million and proceeds from bank borrowings in the amount of HK$12.8 million, partially offset by payment of dividends in the amount of HK$12.9 million.

In the year ended March 31, 2010, we had net cash from financing activities of HK$16.8 million, which consisted principally of advances from related companies in the amount of HK$28.9 million, partially offset by repayment of bank borrowings in the amount of HK$6.0 million and payment of dividends in the amount of HK$5.5 million. The bank borrowings in the amount of HK$6.0 million was taken by Joy Express, which ceased to be part of our Group on October 1, 2009.

INDEBTEDNESS

Borrowings and banking facilities of our Group

The following table sets forth a breakdown of our bank borrowings by maturity date as of the dates indicated:

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000)			
Within one year	—	12,814	—	—

The following table sets forth a breakdown of our other borrowings by maturity date as of the dates indicated:

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000)			
Within one year	139	143	143	143
In the second year	—	135	135	135
In the third to fifth years, inclusive	—	268	149	118
Total	**139**	**546**	**427**	**396**

As at March 31, 2011, our bank borrowings in the amount of HK$12.8 million comprised solely of fixed interest rate profits tax loans and was guaranteed by certain of our directors. We repaid all of our bank borrowings in the year ended March 31, 2012. As at March 31, 2012 and June 30, 2012, we had outstanding bank borrowings in the amount of HK$0.

All of our bank borrowings were denominated in Hong Kong dollar and the effective interest rate as at March 31, 2011 was 2.3%.

Our other borrowings as of March 31, 2010, 2011 and 2012 and June 30, 2012 were HK$0.1 million, HK$0.5 million, HK$0.4 million and HK$0.4 million, respectively. These other borrowings are comprised solely of finance leases for the transportation vehicles used for deliveries of food ingredients from the central kitchen to our restaurants. All of these other borrowings are denominated in HK$ and the effective interest rates as at March 31, 2010, 2011 and 2012 and June 30, 2012 were 8.2%, 5.8%, 5.8% and 5.8%, respectively.

As at September 30, 2012, being the latest practicable date for determining our indebtedness, our Group's total indebtedness amounted to HK$1.5 million, comprised solely of finance leases. As at September 30, 2012, our Group had contingent liabilities of HK$0.4 million in relation to a bank guarantee given in favor of a landlord in lieu of rental deposit.

Save as disclosed in the section headed "Financial Information — Indebtedness" in this document, as of September 30, 2012, we did not have any outstanding mortgage, charge, debenture or other loan capital (issued or agreed to be issued), bank overdraft, loan, liability under acceptance or other similar indebtedness, hire purchase and finance lease commitments or any guarantee or other material contingent liability.

DISCUSSION OF CERTAIN STATEMENTS OF FINANCIAL POSITION ITEMS

Inventories

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our inventories mainly comprised of food and beverages used in our operations, including food ingredients, semi-processed and processed foods, beverages and other finished products. The following table sets out our inventory balances and inventory turnover days as of the dates indicated:

	As of March 31,			As of June 30,
	2010	**2011**	**2012**	**2012**
	(HK$'000, except turnover days)			
Inventories				
Inventory	3,025	7,009	9,384	9,720
Inventory turnover days[1]	6.9	10.0	12.7	12.6

Note:

(1) Average inventory is the sum of inventory at the beginning of the period plus the inventory at the end of the period divided by two. Inventory turnover days is equal to the average inventory divided by cost of inventories sold multiplied by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for the three months ended June 30, 2012.

Our inventories remained relatively stable at HK$9.7 million as at June 30, 2012 as compared to HK$9.4 million as at March 31, 2012. Our inventories increased by 131.7% from HK$3.0 million as of March 31, 2010 to HK$7.0 million as of March 31, 2011, mainly due to the expansion of our restaurant network, and our commencement of the use of strategic stockpiles of food ingredients by way of bulk purchases from suppliers, such as of frozen meat, to ensure year-round availability and protect ourselves against price fluctuations for such food ingredients. Our inventories increased by 33.9% from HK$7.0 million as of March 31, 2011 to HK$9.4 million as of March 31, 2012, mainly due to the expansion of our restaurant network and further increased use of strategic stockpiles.

We commenced the use of our central kitchen in Hong Kong in 2008. Our inventory turnover days increased from 6.9 days as of March 31, 2010 to 10.0 days as of March 31, 2011, as the operations of our central kitchen achieved its target performance level, allowing us to increase use of strategic stockpiles of semi-processed and processed food ingredients which lower our inventory cost by reducing the impact from the increase in cost of food ingredients. The increase in inventory turnover days from 10.0 days as of March 31, 2011 to 12.7 days as of March 31, 2012 was mainly due to our increasing use of stockpiles to stabilize our cost of inventories. Our inventory turnover days of 12.6 days as at June 30, 2012 remained relatively stable compared to our inventory turnover days of 12.7 days as at March 31, 2012. We did not have any deteriorating, slow-moving or obsolete inventory during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

As of September 30, 2012, approximately HK$9.2 million of our HK$9.7 million inventories as of June 30, 2012 were subsequently utilized.

Trade Receivables

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our trade receivables mainly represented receivables from our Jointly-Controlled Entities and other corporate customers, such as airline companies. Receivables from our Jointly-Controlled Entities were related to their purchases of processed or semi-processed food ingredients from our central kitchen for use at the two restaurants operated by our Jointly-Controlled Entities. Receivables from airline companies related to purchases of food by their customers at our "*Tsui Wah EATery*" outlet at the Hong Kong International Airport. The credit term for these purchases is generally two months.

An aging analysis of our trade receivables, based on the invoice date, during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 is as follows:

	As of March 31,			As of June 30,
	2010	**2011**	**2012**	**2012**
	(HK$'000, except turnover days)			
Within one month	493	873	2,054	2,768
One to two months	—	—	910	1,221
Total	493	873	2,964	3,989
Trade receivables turnover days(1)	21.2	44.5	42.4	56.7

Note:

(1) We calculate trade receivables turnover days by dividing average trade receivables by revenue generated from corporate customers at our "*Tsui Wah EATery*" outlet or from sales of food for the relevant period and multiplying 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for the three months ended June 30, 2012. Average trade receivables is calculated by dividing by two the sum of trade receivables at the beginning of the period and trade receivables at the end of the period.

Our trade receivables increased by HK$1.0 million, or 34.6%, from HK$3.0 million as of March 31, 2012 to HK$4.0 million as of June 30, 2012 primarily due to increased sales to our Macau restaurant and our "*Tsui Wah EATery*" outlet at the Hong Kong International Airport.

Our trade receivables increased by HK$2.1 million, or 239.5%, from HK$0.9 million as of March 31, 2011 to HK$3.0 million as of March 31, 2012, primarily due to the opening of our restaurant in Macau, which was operated by a Jointly-Controlled Entity.

Our trade receivables increased by HK$0.4 million, or 77.1%, from HK$0.5 million as of March 31, 2010 to HK$0.9 million as of March 31, 2011, primarily due to increase in sales to one of our restaurants operated by our Jointly-Controlled Entity. We generally have credit terms of 60 days.

Our trade receivable turnover days increased from 42.4 days as of March 31, 2012 to 56.7 days as of June 30, 2012, primarily due to a delay in settlement of our invoices by an airline company, which were fully settled in July 2012.

As of September 30, 2012, we have received HK$3.7 million out of the HK$4.0 million in trade receivables as of June 30, 2012.

Prepayments, deposits and other receivables

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our prepayments, deposits and other receivables primarily represented rental deposits, utility deposits and receivables from a smart card service provider, which is an independent third party, in relation to smart card purchases made by our customers, and prepayments of costs relating to the [●]. Under our cooperation agreement with the smart card service provider, the smart card service provider collects the sales revenue at our restaurants from smart card purchases, directly deducts 1.4%, a pre-determined percentage, of sales as a service charge, and remits the remaining amount to us on a daily basis. Our cooperation agreement with the smart card service provider shall continue in force until it is terminated in accordance with the terms of the agreement. Under the terms of the cooperation agreement, starting from June 2016, either party may terminate by providing a six-month written notice. Otherwise, the cooperation agreement may be terminated under specified circumstances, such as material breach of a party's obligation under the agreement, liquidation of a party, merger or consolidation of a party with the resulting entity refusing to assume the obligation under the agreement, or cessation or suspension of a party's business subjected to the service charge under the cooperation agreement. As of March 31, 2010, 2011 and 2012 and June 30, 2012, our prepayments, deposits and other receivables were HK$12.3 million, HK$10.6 million, HK$33.2 million and HK$42.9 million, respectively. The decrease in prepayments, deposits and other receivables of HK$1.7 million, or 14.1%, from HK$12.3 million as of March 31, 2010 to HK$10.6 million as of March 31, 2011 was primarily due to the reclassification of certain rental deposits to non-current assets as a result of the renewals of certain lease agreements. The increase in prepayments, deposits and other receivables of HK$22.6 million, or 213.7%, from HK$10.6 million as of March 31, 2011 to HK$33.2 million as of March 31, 2012 was primarily due to increase in rental deposits made by us and prepayments we made to professional parties in connection with the [●]. The increase in prepayments, deposits and other receivables of HK$9.7 million, or 29.3%, from HK$33.2 million as of March 31, 2012 to HK$42.9 million as of June 30, 2012 was primarily due to prepayments we made to professional parties in connection with the [●].

Amounts due from directors and related companies

The following table sets forth an analysis of the amounts due from directors and related companies as of the dates indicated:

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000)			
Directors	82,965	97,974	99,395	—
Related companies	110,928	138,432	141,126	—
Total	193,893	236,406	240,521	—

The amounts due from directors mainly represented the amounts due from our executive Directors, which amounted to HK$83.0 million, HK$98.0 million and HK$99.4 million as of March 31, 2010, 2011 and 2012, respectively. Such amounts are interest-free, unsecured and have no fixed terms of repayments. All of these amounts due from directors were fully settled as of June 30, 2012.

The amounts due from related companies mainly represented transfers to related companies, which amounted to HK$110.9 million, HK$138.4 million and HK$141.1 million as of March 31, 2010, 2011 and 2012, respectively. All outstanding balances with related companies which are of non-trade nature were fully settled as of June 30, 2012.

Property, plant and equipment

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our property, plant and equipment mainly represented leasehold improvements, furniture and fixtures, construction in progress, transportation and motor vehicles and catering and other equipment. As of March 31, 2010, 2011 and 2012 and June 30, 2012, our property, plant and equipment were HK$27.0 million, HK$45.7 million, HK$87.2 million and HK$93.0 million, respectively. The increase in property, plant and equipment of HK$18.7 million, or 69.3%, from HK$27.0 million as of March 31, 2010 to HK$45.7 million as of March 31, 2011 was primarily due to an increase in leasehold improvements and catering and other equipment for new restaurants opened over such period. The increase in property, plant and equipment of HK$41.5 million, or 90.8%, from HK$45.7 million as of March 31, 2011 to HK$87.2 million as of March 31, 2012 was primarily due to an increase in leasehold improvements and catering and other equipment for three new restaurants in Hong Kong opened over such period, and construction in progress in connection with our preparation of our new restaurants in Wuhan and Shanghai, which opened in May and June 2012, respectively. The increase in property, plant and equipment of HK$5.8 million, or 6.6%, from HK$87.2 million as of March 31, 2012 to HK$93.0 million as of June 30, 2012 was primarily in line with our restaurant network expansion.

Trade Payables

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our trade payables primarily related to our purchases of food ingredients and beverages and we were granted approximately 45 days after receipt of the invoice to settle such trade payables.

The table below sets out an ageing analysis of our trade payables and our trade payables turnover days as of the dates indicated.

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000, except turnover days)			
Within one month	11,549	15,931	21,360	24,679
One month to two months	11,267	13,029	17,563	19,727
Total	22,816	28,960	38,923	44,406
Trade payables turnover days[1]	56.8	51.6	52.4	54.9

Note:

(1) We calculate trade payables turnover days by dividing average trade payables by cost of inventories sold for the relevant period and multiplying 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for the three months ended June 30, 2012. Average trade payables is calculated by adding trade payables at the beginning of the period and trade payables at the end of the period and dividing by two.

Our trade payables increased by HK$6.2 million, or 26.9%, from HK$22.8 million as of March 31, 2010 to HK$29.0 million as of March 31, 2011, by HK$9.9 million, or 34.4%, from HK$29.0 million as of March 31, 2011 to HK$38.9 million as of March 31, 2012, by HK$5.5 million, or 14.1%, from HK$38.9 million as of March 31, 2012 to HK$44.4 million as of June 30, 2012, primarily due to the expansion of our business over the same period.

The decrease in trade payables turnover days from 56.8 days as of March 31, 2010 to 51.6 days as of March 31, 2011 was primarily due to an improvement in our payment procedures, resulting in a shorter administrative time for such payment.

As of September 30, 2012, we settled HK$44.4 million of the HK$44.4 million in trade payables as of June 30, 2012.

Other Payables and Accruals

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our other payables and accruals mainly represented payables to our decorating and refurbishment contractors for leasehold improvements, payables in relation to the purchase of equipment and accruals for wages and salaries. As of March 31, 2010, 2011 and 2012 and June 30, 2012, our other payables and accruals were HK$27.3 million, HK$33.8 million, HK$49.9 million and HK$62.3 million, respectively. The increase in other payables and accruals of HK$6.5 million, or 24.2%, from HK$27.3 million as of March 31, 2010 to HK$33.8 million as of March 31, 2011 was primarily due to the increase in accruals for wages and salaries as a result of the expansion of our restaurants network. The increase in other payables and accruals of HK$16.1 million, or 47.3%, from HK$33.8 million as of March 31, 2011 to HK$49.9 million as of March 31, 2012 was primarily due to an increase in other payables for leasehold improvements and equipment, mainly related to our new restaurant which we opened in Shanghai in June 2012. The increase in other payables and accruals of HK$12.4 million, or 25.0%, from HK$49.9 million as of March 31, 2012 to HK$62.3 million as of June 30, 2012 was primarily due to an increase in rental expense payable and an increase in accruals relating to staff costs in connection with our new restaurants opened during such period and accruals of certain expenses relating to the [●].

Amounts due to directors and related companies

The following table sets forth an analysis of the amounts due to directors and related companies as of the dates indicated:

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000)			
Directors	25,423	32,532	44,609	—
Related companies	79,093	88,347	78,906	—
Total	104,516	120,879	123,515	—

The amounts due to directors mainly represented the amounts due to our executive Directors, which amounted to HK$25.4 million, HK$32.5 million and HK$44.6 million as of March 31, 2010, 2011 and 2012, respectively. Such amounts are interest-free, unsecured and have no fixed terms of repayments. All of these amounts due to directors were fully settled as of June 30, 2012.

The amounts due to related companies mainly represented transfers from related companies, which amounted to HK$79.1 million, HK$88.3 million and HK$78.9 million as of March 31, 2010, 2011 and 2012, respectively. All outstanding balances with related companies which are of non-trade nature were fully settled as of June 30, 2012.

CAPITAL EXPENDITURES AND CAPITAL COMMITMENTS

Our capital expenditures, as represented by our additions to property, plant and equipment, during our period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 primarily related to expenditures on the (i) construction of property, plant and equipment for our new restaurants and central kitchen, (ii) maintenance of existing restaurants and (iii) acquisition of furniture, fixtures, catering equipment and motor vehicles and transportation vehicles used in our operations. Our total capital expenditures amounted to HK$15.0 million, HK$40.8 million, HK$63.3 million and HK$13.3 million for each of the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. Our capital expenditures increased by HK$25.8 million, or 171.8%, from HK$15.0 million for the year ended March 31, 2010 to HK$40.8 million for the year ended March 31, 2011 and by HK$22.5 million, or 55.2%, from HK$40.8 million for the year ended March 31, 2011 to HK$63.3 million for the year ended March 31, 2012. Such increases primarily reflected our increased investment in the design and decoration of our new restaurants.

We anticipate our capital expenditures in the future will increase as we open new restaurants, new central kitchens and expand our operations. Our projected capital expenditures for each of the three years ending March 31, 2013, 2014 and 2015 is approximately HK$95.7 million, HK$232.0 million and HK$214.0 million, respectively. We expect that our planned capital expenditures for each of the three years ending March 31, 2013, 2014 and 2015 will be primarily used for property, plant and equipment for our expansion plans in Hong Kong and the PRC and upgrading of our information technology systems.

Our expansion plans in Hong Kong and the PRC for each of the three years ending March 31, 2013, 2014 and 2015 and the related projected capital expenditures are summarized as follows:

	For the year ending March 31,		
	2013	2014	2015
PRC			
New restaurant			
Number of new restaurants to be opened	5	8	11
Projected capital expenditures (HK$ million)	45.0	72.0	99.0
Central kitchen			
Number of new central kitchen to be opened	—	1	1
Projected capital expenditures (HK$ million)	—	55.0	60.0
Hong Kong			
New restaurant			
Number of new restaurants to be opened	5	4	4
Projected capital expenditures (HK$ million)	45.0	36.0	36.0
Central kitchen			
Number of new central kitchen to be opened	—	1	—
Projected capital expenditures (HK$ million)	—	55.0	5.0
Delivery center			
Number of new delivery centers to be opened	1	3	3
Projected capital expenditures (HK$ million)	1.5	4.5	4.5
Catering service			
Projected capital expenditures (HK$ million)	2.0	1.5	1.5
Information technology system upgrade			
Projected capital expenditures (HK$ million)	2.2	8.0	8.0

We expect that approximately 70.0% and 30.0% of our projected capital expenditure will be funded from a portion of the [●] from the [●] and cash generated from our operating activities, respectively. From July 1, 2012 to the Latest Practicable Date, the capital expenditures we incurred amounted to HK$26.6 million. Please see section headed "Our Business — Expansion Plans, Site Selection and Development" in this document for a detailed description of our expansion plans.

Our planned capital expenditures are projections only and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. We may make necessary adjustment depending on the existing market conditions and status of the various expansion plans.

Our capital commitments generally comprise payments to our decorating and refurbishment contractors in connection with the leasehold improvements for our new restaurants. The following table sets forth our capital commitments as of the dates indicated.

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000)			
Contracted but not provided for				
— Leasehold improvements	4,743	13,873	5,222	327
Authorized, but not contracted for				
— Leasehold improvements	—	—	4,000	—
	4,743	13,873	9,222	327

OPERATING LEASE COMMITMENTS

We lease the premises for our restaurants and office premises under operating lease arrangements. The following table sets forth our future operating lease commitments under non-cancelable operating leases as of the dates indicated.

	As of March 31,			As of June 30,
	2010	2011	2012	2012
	(HK$'000)			
Within one year	30,384	53,661	73,985	66,307
In the second to fifth years, inclusive	27,542	63,062	90,616	106,355
Beyond five years	1,165	311	21,324	12,153
Total	59,091	117,034	185,925	184,815

CONTINGENT LIABILITIES

As at the Latest Practicable Date, other than disclosed in the section entitled "Business — Legal Proceedings" in this document, we were not involved in any legal proceedings pending or, to our knowledge, threatened against us which could have a material adverse effect on our business or operations. The Directors confirm that as at the Latest Practicable Date, other than disclosed in the section headed "Financial Information — Indebtedness", we did not have any material contingent liabilities.

RELATED PARTY TRANSACTIONS

With respect to the related party transactions set forth in Note 28 of the Accountants' Report in Appendix I to this document, our Directors confirm that each transaction set forth therein were conducted on arm's length basis, on normal commercial terms and in the ordinary course of business.

OFF-BALANCE SHEET ARRANGEMENTS

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012 and up to the Latest Practicable Date, except for the capital commitments disclosed above, we had no other material off-balance sheet arrangements.

FINANCIAL RATIOS

The following table sets forth the key financial ratios of our Group during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012:

		Year ended March 31,			Three months ended June 30,
	Notes	2010	2011	2012	2012
Turnover growth		N/A	35.9%	27.6%	33.7%
Net profit growth	*1*	N/A	18.7%	62.3%	27.3%
Current ratio	*2*	1.5	1.6	1.7	1.3
Quick ratio	*3*	1.5	1.5	1.6	1.2
Gearing ratio	*4*	74.8%	68.4%	44.0%	0.1%
Debt to equity ratio	*5*	-27.6%	-25.3%	-32.6%	-56.3%
Interest coverage	*6*	188.2	828.0	834.6	5,187.2
Return on equity	*7*	40.9%	34.8%	39.3%	55.9%
Return on total assets	*8*	19.0%	17.1%	21.7%	33.6%
Gross margin	*9*	69.6%	69.4%	69.0%	69.1%
Net profit margin before interest and tax	*10*	15.4%	14.0%	17.6%	13.9%
Net profit margin	*11*	13.0%	11.4%	14.5%	11.5%
Inventory turnover days	*12*	6.9	10.0	12.7	12.6
Debtors' turnover days	*13*	21.2	44.5	42.4	56.7
Creditors' turnover days	*14*	56.8	51.6	52.4	54.9

Notes:

1. Net profit growth refers to growth of profit for the year/period as shown on our consolidated financial information.
2. The calculation of current ratio is calculated by dividing total current assets by total current liabilities.
3. The calculation of quick ratio is calculated by dividing current assets (net of inventories) by current liabilities.
4. The calculation of gearing ratio is calculated by dividing total debt by total equity. Total debt is defined to include payables incurred not in the ordinary course of business.
5. The calculation of the debt to equity ratio is calculated by dividing net debt by total equity. Net debt is defined to include all borrowings net of cash and cash equivalents.
6. The calculation of the interest coverage is calculated by dividing profit before interest and tax by finance costs.
7. For each of the three years ended March 31, 2012, the calculation of return on equity is calculated by dividing profit for the year by total equity and multiplying the resulting value by 100%. For the three months ended June 30, 2012, the calculation of return on equity is calculated by dividing profit for the period by total equity, multiplying by 365/91, and then multiplying the resulting value by 100%.
8. For each of the three years ended March 31, 2012, the calculation of return on total assets is calculated by dividing profit for the year by total assets and multiplying the resulting value by 100%. For the three months ended June 30, 2012, the calculation of return on total assets is calculated by dividing profit for the period by total assets, multiplying by 365/91, and then multiplying the resulting value by 100%.
9. The calculation of gross margin is calculated by dividing gross profit by revenue and multiplying the resulting value by 100%. Gross profit equals revenue minus cost of inventories sold.
10. The calculation of net profit margin before interest and tax is calculated by dividing net profit before interest and taxes by revenue and multiplying the resulting value by 100%.
11. The calculation of net profit margin is calculated by dividing profit for the year/period by revenue and multiplying the resulting value by 100%.
12. The calculation of inventory turnover days is calculated by dividing average inventories by cost of inventories sold and multiplying the resulting value by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012. The average inventories is the inventories at the beginning of the period plus the inventories at the end of the period with the sum divided by two.
13. The calculation of debtors' turnover days is calculated by dividing average trade receivables by revenue generated from corporate customers at our "*Tsui Wah EATery*" outlet and from sales of food and multiplying the resulting value by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012. The average trade receivables is the trade receivables at the beginning of the period plus the trade receivables at the end of the period with the sum divided by two.

14. The calculation of creditors' turnover days is calculated by dividing average trade payables by cost of inventories sold and multiplying the resulting value by 365 days for each of the three years ended March 31, 2010, 2011 and 2012 and 91 days for each of the three months ended June 30, 2011 and 2012. The average trade payables is the trade payables at the beginning of the period plus the trade payables at the end of the period with the sum divided by two.

Current ratio

Our current ratio was 1.5, 1.6, 1.7 and 1.3 as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The increase in current ratio reflected our increased net current assets during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

Quick ratio

Our quick ratio was 1.5, 1.5, 1.6 and 1.2 as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The increase in quick ratio was mainly due to an increase in current assets during the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012.

Gearing ratio

Our gearing ratio was 74.8%, 68.4%, 44.0% and 0.1% as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively. The decrease in gearing ratio was mainly due to the decrease in bank borrowings and decrease in amounts due to directors and related companies.

Debt to equity ratio

Our debt to equity ratio was –27.6%, –25.3%, –32.6% and –56.3% as of March 31, 2010, 2011 and 2012 and June 30, 2012, respectively.

Interest coverage

Our interest coverage was 188.2, 828.0, 834.6 and 5,187.2 for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. The significant increase in interest coverage for the year ended March 31, 2011 was mainly due to the decrease in our finance costs.

Return on equity

Our return on equity was 40.9%, 34.8%, 39.3% and 55.9% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Return on total assets

Our return on total assets was 19.0%, 17.1%, 21.7% and 33.6% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. For the year ended March 31, 2012, the increase in our profit for the year was greater than the increase in total assets.

Gross margin

Our gross margin was 69.6%, 69.4%, 69.0% and 69.1% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Net profit margin before interest and tax

Our net profit margin before interest and tax was 15.4%, 14.0%, 17.6% and 13.9% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Net profit margin

Our net profit margin was 13.0%, 11.4%, 14.5% and 11.5% for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Inventory turnover days

The inventory turnover days was 6.9 days, 10.0 days, 12.7 days and 12.6 days for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Debtors' turnover days

The debtors' turnover days was 21.2 days, 44.5 days, 42.4 days and 56.7 days for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

Creditors' turnover days

The creditors' turnover days was 56.8 days, 51.6 days, 52.4 days and 54.9 days for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively.

DISCUSSION OF CERTAIN FINANCIAL INFORMATION OF OUR JOINTLY-CONTROLLED ENTITIES

Jointly-Controlled Entities are companies over which our Group is in a position to exercise joint control with other joint venture parties in accordance with contractual arrangements and where none of the participating parties has unilateral control over the economic activity of the joint venture.

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, we had two Jointly-Controlled Entities. One Jointly-Controlled Entity was established for the operation of one of our restaurants in a shopping mall in Hong Kong, under a joint venture arrangement with a joint venture partner. A second Jointly-Controlled Entity was established for the operation of our restaurant in the Galaxy casino in Macau.

Our Group's share of our Jointly-Controlled Entities' results is recognized in the consolidated income statements under the equity method of accounting.

Certain Income Statement Components

The table below sets forth certain income statement items of the Group's share of Jointly-Controlled Entities' results.

	For the year ended March 31,						For the three months ended June 30,			
	2010		2011		2012		2011		2012	
	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue	Amount	% of revenue
	(HK$'000, except percentages)						(unaudited)			
Share of the Jointly-Controlled Entities' results:										
REVENUE	24,096	100.0	25,861	100.0	64,130	100.0	10,956	100.0	20,349	100.0
Other income	9	0.0	1	0.0	215	0.3	1	0.0	99	0.5
Total expenses	(22,072)	(91.6)	(23,851)	(92.2)	(53,962)	(84.1)	(11,698)	(106.8)	(15,455)	(76.0)
PROFIT/(LOSS) BEFORE TAX	2,033	8.4	2,011	7.8	10,383	16.2	(741)	(6.8)	4,993	24.5
Income tax expense	(251)	(1.0)	(357)	(1.4)	(1,342)	(2.1)	(82)	(0.7)	(638)	(3.1)
PROFIT/(LOSS) AFTER TAX	1,782	7.4	1,654	6.4	9,041	14.1	(823)	(7.5)	4,355	21.4
Losses in excess of investment cost not shared by the Group in current year/period	—		136		—		1,238		—	
Previous losses in excess of investment cost shared by the Group in current year/period	(506)		—		(136)		—		—	
PROFIT FOR THE YEAR/PERIOD SHARED BY THE GROUP	1,276		1,799		8,905		415		4,355	

Our share of our Jointly-Controlled Entities' revenue increased significantly by HK$9.3 million, or 85.7%, from HK$11.0 million for the three months ended June 30, 2011 to HK$20.3 million for the three months ended June 30, 2012, and by HK$38.2 million, or 148.0%, from HK$25.9 million for the year ended March 31, 2011 to HK$64.1 million for the year ended March 31, 2012, primarily due to the opening of our restaurant in Macau, which is owned by one of our Jointly-Controlled Entities, in May 2011.

For the three months ended June 30, 2011, we incurred a loss before tax in the amount of HK$0.7 million and loss after tax in the amount of HK$823,000 for our share of our Jointly-Controlled Entities results. This operating loss was mainly due to the pre-operating expenses incurred for our restaurant in Macau, which opened in May 2011.

Total expenses as a percentage of revenue decreased from 106.8% for the three months ended June 30, 2011 to 76.0% for the three months ended June 30, 2012 and from 92.2% for the year ended March 31, 2011 to 84.1% for the year ended March 31, 2012. These decreases were primarily attributable to the fact that (i) the prices of our menu items at our Macau restaurant are generally higher than our average menu price in Hong Kong and (ii) our restaurant in Macau is open 24 hours per day, thus efficiently utilizing our overhead costs and fixed operating costs.

The "previous losses in excess of investment cost shared by the Group in current year/period" for the year ended March 31, 2010 represented the losses of Famous Star for the year ended March 31, 2009 attributable to the Group in excess of the Group's investment in Famous Star and thus were not shared by the Group in that financial year and were shared by the Group in the subsequent year ended March 31, 2010 during which Famous Star was profit-making. The "losses in excess of investment cost not shared by the Group in current year/period" for the year ended March 31, 2011 and for the three-month period ended June 30, 2011 represented the losses of Pak Tat attributable to the Group being in excess of the Group's investment in Pak Tat and thus were not shared by the Group in those financial year and period. As subsequently Pak Tat was profit-making in the year ended March 31, 2012, the Group shared all the previous losses in that financial year. As all the previous losses of Famous Star and Pak Tat had already been shared by the Group in the year ended March 31, 2012 and the jointly-controlled entities were profit-making in the period ended June 30, 2012, there was no adjustment in that period. The above accounting treatment is consistent with our accounting policy as set out in the Accountants' Report in Appendix I to this document and complies with the requirements of HKFRSs.

Primarily as a result of the foregoing, our profit for the year shared by the Group increased by HK$3.9 million, or 949.4%, from HK$0.4 million for the three months ended June 30, 2011 to HK$4.4 million for the three months ended June 30, 2012, and by HK$7.1 million, or 397.5%, from HK$1.8 million for the year ended March 31, 2011 to HK$8.9 million for the year ended March 31, 2012.

Certain Statements of Financial Position Items

The table below sets forth certain statements of financial position items of our Group's share of Jointly-Controlled Entities' assets and liabilities.

	As of March 31,			As of June 30,
	2010	**2011**	**2012**	**2012**
		(HK$'000)		
Share of the Jointly-Controlled Entities' assets and liabilities:				
Current assets	3,408	2,117	24,730	21,992
Non-current assets	3,825	3,013	9,474	8,656
Current liabilities	(5,957)	(4,127)	(24,746)	(16,773)
Net assets	1,276	1,003	9,458	13,875

As of March 31, 2010, 2011 and 2012 and June 30, 2012, our share of our Jointly-Controlled Entities' current assets were HK$3.4 million, HK$2.1 million, HK$24.7 million and HK$22.0 million, respectively. The increase in current assets of HK$22.6 million, or 1,068%, from HK$2.1 million as of March 31, 2011 to HK$24.7 million as of March 31, 2012 was mainly due to an increase in cash and cash equivalents resulted from the investment injected by our Group and our joint venture partner by way of a shareholders' loan into our Jointly-Controlled Entity operating our restaurant in Galaxy casino Macau, which opened in May 2011. The decrease in current assets of HK$2.7 million, or 11.1%, from HK$24.7 million as of March 31, 2012 to HK$22.0 million as of June 30, 2012 was mainly due to a decrease in other receivables from our joint venture partner of our Macau restaurant relating to renovation of our Macau restaurant.

As of March 31, 2010, 2011 and 2012 and June 30, 2012, our share of our Jointly-Controlled Entities' non-current assets were HK$3.8 million, HK$3.0 million, HK$9.5 million and HK$8.7 million, respectively. The increase in non-current assets of HK$6.5 million, or 214.4%, from HK$3.0 million as of March 31, 2011 to HK$9.5 million as of March 31, 2012 was primarily due to an increase in property, plant and equipment relating to our restaurant in Macau. The decrease in non-current assets of HK$0.8 million, or 8.6%, from HK$9.5 million as of March 31, 2012 to HK$8.7 million as of June 30, 2012 was mainly due to the depreciation of our property, plant and equipment for our two restaurants operated by our Jointly-Controlled Entities.

As of March 31, 2010, 2011 and 2012 and June 30, 2012, our share of our Jointly-Controlled Entities' current liabilities were HK$6.0 million, HK$4.1 million, HK$24.7 million and HK$16.8 million, respectively. The increase in current liabilities of HK$20.6 million, or 499.6%, from HK$4.1 million as of March 31, 2011 to HK$24.7 million as of March 31, 2012 was primarily due to (i) the shareholders' loan injected by our Group and our joint venture partner into our Jointly-Controlled Entity operating our restaurant in Macau, (ii) an increase in trade payables in relation to our Macau restaurant and (iii) an increase in other payables and accruals relating to the property, plant and equipment and renovation of our Macau restaurant. The decrease in current liabilities of HK$8.0 million, or 32.2%, from HK$24.8 million as of March 31, 2012 to HK$16.8 million as of June 30, 2012 was primarily due to settlement of certain payables relating to property, plant and equipment of our Macau restaurant.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Interest rate risk

We have no significant interest-bearing assets other than bank deposits. We do not consider our Group's exposure of bank deposits to interest rate risk to be significant as interest rates of bank deposits are not expected to fluctuate significantly. During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, our Group's bank and other borrowings were of fixed interest rate. Accordingly, our Directors believe that our Group's exposure to interest rate risk is minimal. We have not entered into any interest rate hedging contracts or any other derivative financial instruments.

Foreign currency risk

Our Group's monetary assets, liabilities and transactions are principally denominated in Hong Kong dollars or Renminbi. Given that fluctuations between Renminbi and Hong Kong dollars are under the control of the PRC government, our Directors consider that foreign currency risk is not material and therefore, our Group does not have a foreign currency hedging policy. However, our management monitors our foreign exchange exposure regularly and will consider hedging significant foreign currency exposure when such need arises.

Credit risk

The majority of our revenue is on a cash basis and thus does not subject us to credit risk. Our Group's credit risk is primarily attributable to deposits with banks, prepayments, deposits and other receivables and amounts due from directors and related companies. Our management has policies in place and exposures to these credit risks are monitored on an ongoing basis.

Liquidity risk

We had net current assets as of March 31, 2010, 2011 and 2012 and June 30, 2012. We monitor our current and expected liquidity requirements regularly and ensure that sufficient cash and/or adequate committed lines of funding from financial institutions are available to meet our liquidity requirements for both the short and long term.

DIVIDEND AND DIVIDEND POLICY

During the period consisting of the three years ended March 31, 2012 and the three months ended June 30, 2012, we declared and paid dividends of HK$5.0 million, HK$12.1 million, HK$15.3 million and HK$117.9 million for the three years ended March 31, 2010, 2011 and 2012 and the three months ended June 30, 2012, respectively. We declared a one-off and non-recurring dividend to the existing Shareholders of approximately HK$53.5 million in October 2012, all of which is expected to be paid by December 2012. Such dividend will be funded by using our internal resources. After completion of the [●], our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any dividends will be at the discretion of our Directors and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which our Directors deem relevant. As regards our PRC-incorporated subsidiaries, the PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ from generally accepted accounting principles in other jurisdictions, including HKFRS. The PRC laws also require foreign-invested enterprises, such as our subsidiaries in China, to set aside part of their net profit as statutory reserves. These statutory reserves are not available for distribution as cash dividends.

Subject to the factors described above, we currently intend to recommend at the annual general meetings of our Company that dividends of not less than 30% of our net profit for each year after the [●] (that is, for the avoidance of doubt, commencing from the year ending March 31, 2013) would be available for distribution to shareholders after the [●].

Cash dividends on our shares, if any, will be paid in Hong Kong dollars. Other distributions, if any, will be paid to our shareholders by any means which our Directors deem legal, fair and practicable. Historical dividend distributions are not indicative of our future dividend distribution policy.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since June 30, 2012 (being the date to which the latest audited financial statements of our Group were made up) and up to the date of this document.