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)

INTERIM RESULTS
FOR THE SIX MONTHS ENDED 31 OCTOBER 2015

RESULTS

The board (the "Board") of directors (the "Director(s)") of Tic Tac International Holdings Company Limited (the "Company" together with its subsidiaries, the "Group") announces the unaudited condensed consolidated results of the Group for the six months ended 31 October 2015 (the "Review Period") with comparative figures for the corresponding period in 2014 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2015

	Note	Six months ended 31 October **2015** *HK$'000* **(Unaudited)**	2014 *HK$'000* (Audited)
Revenue	*3*	**172,385**	241,520
Cost of sales	*5*	**(110,292)**	(155,326)
Gross profit		**62,093**	86,194
Other gains, net	*4*	**—**	3
Selling and distribution costs	*5*	**(47,485)**	(50,735)
Administrative expenses	*5*	**(9,017)**	(10,165)
Operating profit		**5,591**	25,297
Finance costs	*6*	**(389)**	(181)
Profit before income tax		**5,202**	25,116
Income tax expense	*7*	**(1,352)**	(4,922)
Profit for the period		**3,850**	20,194
Other comprehensive income		**—**	—
Total comprehensive income for the period		**3,850**	20,194
Total profit and comprehensive income attributable to:			
Owners of the Company		**3,850**	17,919
Non-controlling interests		**—**	2,275
		3,850	20,194
Basic and diluted earnings per share (HK cents per share)	*9*	**0.49**	2.99
Dividends	*8*	**—**	72,140

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 October 2015

	Note	31 October 2015 HK$'000 (Unaudited)	30 April 2015 HK$'000 (Audited)
ASSETS			
Non-current assets			
Property, plant and equipment		**13,950**	5,245
Deposits and prepayments	*10*	**8,426**	14,950
Deferred income tax assets		**1,553**	1,272
		23,929	21,467
Current assets			
Inventories		**120,907**	114,530
Trade receivables, other receivables and prepayments	*10*	**12,149**	14,561
Tax recoverable		**596**	1,170
Cash and cash equivalents		**53,918**	22,010
		187,570	152,271
Total assets		**211,499**	173,738
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*11*	**8,000**	1
Reserves		**167,102**	44,884
		175,102	44,885
Non-controlling interests		**—**	—
Total equity		**175,102**	44,885

	Note	31 October 2015 HK$'000 (Unaudited)	30 April 2015 HK$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Provision for other liabilities and charges	*12*	**1,950**	2,257
Deferred income tax liabilities		**743**	92
		2,693	2,349
Current liabilities			
Trade and other payables	*12*	**21,858**	46,898
Borrowings	*13*	**8,990**	77,158
Current income tax liabilities		**2,856**	2,448
		33,704	126,504
Total liabilities		**36,397**	128,853
Total equity and liabilities		**211,499**	173,738
Net current assets		**153,866**	25,767
Total assets less current liabilities		**177,795**	47,234

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2015

	Attributable to owners of the Company							
	Share capital HK$'000	**Share premium** HK$'000	**Combined capital** HK$'000 (Note a)	**Capital reserve** HK$'000 (Note b)	**Retained earnings** HK$'000	**Total** HK$'000	**Non-controlling interests** HK$'000	**Total equity** HK$'000
Balance at 1 May 2014 (Audited)	—	—	4,300	1,610	70,190	76,100	6,620	82,720
Total comprehensive income								
Profit for the period	—	—	—	—	17,919	17,919	2,275	20,194
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
Balance at 31 October 2014 (Audited)	—	—	4,300	15,892	22,539	42,731	2,325	45,056
Balance at 1 May 2015 (Audited)	1	—	—	24,094	20,790	44,885	—	44,885
Total comprehensive income								
Profit for the period	—	—	—	—	3,850	3,850	—	3,850
Issues of shares under the capitalisation issue	5,999	(5,999)	—	—	—	—	—	—
Issues of shares under the open offer	2,000	134,000	—	—	—	136,000	—	136,000
Transaction costs attributable to issues of shares	—	(9,633)	—	—	—	(9,633)	—	(9,633)
Balance at 31 October 2015 (Unaudited)	8,000	118,368	—	24,094	24,640	175,102	—	175,102

Notes:

(a) Combined capital of HK$4,300,000 as at 1 May 2014 represented the combined share capital of the subsidiaries now comprising the Group after elimination of inter-company investments. The combined share capital of HK$4,300,000 was reclassified to capital reserve upon the completion of the reorganisation.

(b) Capital reserve:

(i) Capital reserve of HK$1,610,000 as at 1 May 2014 represented the difference between the fair value of the consideration paid and the carrying value of the non-controlling interests of Treasure Ascent International Limited acquired.

(ii) As at 31 October 2014, Mr. Lam Man Wah agreed to waive part of its lending to the Group. The waived amount of HK$14,282,000 was credited to the capital reserve.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

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

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

The condensed consolidated interim financial statements were approved for issue on 30 December 2015.

The condensed consolidated interim financial statements have not been audited.

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of the unaudited condensed consolidated interim financial statements for the six months ended 31 October 2015 (the "Interim Financial Statements") are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These Interim Financial Statements have been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and the applicable disclosures required by the Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These Interim Financial Statements should be read in conjunction with the annual financial statements. The accounting policies and methods of computation used in the preparation of these Interim Financial Statements are consistent with those used in the annual financial statements for the year ended 30 April 2015.

In the current interim period, the Group has applied, for the first time, the following new amendments and interpretation to HKASs and Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA:

HKFRS (Amendment)	Annual improvements to HKFRS 2010–2012 cycle
HKFRS (Amendment)	Annual improvements to HKFRS 2011–2013 cycle
HKAS 19 (2011, Amendment)	Defined benefit plans: employee contributions

The application of new amendments to HKAS and HKFRSs in the current interim period has no material effect on the amounts reported and/or disclosures set out in the Interim Financial Statements.

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 six months ended 31 October 2015

	Retail	**Wholesale**	**Elimination**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**
Turnover				
External sales	**171,016**	**1,114**	**—**	**172,130**
External service income	**254**	**1**	**—**	**255**
Inter-segment sales	**—**	**1,854**	**(1,854)**	**—**
	171,270	**2,969**	**(1,854)**	**172,385**
Segment profit	**7,131**	**413**	**—**	**7,544**
Finance costs				**(389)**
Unallocated group expenses				**(1,660)**
Unallocated listing expenses				**(293)**
Profit before income tax				**5,202**

For the six months ended 31 October 2014

	Retail	Wholesale	Elimination	Total
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*
	(Audited)	(Audited)	(Audited)	(Audited)
Turnover				
External sales	239,869	1,414	—	241,283
External service income	237	—	—	237
Inter-segment sales	—	1,989	(1,989)	—
	240,106	3,403	(1,989)	241,520
Segment profit/(loss)	30,395	(236)	—	30,159
Unallocated listing expenses				(4,862)
Finance costs				(181)
Profit before income tax				25,116

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 condensed 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 period ended 31 October 2015, there are no (2014: Nil) single external customers who contributed more than 10% revenue of the Group.

Other profit and loss disclosure

	Six months ended 31 October					
	2015			2014		
	Retail	**Wholesale**	**Total**	Retail	Wholesale	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'000*
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	(Audited)	(Audited)	(Audited)
Depreciation of property, plant and equipment	**2,161**	**1**	**2,162**	1,917	1	1,918
Provision for slow-moving inventories	**626**	**204**	**830**	919	536	1,455

4. OTHER GAINS, NET

	Six months ended 31 October	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Net foreign exchange gains	**—**	3

5. EXPENSES BY NATURE

	Six months ended 31 October	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Cost of inventories sold	**109,462**	153,871
Provision for slow-moving inventories	**830**	1,455
Employee benefit expense	**14,682**	13,918
Depreciation of property, plant and equipment	**2,162**	1,918
Operating lease expenses		
— Office premises	**547**	165
— Repair centres	**64**	63
— Retail outlets	**27,145**	28,995
Advertising and promotion expenses	**1,432**	2,584
Auditor's remuneration	**598**	664
Bank and credit card charges	**2,252**	3,016
Listing expenses	**293**	4,862
Other expenses	**7,327**	4,715
Total cost of sales, selling and distribution costs and administrative expenses	**166,794**	216,226

6. FINANCE COSTS

	Six months ended 31 October	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Finance costs		
— Interest expense on bank borrowings wholly repayable within 5 years	**389**	181

For the six months ended 31 October 2015, the interest on bank borrowings which contain a repayment on demand clause amounted to HK$389,000 (For the six months ended 31 October 2014: HK$181,000).

7. INCOME TAX EXPENSE

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

	Six months ended 31 October	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Hong Kong profits tax		
Current income tax	**982**	4,937
Deferred income tax	**370**	(15)
	1,352	4,922

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

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:

	Six months ended 31 October	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Profit before income tax	**5,202**	25,116
Calculated at tax rate of 16.5%	**858**	4,144
Tax effects of:		
Expenses not deductible for tax purposes	**494**	778
Income tax expense	**1,352**	4,922

8. DIVIDENDS

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

For the six months ended 31 October 2014, the dividends declared and paid or payable by the Group's subsidiaries were HK$72,140,000 to the then respective shareholders of the subsidiaries.

The board of directors do not recommend the payment of interim dividend for the six months ended 31 October 2015.

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 period.

	Six months ended 31 October	
	2015	2014
	HK$'000	*HK$'000*
	(Unaudited)	(Unaudited)
Profit attributable to owners of the Company	**3,850**	17,919
Weighted average number of ordinary shares in issue (thousands) *(Note)*	**787,978**	600,000
Basic earnings per share (HK cents per share)	**0.49**	2.99

Note: The weighted average number of ordinary shares in issue for the six months period ended 31 October 2014 and 2015 used in the basic earnings per share calculation is determined on the assumption that the 1 ordinary share with par value of HK$0.01 issued in connection with the incorporation of the Company on 23 June 2014, 99,999 shares with par value of HK$0.01 each issued on 9 April 2015 in connection with the reorganisation and the 599,900,000 shares with par value of HK$0.01 each issued in connection through capitalisation of the share premium accounts arose from the listing of the Company on 12 May 2015 had been in issue since 1 May 2013.

(b) Diluted

For the six months ended 31 October 2015 and 2014, diluted earnings per share equals basic earnings per share as there was no dilutive potential share.

10. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	31 October 2015	30 April 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Trade receivables *(Note a)*		
— third parties	**2,465**	700
— a related company	**65**	307
	2,530	1,007
Rental and utilities deposits	**16,326**	15,515
Prepayments	**1,684**	7,375
Prepaid listing expenses	**—**	5,569
Other receivables	**35**	45
	20,575	29,511
Less: non-current portion		
— rental deposits	**(8,426)**	(8,000)
— prepayments for property, plant and equipment	**—**	(6,950)
	(8,426)	(14,950)
Current portion	**12,149**	14,561

Note:

(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 31 October 2015 and 30 April 2015, the ageing analysis of the trade receivables based on the invoice date is as follows:

	31 October 2015	30 April 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Within 30 days	**2,370**	700
31 to 60 days	**130**	307
Over 60 days	**30**	—
	2,530	1,007

As at 31 October 2015, none of the trade receivables was past due but not impaired (30 April 2015: Nil).

11. SHARE CAPITAL

	Number of shares	**Nominal value**
		HK$'000
Authorized — ordinary shares of HK$0.01 each		
At 23 June 2014 (date of incorporation), 30 April 2015 (Audited) and at 31 October 2015 (Unaudited)	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 (Audited)	100,000	1
Issues of shares under the capitalisation issue	599,900,000	5,999
Issues of shares under the open offer	200,000,000	2,000
At 31 October 2015 (Unaudited)	800,000,000	8,000

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

	31 October 2015 HK$'000 (Unaudited)	30 April 2015 HK$'000 (Audited)
Trade payables *(Note a)*		
— third parties	**16,076**	19,599
— a related party	**17**	40
	16,093	19,639
Amount due to a shareholder of the Company (non-trade) *(Note b)*	**—**	15,042
Rent payable	**2,500**	1,961
Accrued employee benefit expense	**2,730**	709
Provision for reinstatement *(Note c)*	**1,728**	1,681
Provision for onerous operating leases *(Note d)*	**98**	1,110
Accrued listing expenses	**—**	7,339
Other accruals and payables	**659**	1,674
	23,808	49,155
Less: non-current portion	**(1,950)**	(2,257)
Current portion	**21,858**	46,898

As at 31 October 2015 and 30 April 2015, the carrying amounts of trade payables, an amount due to a shareholder of the Company, provisions and other payables approximate to their fair value and were mainly denominated in Hong Kong Dollars.

Notes:

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

As at 31 October 2015 and 30 April 2015, the aging analysis of the trade payables based on due date is as follows:

	31 October 2015 HK$'000 (Unaudited)	30 April 2015 HK$'000 (Audited)
Within 30 days	**14,066**	17,148
31 to 60 days	**1,468**	1,782
Over 60 days	**559**	709
	16,093	19,639

(b) Amount due to a shareholder of the Company

As at 30 April 2015, the amount due to a shareholder of the Company was unsecured, interest-free and repayable on demand. The balance due to a shareholder of the Company was fully settled before listing of the Company's shares on Main Board of The Stock Exchange of Hong Kong Limited on 12 May 2015.

(c) Provision for reinstatements costs

Movements in the Group's provision for reinstatement costs are as follows:

	31 October 2015	30 April 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At beginning of the period/year	**1,681**	1,404
Additional provision during the period/year	**140**	509
Settlements	**(93)**	(232)
At end of the period/year	**1,728**	1,681

(d) Provision for onerous contracts

Movements in the Group's provision for onerous contracts are as follows:

	31 October 2015	30 April 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
At beginning of the period/year	**1,110**	4,528
Release of provision upon payment of rental charges	**(1,012)**	(3,418)
At end of the period/year	**98**	1,110

The provision for onerous contracts represented the anticipated unavoidable costs for fulfilling the onerous non-cancellable lease agreements. The lease agreements will expire by end of 2015. The provision amount would be reduced upon the payment of the remaining rental charges.

13. BORROWINGS

	31 October 2015	30 April 2015
	HK$'000	*HK$'000*
	(Unaudited)	(Audited)
Current		
Short-term bank loans	**8,990**	77,158

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

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 mainly targeting mid-income consumers and tourists. Our Group controls, operates and manages its retail outlet network comprising a total of 22 retail outlets as at 31 October 2015 in top class shopping malls located at prime locations such as Times Square in Causeway Bay, Harbour City and iSquare in Tsim Sha Tsui, and Langham Place in Mongkok and New Town Plaza in Shatin which are widely perceived as shopping landmarks in Hong Kong. Our Group's retail network covered 11 multi-brand outlets and 11 single-brand boutique outlets as of 31 October 2015.

The Group's net profit for the six months ended 31 October 2015 amounted to approximately HK$3.9 million, representing a decrease of approximately HK$16.3 million as compared with approximately HK$20.2 million for the six months ended 31 October 2014. The decrease was mainly attributable to an unexpected downturn in the retail market, which was the result of the slowdown in economic growth of the People's Republic of China (the "PRC") and the disharmony social environment within Hong Kong that weakened the customer sentiment.

Interim dividend

The Board does not recommend the payment of any interim dividend for the six months ended 31 October 2015.

FINANCIAL REVIEW

Revenue

Our revenue decreased by approximately HK$69.1 million or 28.6% from approximately HK$241.5 million for the six months ended 31 October 2014 to approximately HK$172.4 million for the six months ended 31 October 2015. The decrease in revenue was mainly attributable to an unexpected downturn in the retail market, which was the result of the slowdown in economic growth of the PRC and the disharmony social environment within Hong Kong that weakened the customer sentiment.

Cost of sales

Our cost of sales primarily consists of cost of inventories sold and provision for slow-moving inventories. Our cost of sales decreased by approximately HK$45.0 million or 29.0% from approximately HK$155.3 million for the six months ended 31 October 2014 to approximately HK$110.3 million for the six months ended 31 October 2015. During the Review Period, the Group recorded a provision for slow-moving inventories of approximately HK$0.8 million (six months ended 31 October 2014: approximately HK$1.5 million) which is in line with the decrease in obsolete stock.

Eliminating the effect of provision for slow-moving inventories, cost of sales before provision of slow-moving inventory decreased by approximately HK$44.4 million or 28.8% from approximately HK$153.9 million for the six months ended 31 October 2014 to approximately HK$109.5 million for the Review Period. The decrease primarily reflected the decrease in revenue for the Review Period.

Gross profit and gross profit margin

Our gross profit decreased by approximately HK$24.1 million or 28.0% from approximately HK$86.2 million for the six months ended 31 October 2014 to approximately HK$62.1 million for the six months ended 31 October 2015 which was in line with the decrease in its revenue. Our overall gross profit margin increased from approximately 35.7% for the six months ended 31 October 2014 to approximately 36.0% for the six months ended 31 October 2015. The increase was mainly attributable to the decrease in provision for slow-moving inventories during the Review Period.

Eliminating the effect of provision for slow-moving inventories, the gross profit margin slightly increased from approximately 36.3% for the six months ended 31 October 2014 to approximately 36.5% for the six months ended 31 October 2015.

Selling and distribution expenses

Our selling and distribution expenses decreased by approximately HK$3.2 million or 6.3% from approximately HK$50.7 million for the six months ended 31 October 2014 to approximately HK$47.5 million for the six months ended 31 October 2015. The decrease was primarily attributable to decrease of advertising and promotion and turnover rent expense during the Review Period.

Administrative expenses

Our administrative expenses decreased by approximately HK$1.2 million or 11.8% from approximately HK$10.2 million for the six months ended 31 October 2014 to approximately HK$9.0 million for the six months ended 31 October 2015. The decrease was primarily attributable to the decrease in listing professional expenses during the Review Period.

Finance costs

Our finance costs increased by approximately HK$0.2 million or 100% from approximately HK$0.2 million for the six months ended 31 October 2014 to approximately HK$0.4 million for the six months ended 31 October 2015. The increase was primarily attributable to the total bank borrowings of approximately HK$79.2 million obtained on 5 February 2015. On 21 May 2015 and 16 June 2015, the Group settled its bank facility of approximately HK$35.0 million and approximately HK$29.0 million, respectively.

Profit before taxation and net profit margin

As a result of the foregoing, our profit before taxation decreased by approximately HK$19.9 million or 79.3% from approximately HK$25.1 million for the six months ended 31 October 2014 to approximately HK$5.2 million for the six months ended 31 October 2015. The net profit margin declined from approximately 8.4% for the six months ended 31 October 2014 to approximately 2.3% for the six months ended 31 October 2015.

FINANCIAL POSITION

The Group funded its liquidity and capital requirements primarily through cash inflows from operating activities and bank borrowings. On 12 May 2015, the Company issued a total of 200,000,000 ordinary shares and raised approximately HK$107.5 million (after deduction of the underwriting commission and relevant expenses) as a result of the completion of the initial public offering ("IPO").

As at 31 October 2015, the Group's total cash and bank balances were approximately HK$53.9 million (30 April 2015: approximately HK$22.0 million), most of which are denominated in HK$. The current ratio (defined as current assets divided by current liabilities) of the Group increased from approximately 1.2 times as at 30 April 2015 to approximately 5.6 times as at 31 October 2015. The gearing ratio (defined as net debt divided by total equity) of the Group decreased from approximately 1.2 times as at 30 April 2015 to net cash position as at 31 October 2015.

USE OF NET PROCEEDS FROM IPO

The net proceeds from the Company's IPO (after deducting the underwriting fees and related expenses) amounted to approximately HK$107.5 million, which are intended to be applied in the manner as disclosed in the prospectus of the Company dated 28 April 2015.

During the period from 12 May 2015, being the date of listing of the Company, to 31 October 2015, the Group has applied the net proceeds as follows:

	Amount utilised *HK$'000*	Amount unutilised *HK$'000*
Expand our retail and sales network	14,423	23,190
Improve our same-store sales growth and profit margin	2,254	10,642
Improve our supplier network and enhance the knowledge of our sales staff	—	4,298
Increase our marketing effort	1,922	5,601
Repay a short-term bank loan with interest	37,613	—
Working capital and other general corporate purposes	1,700	5,823
Total	57,912	49,554

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

DEBTS AND CHARGE ON ASSETS

The Group had total bank borrowings of approximately HK$9.0 million as at 31 October 2015, while that as at 30 April 2015 was approximately HK$77.2 million. On 21 May 2015 and 16 June 2015, the Group settled its bank borrowings of approximately HK$35.0 million and approximately HK$29.0 million, respectively, by utilising the proceeds from IPO.

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

At 31 October 2015, the Group did not have any foreign exchange contracts, interest or currency swaps or other financial derivatives.

As at 31 October 2015, the Group had aggregate banking facility of approximately HK$8.0 million (As at 30 April 2015: approximately HK$72.0 million), for overdrafts and loans. Unused facilities as at the same date were nil (As at 30 April 2015: nil). The banking facility was granted to one of subsidiaries of the Group and subject to annual review and guaranteed by:

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

(ii) unlimited personal guarantee from Mr. Lam Man Wah as at 30 April 2015 which was released upon the successful listing of the Company.

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the Period, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

SIGNIFICANT INVESTMENT HELD

Except for investments in subsidiaries, the Group did not hold any significant investment in equity interest in any other company as at 31 October 2015.

FOREIGN EXCHANGE EXPOSURES

As the Group's cash and cash equivalents, trade and other receivables, trade and other payables and borrowings, were mainly denominated in Hong Kong dollars, the Group had not experienced significant exposure to foreign currency fluctuation.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 31 October 2015.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2015, the Group had a total of 112 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2015 were approximately HK$14.7 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.

OUTLOOK AND FUTURE PROSPECTS

The Shares of the Company became listed on the Stock Exchange on 12 May 2015. 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 mainly targeting mid-income consumers and tourists. Our Group controls, operates and manages its retail outlet network comprising a total of 22 retail outlets as at 31 October 2015 in top class shopping malls located at prime locations such as Times Square in Causeway Bay, Harbour City and iSquare in Tsim Sha Tsui, and Langham Place in Mongkok and New Town Plaza in Shatin which are widely perceived as shopping landmarks in Hong Kong. Our Group's retail network covered 11 multi-brand outlets and 11 single-brand boutique outlets as of 31 October 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.

Our Group is confronted by an unexpected downturn in the retail market during the Review Period, the consensus from general comments are as a result of the slowdown in economic growth of the PRC and the disharmony social environment within Hong Kong that weakened the consumer sentiment. Amidst the uncertainties and retrenchment in the retail market, our Group remain vigilant yet proactive in managing our business.

The Group is undergoing measures in consolidating its single-brand boutique and multi-brand outlets by screening out shops with unsatisfactory performance and bringing in new concepts in order to strive for the consumers' focus and to stimulate their consumption sentiments. Our Group have put into practice and opened the first "CASIO" single-brand boutique concept on 14 July 2015 in Tsim Sha Tsui and "G-Factory" single-brand boutique outlet on 14 October 2015 in Times Square. CASIO is reputable in their products worldwide especially in its creativity, functionality and practicality at affordable prices. With stringent cost control measures and resources optimization, the outlet in Shun Tak Centre was closed on 15 November 2015 and outlets at iSquare will be revamped or relocated so as to further reinforce brand image in accordance with brands' guidelines.

As of today, the consumption sentiments did not prove to be recovering, and that we expect that the time for the recovery will further be lengthened.

Going forward, the Company will take initiatives to alleviate the adverse impact in the current sluggish market and prudently seize opportunities to strengthen our sales network by opening new shops at reasonable costs especially in the New Territories. Once the consumer market regains its momentum, we expect the Group's performance will be improved accordingly.

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 of Hong Kong Limited 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 during the Review Period and up to the date of this announcement, except for the deviation as specified with the reasons for such deviation 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 Review Period, 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 were set out in the Corporate Governance Report contained in the Company's interim report for the six months ended 31 October 2015, which will be sent to the shareholders in due course.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for carrying out securities transactions by the Directors. After specific enquiry with all members of the Board, the Company confirmed that all Directors have fully complied with the relevant standards stipulated in the Model Code during the six months ended 31 October 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended 31 October 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

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 interim results for the six months ended 31 October 2015 have been reviewed by the Audit Committee.

DIRECTORS' INTEREST IN COMPETING BUSINESS

For the Review Period and up to the date of this announcement, 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.

Since the Company was listed on 12 May 2015 and up to the date of this announcement, The independent non-executive Directors have carried out a review on the implementation and compliance with the non-competition deed entered into between the Company and the controlling shareholders, namely Mr. Lam Man Wah, Ms. Chan Ka Yee, Elsa and Tic Tac Investment Holdings Limited (collectively, the "Covenantors") and his/her associates (as defined under the Listing Rules). The independent non-executive Directors confirmed that the terms of the non-competition deed had been complied.

APPRECIATION

I would like to take this opportunity to express my gratitude to the Board for its brilliant leadership, to the Shareholders for their strong support, and to the community for their enthusiastic help, and last but not least, to our staff for their dedicated efforts.

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's interim report for the six months ended 31 October 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, 30 December 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