Tic Tac International Holdings Company Limited
滴達國際控股有限公司

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1470)

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2015

ANNUAL RESULTS HIGHLIGHTS

Revenue decreased by approximately 0.9% compared to last financial year.

Adjusted gross profit margin[1] for the year slightly decreased to approximately 36.5% from approximately 36.9%.

Adjusted EBITDA[2,3] increased by approximately 1.6% compared to last financial year.

Adjusted net profit margin for the year[3] increased to approximately 8.7% from approximately 8.5%.

Adjusted profit for the year attributable to owners of the Company[3] increased by approximately 0.2% as compared to last financial year.

The Board does not recommend the payment of a dividend for the year ended 30 April 2015.

Notes:

(1) Adjusted to exclude provision for slow-moving inventories of HK$4.3 million in 2015 and HK$2.1 million in 2014.

(2) EBITDA is calculated by adding finance costs and depreciation to profit before taxation.

(3) Adjusted to exclude other expenses relating to the Listing of HK$18.3 million in 2015 which are non-recurring.

RESULTS

The board (the "Board") of directors (the "Directors") is pleased to announce the consolidated results of Tic Tac International Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 30 April 2015 together with the comparative figures for the immediately preceding year as follows:

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
Revenue	3	**442,955**	446,913
Cost of sales	5	**(285,780)**	(284,295)
Gross profit		**157,175**	162,618
Other (losses)/gains, net	4	**(407)**	48
Selling and distribution costs	5	**(97,663)**	(106,784)
Administrative expenses	5	**(30,732)**	(9,997)
Operating profit		**28,373**	45,885
Finance costs	6	**(555)**	(361)
Profit before income tax		**27,818**	45,524
Income tax expense	7	**(7,795)**	(7,661)
Profit for the year		**20,023**	37,863
Other comprehensive income		**—**	—
Total comprehensive income for the year		**20,023**	37,863
Total profit and comprehensive income attributable to:			
Owners of the Company		**16,170**	34,402
Non-controlling interests		**3,853**	3,461
		20,023	37,863
Basic and diluted earnings per share (HK cents per share)	9	**2.70**	5.73

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 April 2015

	Note	2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment		**5,245**	6,736
Deposits and prepayments	*10*	**14,950**	10,401
Deferred income tax assets		**1,272**	1,560
		21,467	18,697
Current assets			
Inventories		**114,530**	105,170
Trade receivables, other receivables and prepayments	*10*	**14,561**	8,183
Tax recoverable		**1,170**	183
Cash and cash equivalents		**22,010**	20,337
		152,271	133,873
Total assets		**173,738**	152,570
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*11*	**1**	—
Reserves		**44,884**	76,100
		44,885	76,100
Non-controlling interests		**—**	6,620
Total equity		**44,885**	82,720

	Note	2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Provision for other liabilities and charges	*12*	**2,257**	2,241
Deferred income tax liabilities		**92**	292
		2,349	2,533
Current liabilities			
Trade and other payables	*12*	**46,898**	49,390
Borrowings	*13*	**77,158**	14,821
Current income tax liabilities		**2,448**	3,106
		126,504	67,317
Total liabilities		**128,853**	69,850
Total equity and liabilities		**173,738**	152,570
Net current assets		**25,767**	66,556
Total assets less current liabilities		**47,234**	85,253

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the year ended 30 April 2015

	Attributable to owners of the Company						
	Share capital	**Combined capital**	**Capital reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Balance at 1 May 2013	—	1,800	1,610	73,088	76,498	4,459	80,957
Total comprehensive income							
Profit for the year	—	—	—	34,402	34,402	3,461	37,863
Total contributions by and distributions to owners of the Company, recognised directly in equity							
Dividends *(Note 8)*	—	—	—	(37,300)	(37,300)	(1,300)	(38,600)
Additional paid in capital	—	2,500	—	—	2,500	—	2,500
Balance at 30 April and 1 May 2014	**—**	**4,300**	**1,610**	**70,190**	**76,100**	**6,620**	**82,720**
Total comprehensive income							
Profit for the year	**—**	**—**	**—**	**16,170**	**16,170**	**3,853**	**20,023**
Total contributions by and distributions to owners of the Company, recognised directly in equity							
Dividends *(Note 8)*	**—**	**—**	**—**	**(65,570)**	**(65,570)**	**(6,570)**	**(72,140)**
Waiver of amount due to a shareholder of the Company	**—**	**—**	**14,282**	**—**	**14,282**	**—**	**14,282**
Issuance of shares pursuant to a group reorganisation	**1**	**(4,300)**	**8,202**	**—**	**3,903**	**(3,903)**	**—**
Balance at 30 April 2015	**1**	**—**	**24,094**	**20,790**	**44,885**	**—**	**44,885**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 30 April 2015

1. GENERAL INFORMATION, REORGANISATION AND BASIS OF PREPARATION

1.1 General information

Tic Tac International Holdings Company Limited (the "Company") was incorporated in the Cayman Islands on 23 June 2014 as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries, (together the "Group"), are principally engaged in the retail and wholesale of watches in Hong Kong (the "Business").

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited since 12 May 2015.

These financial statements are presented in Hong Kong dollars ("HK$") unless otherwise stated.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the group reorganisation as described below (the "Reorganisation"), the Business was carried out by companies now comprising the Group (collectively the "Operating Subsidiaries"). The Operating Subsidiaries were collectively controlled by Mr. Lam Man Wah ("Mr. Lam") immediately before and after the Reorganisation.

In preparation for an initial listing of the Company shares on the Main Board of The Stock Exchange of Hong Kong Limited, the Company underwent the Reorganisation, pursuant to which the Company acquired the shareholding interests in the Business through the following steps:

(i) On 18 June 2014, Tic Tac Investment Holdings Limited was incorporated in the British Virgin Islands with limited liability. On the date of incorporation, 90 shares and 10 shares of Tic Tac Investment Holdings Limited were allotted to Mr. Lam and Ms. Chan Ka Yee, Elsa ("Ms. Chan"), respectively.

(ii) On 23 June 2014, the Company was incorporated in the Cayman Islands with limited liability. On the date of incorporation, 1 share of the Company was allotted to Harneys Services (Cayman) Limited which was then transferred to Tic Tac Investment Holdings Limited on the same day.

(iii) On 1 July 2014, Tic Tac International Company Limited was incorporated in the British Virgin Islands. On the date of incorporation, 1 share of Tic Tac International Company Limited was allotted and issued to the Company and it became a wholly-owned subsidiary of the Company.

(iv) On 20 January 2015, Mr. Lam transferred his entire shareholding interests in Tic Tac Time (Trading) Company Limited and Tic Tac Time (Retail) Company Limited to Tic Tac International Company Limited.

(v) Pursuant to the sale and purchase agreement dated 31 March 2015, Mr. Lam, Ms. Chan and Ms. Ma Lili ("Ms. Ma") sold their entire respective shareholding interests in City Great Limited, Jenus Top International Limited, Sun Step Asia Limited, Tic Tac Time Company Limited and Treasure Ascent International Limited to Tic Tac Time (Trading) Company Limited and Tic Tac Time (Retail) Company Limited. In return, the Company allotted and issued 5,833 and 94,166 of its shares on 9 April 2015, to Ms. Ma and Tic Tac Investment Holdings Limited which was owned by Mr. Lam and Ms. Chan, respectively, as the consideration.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The financial information of this announcement is extracted from the consolidated financial statements of the Company which have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"). The consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit and loss, which are carried at fair value.

In accordance with the transitional and saving arrangements for Part 9 of the Hong Kong Companies Ordinance (Cap. 622), "Accounts and Audit" as set out in sections 76 to 87 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), the consolidated financial statements are prepared in accordance with the applicable requirements of the predecessor Companies Ordinance (Cap. 32) for this financial year and the comparative period.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The Reorganisation (Note 1.2) was completed on 9 April 2015 following which the Company became the holding company of the Operating Subsidiaries. The Operating Subsidiaries and the Company are under common control of Mr. Lam immediately before and after the Reorganisation. Therefore, the acquisition of the Operating Subsidiaries are accounted for as business combination under common control by applying the principles of merger accounting in accordance with Accounting Guidance 5 "Merger Accounting for Common Control Combinations".

The following are standards, amendments and interpretations to existing standards that have been published and are relevant and mandatory for the Group's accounting periods beginning on or after 1 May 2015, but have not been early adopted by the Group.

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016

		Effective for accounting periods beginning on or after
HKAS 16 and HKAS 41 (Amendment)	Agriculture: bearer plants	1 January 2016
HKAS 19 (2011, Amendment)	Defined benefit plans: employee contributions	1 July 2014
HKAS 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception	1 January 2016
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	1 January 2016
HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operations	1 January 2016
HKFRS 14	Regulatory deferral accounts	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2017
HKFRS (Amendment)	Annual improvements to HKFRS 2010–2012 cycle	1 July 2014
HKFRS (Amendment)	Annual improvements to HKFRS 2011–2013 cycle	1 July 2014
HKFRS (Amendment)	Annual improvements to HKFRS 2012–2014 cycle	1 January 2016

Management is in the process of making an assessment on the impact of these standards, amendments and interpretations to existing Hong Kong Auditing Standards ("HKASs") and HKFRSs and is not yet in a position to state whether they will have a significant impact on the Group's results of operations and financial position.

3. SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision-makers of the Group who review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on the information received by them.

The Group is principally engaged in the wholesale and retail of watches in Hong Kong. The Executive Directors separately consider the performance and resources allocation of each retail outlet and each wholesale company. Each retail outlet and each wholesale company is considered as a separable operating segment.

The results of all the retail outlets have been aggregated in arriving at the retail business reporting segment of the Group. The retail segment derives its revenue primarily from retail of multi brands of watches in Hong Kong. All the retail outlets sell similar class of watches with similar pricing strategy and targeted customers.

The results of the wholesale companies have been aggregated in arriving at the wholesale business reporting segment of the Group. The wholesale segment derives its revenue primarily from wholesale of multi brands of watches in Hong Kong. All the wholesale companies sell similar class of watches with similar pricing strategy and targeted customers.

The Executive Directors assess the performance of the operating segments based on a measure of operating profit excluding fair value measurements of financial assets at fair value through profit or loss, finance cost, group expenses and listing expenses.

For the year ended 30 April 2015

	Retail *HK$'000*	**Wholesale** *HK$'000*	**Elimination** *HK$'000*	**Total** *HK$'000*
Turnover				
External sales	**439,481**	**2,979**	**—**	**442,460**
External service income	**495**	**—**	**—**	**495**
Inter-segment sales	**164**	**3,903**	**(4,067)**	**—**
	440,140	**6,882**	**(4,067)**	**442,955**
Segment profit	**47,837**	**181**	**—**	**48,018**
Finance costs				**(555)**
Unallocated group expenses				**(1,341)**
Unallocated listing expenses				**(18,304)**
Profit before income tax				**27,818**

For the year ended 30 April 2014

	Retail *HK$'000*	Wholesale *HK$'000*	Elimination *HK$'000*	Total *HK$'000*
Turnover				
External sales	443,856	2,630	—	446,486
External service income	427	—	—	427
Inter-segment sales	—	4,580	(4,580)	—
	444,283	7,210	(4,580)	446,913
Segment profit	45,012	849	—	45,861
Unallocated fair value gains of financial assets at fair value through profit or loss				24
Finance costs				(361)
Profit before income tax				45,524

Sales between segments are carried out at terms mutually-agreed between the parties involved in transactions. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong. Accordingly, no analysis by geographical segment is provided. For the year ended 30 April 2015, there are no (2014: Nil) single external customers who contributed more than 10% revenue of the Group.

Other profit and loss disclosure

	2015			2014		
	Retail	**Wholesale**	**Total**	Retail	Wholesale	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
Depreciation of property, plant and equipment	**3,480**	**2**	**3,482**	3,466	2	3,468
Provision for slow-moving inventories	**3,462**	**868**	**4,330**	1,516	629	2,145
Impairment of property, plant and equipment	**—**	**—**	**—**	994	—	994
Provision for onerous operating leases	**—**	**—**	**—**	4,528	—	4,528

4. OTHER (LOSSES)/GAINS, NET

	2015	2014
	HK$'000	*HK$'000*
Fair value (losses)/gains on financial assets at fair value through profit or loss	**—**	24
Net foreign exchange gains	**3**	24
Loss on disposal of property, plant and equipment	**(410)**	—
	(407)	48

5. EXPENSES BY NATURE

	2015	2014
	HK$'000	*HK$'000*
Cost of inventories sold	**281,450**	282,150
Provision for slow-moving inventories	**4,330**	2,145
Employee benefit expense	**29,970**	27,755
Depreciation of property, plant and equipment	**3,482**	3,468
Impairment of property, plant and equipment	**—**	994
Operating lease expenses		
— Office premises	**727**	329
— Repair centres	**129**	128
— Retail outlets	**54,715**	60,995
Provision for onerous operating leases	**—**	4,528
Advertising and promotion expenses	**4,303**	4,967
Auditors' remuneration	**1,090**	153
Bank and credit card charges	**6,254**	5,604
Listing expenses	**18,304**	—
Other expenses	**9,421**	7,860
Total cost of sales, selling and distribution costs and administrative expenses	**414,175**	401,076

6. FINANCE COSTS

	2015	2014
	HK$'000	*HK$'000*
Finance costs		
— Interest expense on bank borrowings wholly repayable within 5 years	**555**	361

For the year ended 30 April 2015, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$555,000 (2014: HK$361,000).

7. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated statements of comprehensive income represents:

	2015	2014
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**7,707**	8,557
Deferred income tax	**88**	(896)
	7,795	7,661

Hong Kong profits tax has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profit for the year.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the tax rate of Hong Kong as follows:

	2015	2014
	HK$'000	*HK$'000*
Profit before income tax	**27,818**	45,524
Calculated at tax rate of 16.5%	**4,590**	7,511
Tax effects of:		
Expenses not deductible for tax purposes	**3,205**	150
Income tax expense	**7,795**	7,661

For the year ended 30 April 2015, the weighted average applicable tax rate was 28.0 % (2014: 16.8%). The weighted average applicable tax rate was higher than the statutory tax rate of 16.5% for the year ended 30 April 2015 which was mainly due to the non-deductible listing expenses of HK$18,304,000 (2014: Nil).

8. DIVIDENDS

No dividend has been declared and paid by the Company since its incorporation.

For the year ended 30 April 2015, the dividends declared and paid or payable by the group subsidiaries were HK$72,140,000 (2014: HK$38,600,000) to the then respective shareholders of the subsidiaries.

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
	HK$'000	*HK$'000*
Profit attributable to owners of the Company	**16,170**	34,402
Weighted average number of ordinary shares in issue (thousands) *(Note)*	**600,000**	600,000
Basic earnings per share (HK cents per share)	**2.70**	5.73

Note: The weighted average number of shares in issue represented the one ordinary share issued on incorporation of the Company, the newly issued shares of 99,999 (Note 11) on 9 April 2015 under the Reorganisation and the newly issued shares of 599,900,000 under the capitalisation issue on 12 May 2015 as if the issues had occurred at 1 May 2013, the beginning of the earliest period reported.

(b) Diluted

For the years ended 30 April 2014 and 2015, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
	HK$'000	*HK$'000*
Trade receivables *(Note a)*		
— third parties	**700**	1,038
— a related company	**307**	166
	1,007	1,204
Amounts due from a shareholder of the Company (non-trade) *(Note b)*	**—**	2,570
Rental and utilities deposits	**15,515**	13,077
Prepayments	**7,375**	781
Prepaid listing expenses	**5,569**	—
Other receivables	**45**	952
	29,511	18,584
Less: non-current portion		
— rental deposits	**(8,000)**	(10,251)
— prepayments for property, plant and equipment	**(6,950)**	(150)
	(14,950)	(10,401)
Current portion	**14,561**	8,183

The maximum exposure to credit risk as at 30 April 2015 and 2014 was the carrying value of each class of receivable mentioned above. The Group did not hold any collateral as security. The carrying amounts of trade receivables, deposits, other receivables and prepayments approximate to their fair values and were denominated in HK$.

Notes:

(a) Trade receivables and an amount due from a related company

The trade receivables and amount due from a related company mainly comprise receivables from credit card companies for retail sales and wholesale customers. There was no specific credit terms granted to those credit card companies. The receivables due from credit card companies were usually settled within 7 days. The Group's credit terms granted to wholesale customers, including a related party customer, generally ranged from 30 to 90 days from the invoice date. As at 30 April 2015 and 2014, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**700**	1,204
31 to 60 days	**307**	—
	1,007	1,204

As at 30 April 2015, none of the trade receivables was past due but not impaired (2014: Nil).

(b) Amount due from a shareholder of the Company

As at 30 April 2014, the amount due from a shareholder of the Company was unsecured, interest-free and repayable on demand.

11. SHARE CAPITAL

	Number of shares	**Nominal value**
		HK$'000
Authorized — ordinary shares of HK$0.01 each		
At 30 April 2015	10,000,000,000	100,000
Issued and fully paid — ordinary shares of HK$0.01 each		
At 23 June 2014 (date of incorporation)	1	—
Shares issued pursuant to the group reorganisation	99,999	1
At 30 April 2015	100,000	1

On 12 May 2015, the Company issued shares upon listing on the Main Board of the Stock Exchange of Hong Kong Limited with public offer shares of 200,000,000 with issue price of HK$0.68 per share. The total capitalised amount of the listing is HK$136,000,000 with share issuance costs of HK$28,534,000.

12. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES

	2015	2014
	HK$'000	*HK$'000*
Trade payables *(Note a)*		
— third parties	**19,599**	20,416
— a related party	**40**	139
	19,639	20,555
Amount due to a shareholder of the Company (non-trade)	**15,042**	17,170
Rent payable	**1,961**	4,354
Accrued employee benefit expense	**709**	2,480
Provision for reinstatement	**1,681**	1,404
Provision for onerous operating leases	**1,110**	4,528
Accrued listing expenses	**7,339**	—
Other accruals and payables	**1,674**	1,140
	49,155	51,631
Less: non-current portion	**(2,257)**	(2,241)
Current portion	**46,898**	49,390

As at 30 April 2015 and 2014, the carrying amounts of trade payables, an amount to a shareholder of the Company, provisions and other payables approximate to their fair value and were mainly denominated in HK$.

Note:

(a) Trade payables and an amount due to a related company

As at 30 April 2015 and 2014, the aging analysis of the trade payables based on due date is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 30 days	**17,148**	18,349
31 to 60 days	**1,782**	905
Over 61 days	**709**	1,301
	19,639	20,555

13. BORROWINGS

	2015	2014
	HK$'000	*HK$'000*
Current		
Short-term bank loans	**77,158**	4,712
Current portion of long-term bank loans due for repayment within one year	**—**	5,831
Long-term bank loans due after one year which contain repayment on demand clause	**—**	4,278
	77,158	14,821

Borrowings due for repayment after one year which contain a repayment on demand clause are classified as current liabilities. All borrowings are wholly repayable within 5 years as at 30 April 2015 and 2014.

Borrowings due for repayment, based on the scheduled repayment terms set out in the loan agreements and without taking into account the effect of any repayment on demand clause are as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 year	**77,158**	10,543
Between 1 and 2 years	**—**	2,333
Between 2 and 5 years	**—**	1,945
	77,158	14,821

The weighted average interest rates were as follows:

	2015	2014
Short-term bank loans	**2.7%**	2.4%
Long-term bank loans	**—**	1.8%

The carrying amounts of the Group's borrowings are denominated in HK$ and unsecured and approximate to their fair value.

As at 30 April 2015, the Group had aggregate banking facilities of HK$72,000,000 (2014: HK$17,180,000), for overdrafts and loans. Unused facilities as at the same date were nil (2014: HK$2,359,000). The banking facilities were granted to one of the subsidiaries of the Group and were subject to annual review and guaranteed by:

(i) Unlimited guarantees from the Company and another subsidiary of the Group;

(ii) Unlimited personal guarantee from Mr. Lam as at 30 April 2015 which was released upon successful listing of Tic Tac International Holdings Company Limited on The Stock Exchange of Hong Kong Limited on 12 May 2015.

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The shares (the "Shares") of the Company became listed (the "Listing") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 May 2015 (the "Listing Date"). The Listing enables the Company to enhance the Group's reputation, strengthen the corporate governance and compliance management, as well as establish a good foundation for its further expansion.

Our Group is principally engaged in the retail of mid-end watches in Hong Kong. We offer a wide range of branded mid-end watches with diverse design, style and functionality for business and casual uses targeting mid-income consumers and tourists. Our Group controls, operates and manages its retail outlet network comprising a total of 19 retail outlets as at 30 April 2015 in prime locations in major shopping areas such as Times Square in Causeway Bay, Harbour City and iSquare in Tsim Sha Tsui, and Langham Place in Mongkok which are widely perceived as shopping landmarks in Hong Kong. Our Group's retail network covered 11 multi-brand outlets and 8 single-brand boutique outlets as of 30 April 2015.

Our Group strategically focuses on Swiss-made, mid-end watch brands. Our watch brand portfolio covers mainly Swiss, German and Japanese watch brands, including well-known brands with strong international reputation. In view of the ongoing high demand for mid-ended watch brand, a single-brand boutique outlet was opened at Shatin on 20 April 2015 to strengthen our Group's positioning on mid-end watch brands market.

FINANCIAL REVIEW

Revenue

The Group's revenue for the year ended 30 April 2015 was approximately HK$443.0 million, representing a decrease by approximately HK$3.9 million or 0.9% from approximately HK$446.9 million for the year ended 30 April 2014, despite the increase for the first six months during the reporting year as compared to the corresponding period in 2014. In late September 2014, a civil disobedience movement referred to as Occupy Central (the "Movement") began in Hong Kong which had spread across four main business districts, namely Admiralty, Tsim Sha Tsui, Causeway Bay and Mongkok where 14 out of our 19 outlets located. Among those, the same-store sales of nine outlets for the three months ended 31 December 2014 had experienced different degrees of drop, which have an adverse impact on our revenue for the year ended 30 April 2015. Nevertheless, given that the Movement had ceased in December 2014, the drop became slow and that our Directors are of the view that the Movement did not have any material adverse effect on our business operations and financial position as a whole and our revenue for the year ended 30 April 2015 remains stable compared with 2014.

Cost of sales

Our cost of sales primarily consists of cost of inventories sold and provision for slow-moving inventories. Our cost of sales increased by approximately HK$1.5 million or 0.5% from approximately HK$284.3 million for the year ended 30 April 2014 to approximately HK$285.8 million for the year ended 30 April 2015. During the year, the Group recorded a provision for slow-moving inventories of approximately HK$4.3 million (2014: approximately HK$2.1 million) which is in line with the increase in inventory level.

Eliminating the effect of provision for slow-moving inventories, cost of sales before provision of slow-moving inventory decreased by approximately HK$0.7 million or 0.2% from approximately HK$282.2 million for the year ended 30 April 2014 to approximately HK$281.5 million. The decrease primarily reflected the decrease in revenue by 0.9% for the year.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK$5.4 million or 3.3% from approximately HK$162.6 million for the year ended 30 April 2014 to approximately HK$157.2 million for the year ended 30 April 2015 which was in line with the decrease in its revenue and increase in its provision for slow-moving inventories. Our overall gross profit margin also decreased from approximately 36.4% for the year ended 30 April 2014 to approximately 35.5% for the year ended 30 April 2015. The decrease was mainly attributable to the increase in provision for slow-moving inventories during the year.

Eliminating the effect of provision for slow-moving inventories, the gross profit margin slightly decreased from approximately 36.9% for the year ended 30 April 2014 to approximately 36.5% for the year ended 30 April 2015.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately HK$9.1 million or 8.5% from approximately HK$106.8 million for the year ended 30 April 2014 to approximately HK$97.7 million for the year ended 30 April 2015. The decrease was primarily attributable to the utilisation of provision for onerous operating lease in operating lease payment and tightened control on advertising costs and other expenses during the year.

Administrative expenses

Our administrative expenses increased by approximately HK$20.7 million or 207.0% from approximately HK$ 10.0 million for the year ended 30 April 2014 to approximately HK$30.7 million for the year ended 30 April 2015. The increase was a combined result of the increase employee benefit and one-off listing expenses of approximately HK$18.3 million which mainly reflected the progress of our Listing during the year.

Finance costs

Our finance costs increased by approximately HK$194,000 or 53.7% from approximately HK$361,000 for the year ended 30 April 2014 to approximately HK$555,000 for the year ended 30 April 2015. The increase was primarily attributable to increase in borrowings during the year ended 30 April 2015.

Profit before taxation and net profit margin

As a result of the foregoing, our profit before taxation decreased by approximately HK$17.7 million or 38.9% from approximately HK$45.5 million for the year ended 30 April 2014 to approximately HK$27.8 million for the year ended 30 April 2015. The net profit margin declined from approximately 8.5% for the year ended 30 April 2014 to approximately 4.5% for the year ended 30 April 2015. Eliminating the effect of the one-off listing expenses, the profit before tax for the year ended 30 April 2015 would have increased by approximately 1.3% as compared to the corresponding period in 2014; and the net profit margin would have remained stable at approximately 8.7% for the year ended 30 April 2015.

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities and bank borrowings.

As at 30 April 2015, the Group's total cash and bank balances were approximately HK$22.0 million (30 April 2014: approximately HK$20.3 million), most of which are denominated in HK$. The current ratio (defined as current assets divided by current liabilities) of the Group decreased from approximately 2.0 times as at 30 April 2014 to approximately 1.2 times as at 30 April 2015. The gearing ratio (defined as net debt divided by total equity) of the Group increased from net cash position as at 30 April 2014 to approximately 1.2 times as at 30 April 2015.

USE OF NET PROCEEDS FROM THE LISTING

The Company has listed its Shares on The Stock Exchange on 12 May 2015. Net proceeds from the Listing were approximately HK$107.5 million (after deduction of the underwriting commission and relevant expenses), which are intended to be applied in the manner as disclosed in the prospectus of the Company dated 28 April 2015 (the "Prospectus"). As at 24 July 2015, the net proceeds from the Listing were utilized as follows:

	Amount utilised as at the date of this announcement	Amount unutilised as at the date of this announcement
	HK$'000	*HK$'000*
Expand our retail and sales network	—	37,613
Improve our same-store sales growth and profit margin	557	12,339
Improve our supplier network and enhance the knowledge of our sales staff	—	4,298
Increase our marketing effort	1,135	6,388
Repay a short-term bank loan with interest	37,613	—
Working capital and other general corporate purposes	700	6,823
Total	40,005	67,461

The unutilised net proceeds from the Listing are placed in the bank accounts of the Group.

MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 30 April 2015, there was no acquisition or disposal of subsidiaries and associated companies by the Company save as disclosed in the Prospectus.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2015, the Group had a total of 100 (2014: 104) employees. The total remuneration costs incurred by the Group for the year ended 30 April 2015 were approximately HK$30.0 million (2014: approximately HK$27.8 million). We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees.

FINAL DIVIDENDS

The Board do not recommend the payment of any final dividend for the year ended 30 April 2015.

PROSPECTS

Despite the change in the business environment in Hong Kong due the last year's political movement, the management is still optimistic on our core business. The management believes Hong Kong will still benefit from the ongoing economic growth in China in the foreseeable future and customers' purchasing habits will be swapping from high-end watches to middle-end watches. Against this background, the Group will focus our business strategies by developing more single-brand boutique outlets on both our existing brands and some new brands.

At the same time, we will open more shops in the New Territories in order to fit in the local spending in the region.

To cope with the Group's strategy, the Company opened the first "CASIO" single-brand boutique outlet on 14 July 2015 in Hong Kong. CASIO is reputable in their products worldwide especially in its creativity, functionality and practicality at affordable prices.

In the face of stern challenges caused by the rising operating costs, the management is confident that opportunities still exist and the Group believes that it can continue to succeed and utilise its competitive advantages to enhance shareholders' value.

Moving forward, the funds raised from the capital markets bode well for the Group in enhancing its brand awareness, corporate size and competitiveness. The Group will search for suitable sites by adopting its existing site selection strategy and reasonable rentals to expand its network and will continue to fully leverage on its own competitiveness to grow.

In summary, the Group will continue to deploy different marketing strategies, including placing bi-monthly newsletter in our existing multi-brand outlets. Meanwhile, by controlling our expenses particularly on rental expenses, and also providing more training to our staff, the Company will try its best effort to operate in a cost effective manner.

CORPORATE GOVERNANCE

The Company is committed to ensuring a high standard of corporate governance in the interests of the shareholders and will devote considerable effort to maintain high level of business ethics and corporate governance practices.

The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange as its own code of corporate governance on 1 November 2014. The Board considers that the Company was in compliance with all applicable code provisions set out in the CG Code since the date of adoption and up to the date of this announcement, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board of the Company will keep reviewing and updating such practices from time to time to ensure compliance with legal and commercial standards.

Under Code Provision of A.2.1 of the CG Code, the role of the chairman and chief executive officer should be separated and should not be performed by the same individual. The post of chairman and chief executive officer are separated to ensure a clear division between the chairman's responsibility to manage the Board and the chief executive officer's responsibility to manage the Company's business. The separation ensures a balance of power and authority so that power is not concentrated.

During the year under review, the Company has not separated the roles of chairman and chief executive officer of the Company. Mr. Lam Man Wah is the chairman of the Board and the chief executive officer of the Company. In view of that Mr. Lam Man Wah was the leading founder of the Group and has been operating and managing the Group since 1997, the Board believes that it is in the best interest of the Group to have Mr. Lam Man Wah taking up both roles for effective management and business development. Nevertheless, the Company will continue to look for suitable candidates and will make necessary arrangement pursuant to the requirements under A.2.1 of CG Code as and when necessary.

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 30 April 2015, which will be sent to the shareholders in due course.

DIRECTORS' SECURITIES TRANSACTIONS

The Group had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding the directors' securities transactions on terms no less exacting than the required standard of dealings on 1 November 2014. The Company had made specific enquiry to all of the Directors and the Directors have confirmed compliance with this code of conduct for the period commencing on the Listing Date and ending on the date of this announcement. No incident of non-compliance was noted by the Company for the above period.

PURCHASE, SALE OR REDEMPTION OF SHARES

Neither the Company, nor any of its subsidiaries purchased, redeemed or sold any of the listed securities of the Company during the year.

AUDIT COMMITTEE REVIEW

The Company has established an audit committee (the "Audit Committee") which comprises three independent non-executive directors with special written terms of reference in compliance with the Listing Rules. Mr. Cheng Kin Chung is the chairman of the Audit Committee.

The annual results for the year ended 30 April 2015 have been reviewed by the Audit Committee.

COMPETING BUSINESS

For the year ended 30 April 2015, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to our customers, shareholders, bankers, and in turn the management and staff for their unreserved support for the Group during the year.

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for the year ended 30 April 2015 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the Stock Exchange's website (*http://www.hkexnews.hk*) and on the Company's website (*www.tictactime.com.hk*) in due course.

By order of the Board of
Tic Tac International Holdings Company Limited
Lam Man Wah
Chairman and executive Director

Hong Kong, 24 July 2015

As at the date of this announcement, the Board comprises:

Executive Directors:	Mr. Lam Man Wah *(Chairman)* Ms. Chan Ka Yee Elsa Mr. Tsang Hok Man
Independent Non-executive Directors:	Mr. Fung Tat Man Mr. Cheng Kin Chung Mr. Lo Wai Kei, Wilkie