



2015

ANNUAL REPORT



**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

QUARTER





ER by Tic Tac Time

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Chairman's Statement



“ To Our Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of Tic Tac International Holdings Company Limited (the “Company”), I am delighted to present the annual report of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 April 2015.

”



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 mainly 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 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 8 single-brand boutique outlets as of 30 April 2015.

Chairman's Statement (continued)

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 RESULTS

For the year ended 30 April 2015, our Group recorded a turnover of HK\$443.0 million, representing a slight decrease of HK\$3.9 million from HK\$446.9 million as compared to previous financial year.

Profit attributable to the owners of the Company dropped to HK\$16.2 million, representing a decrease of 53.0% from HK\$34.4 million as compared to previous financial year. Eliminating the effect of the one-off Listing expenses of HK\$18.3 million, the profit attributable to owners of the Company would have increased by 0.3% as compared to the last financial year.

DIVIDEND PAYMENT

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

PROSPECTS

Despite the change in the business environment in Hong Kong due to the last year's political movement, the management is still optimistic about 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 mid-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.

Chairman's Statement (continued)

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.

APPRECIATION

On behalf of the Group, I would like to take this opportunity to express my sincere appreciation and gratitude to all our customers and brand owners for their dedicated support. At the same time, I wish to thank all our staff for their generous support, commitment and dedication towards work and to the Group all these years. Last but not least, my heartfelt thanks to the Board members for their contribution, and to our shareholders for their trust and continuous support.

Lam Man Wah

Chairman

Hong Kong, 24 July 2015

Corporate Information

DIRECTORS

Executive Directors

Mr. Lam Man Wah (*Chairman and chief executive officer*)
Ms. Chan Ka Yee, Elsa
Mr. Tsang Hok Man

Independent non-executive Directors

Mr. Cheng Kin Chung
Mr. Fung Tat Man
Mr. Lo Wai Kei, Wilkie

COMPANY SECRETARY

Mr. Wong Chi Wai, CPA

COMPLIANCE ADVISER

Quam Capital Limited

AUTHORISED REPRESENTATIVES

Mr. Lam Man Wah
Mr. Wong Chi Wai

AUDIT COMMITTEE

Mr. Cheng Kin Chung (*Chairman*)
Mr. Fung Tat Man
Mr. Lo Wai Kei, Wilkie

REMUNERATION COMMITTEE

Mr. Fung Tat Man (*Chairman*)
Mr. Cheng Kin Chung
Mr. Lo Wai Kei, Wilkie

NOMINATION COMMITTEE

Mr. Lo Wai Kei, Wilkie (*Chairman*)
Mr. Fung Tat Man
Mr. Cheng Kin Chung

PRINCIPAL BANKER

Hang Seng Bank Limited

AUDITOR

PricewaterhouseCoopers

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite No. 9, 11/F, Tower 1
China Hong Kong City
China Ferry Terminal
Canton Road, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Boardroom Share Registrars (HK) Limited
31/F, 148 Electric Road
North Point
Hong Kong

COMPANY'S WEBSITE

www.tictactime.com.hk

STOCK CODE

1470

Report of the Directors

The directors (the “Directors”) have pleasure in submitting their report together with the audited consolidated financial statements of the Company, and its subsidiaries (collectively the “Group”) for the year ended 30 April 2015.

BUSINESS REVIEW

Details of business review are set out in the section of “Management Discussion and Analysis” on pages 27 to 30.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries are principally engaged in the retail and wholesales of watches in Hong Kong. There was no significant change in its activities during the year.

SEGMENT INFORMATION

An analysis of the Group’s performance for the year by business segment is set out in Note 5 to the consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 30 April 2015 are set out in the consolidated statement of comprehensive income on page 33. The Directors do not recommend payment of any dividend in respect of the year ended 30 April 2015.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year are set out in Note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the Company’s share capital during the year are set out in Note 19 to the consolidated financial statements.

DISTRIBUTABLE RESERVES

At as 30 April 2015, the Company’s reserves available for distribution to shareholders was nil.

RESERVES

Details of the movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 37 of this annual report.

Report of the Directors (continued)

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The Group's customers can be categorised into two types, namely retail customers and wholesale customers.

For the financial year ended 30 April 2015, the Group's five largest customers in aggregate accounted for approximately 0.7% of the total sales and the Group's largest customer accounted for approximately 0.4% of total sales.

The main suppliers of the Group are watch suppliers. For the financial year ended 30 April 2015, the Group's five largest suppliers in aggregate accounted for approximately 95.4% of the total purchases and purchases from the largest supplier accounted for approximately 89.6% of the total purchases.

Mr. Lam Man Wah, the chairman and chief executive officer of the Company, held interests in a company as at 30 April 2015, which is the largest customer of the Company for the financial year ended 30 April 2015. Please refer to the Company's prospectus dated 28 April 2015 for details.

Save as disclosed above, none of the Directors, their associates or any shareholders of the Company (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in the Group's five largest customers and suppliers during the financial year ended 30 April 2015.

BANK LOANS AND OTHER BORROWINGS

Details of borrowings of the Group during the year are set out in Note 23 to the consolidated financial statements.

FOUR YEARS FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last four financial years is set out on pages 81 to 82 of this annual report.

Report of the Directors (continued)

DIRECTORS

The Directors of the Company since their appointment date and up to the date of this report are:

Executive Directors

Mr. Lam Man Wah (*Chairman of the Board*)

(*Appointed on 23 June 2014*)

Ms. Chan Ka Yee, Elsa

(*Appointed on 23 June 2014*)

Mr. Tsang Hok Man

(*Appointed on 12 February 2015*)

Independent non-executive Directors

Mr. Cheng Kin Chung

(*Appointed on 21 April 2015*)

Mr. Fung Tat Man

(*Appointed on 21 April 2015*)

Mr. Lo Wai Kei, Wilkie

(*Appointed on 21 April 2015*)

The terms of office of each Director are subject to retirement by rotation in accordance with the Company's Articles of Association.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors of the Company and the senior management of the Group are set out from pages 14 to 15 of this annual report.

DIRECTORS' SERVICE CONTRACTS

No Director proposed for re-election at the forthcoming annual general meeting has an unexpired service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

TERMS OF OFFICE FOR THE INDEPENDENT NON-EXECUTIVE DIRECTORS

All the independent non-executive Directors were appointed for a specific term of three years, but subject to the relevant provisions of the Articles of Association or any other applicable laws whereby the Directors shall vacate or retire from their office.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the Directors of the Company and the five highest paid individuals of the Group are set out in Note 8 to the consolidated financial statements, respectively. Upon the Listing of the Company, remuneration packages of the Directors are recommended by the Remuneration Committee and approved by the Board.

Report of the Directors (continued)

DIRECTORS AND CONTROLLING SHAREHOLDER'S INTERESTS IN CONTRACTS OF SIGNIFICANCE

No Director or controlling shareholder of the Company had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 30 April 2015.

DIRECTORS' AND CHIEF EXECUTIVE'S INTEREST AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 30 April 2015, the interests or short positions of the Directors in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept under Section 352 of the SFO, were as follows:

Name	Capacity	Number of shares	Percentage of Shareholding
Lam Man Wah	Interest in a controlled corporation (Note 1)	565,000,000	70.63%
Chan Ka Yee, Elsa	Interest of spouse (Note 1)	565,000,000	70.63%

Note 1: Mr. Lam Man Wah and Ms. Chan Ka Yee, Elsa are the beneficial owners of Tic Tac Investment Holdings Limited, being the holding company of the Company, and was therefore deemed to have an interest in 565,000,000 Shares which Tic Tac Investment Holdings Limited were interested. Ms. Chan Ka Yee, Elsa is the spouse of Mr. Lam Man Wah.

Note 2: All interests stated above represent long positions.

During the year ended 30 April 2015, there were no debt securities issued by the Group at any time. Save as disclosed herein, as at 30 April 2015, none of the Directors or chief executive of the Company or their associates had any interests and short positions in any shares, underlying shares or debentures of the Company or any associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which each of them has taken or deemed to have taken under the provisions of the SFO); or which were required, pursuant to section 352 of the SFO, to be entered into the register referred to therein; or which were required, pursuant to Appendix 10 of the Listing Rules, to be notified to the Company and the Stock Exchange.

Report of the Directors (continued)

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

To the best of the Directors' knowledge, as at 30 April 2015, the following shareholders (not being a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Long positions in shares of the Company

Name	Capacity	Number of shares	Percentage of shareholding
Tic Tac Investment Holdings Limited	Beneficial owner (Note 1)	565,000,000	70.63%

Note 1: Mr. Lam Man Wah and Ms. Chan Ka Yee, Elsa, both Directors, are the beneficial owners of Tic Tac Investment Holdings Limited, being the holding company of the Company, and was therefore deemed to have an interest in 565,000,000 Shares which Tic Tac Investment Holdings Limited were interested. Ms. Chan Ka Yee, Elsa is the spouse of Mr. Lam Man Wah.

Note 2: All interests stated above represent long positions.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 30 April 2015 and up to the date of this report, 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 report, the independent non-executive Directors have not reviewed the 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 will review the non-competition deed in next corresponding period.

DIRECTORS' INTERESTS IN CONTRACTS

There is no contract of significance to which the Company or any of its subsidiaries and the controlling shareholders of the Company or any of its subsidiaries was a party and in which the Directors had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisitions of shares in, or debentures of, the Company or any other body corporate.

Report of the Directors (continued)

RELATED PARTY TRANSACTION

Details of related party transactions of the Group for the year ended 30 April 2015 are set out in note 27 to the consolidated financial statements. None of the related party transactions as disclosed in Note 27 to the consolidated financial statements constitutes a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

PURCHASE, REDEMPTION OR SALE OF SECURITIES

Neither the Company, nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities since the Listing Date.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to issue of this report, the Company has maintained the sufficient public float of at least 25% of the Company's issued shares as at the date of this report.

EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2015, the Group had 100 employees. Remuneration of the Group's employees is determined in accordance with the terms of government policies and by reference to market level and the performance, qualifications and experience of employees. Discretionary bonuses are paid to a few employees as recognition of and reward for their contribution to the corporate development. Other benefits include contributions to retirement schemes, medical schemes and housing allowances.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year under review.

CONNECTED TRANSACTION

There were no connected transaction or continuing connected transaction of the Company under Chapter 14A of the Listing Rules which are subject to the reporting, announcement or independent shareholders' approval requirements under the Listing Rules.

Report of the Directors (continued)

SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") which was adopted pursuant to a resolution of the shareholders passed on 21 April 2015. The purpose of the Scheme is for our Group to attract, retain and motivate talented participants to strive for future developments and expansion of our Group. The Scheme shall be an incentive to encourage the Participants to perform their best in achieving the goals of our Group and allow the Participants to enjoy the results of our Company attained through their efforts and contributions.

The Scheme became effective on 21 April 2015 and, unless otherwise cancelled or amended, will remain in force for 10 years from the adoption of the Scheme, the principal terms of which were summarized in the sub-section headed "Share Option Scheme" in Appendix IV of the Prospectus.

No options have been granted under the Scheme since its adoption.

AUDITOR

The financial statements for the year ended 30 April 2015 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment as auditor of the Company will be proposed at the forthcoming annual general meeting.

Since the Listing Date, there is no change in auditor of the Company.

PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of the Stock Exchange at www.hkex.com.hk and on the website of the Company at www.tictactime.com.hk.

By order of the Board

Lam Man Wah

Chairman

24 July 2015

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Lam Man Wah (林文華), aged 52, is the leading founder of our Group, chairman of our Board, chief executive officer and an executive Director. He is responsible for the overall strategic planning and corporate policies as well as overseeing the operations of our Group. He is also a director of each subsidiary of the Company. Mr. Lam brings to our Group over 22 years of experience in the watch retail industry. Before founding our Group, he was one of the proprietors of Kwun Tong Woodley Sports Company (官塘活力體育用品公司). He was one of the proprietors of Ching Wah Watch Co (精華錶行) which is principally engaged in the retailing of watches, and then become the sole proprietor of it. He had been a director of Xu Xing Long Watch Limited which is principally engaged in the retail of watches in Macau. Since July 2010, Mr. Lam is a shareholder of Timeless Holder China Limited which is principally engaged in the wholesale distribution of watches under self-owned brands in Hong Kong and Macau. Mr. Lam completed his secondary education in China in 1979. Mr. Lam is the spouse of Ms. Chan Ka Yee, Elsa.

Ms. Chan Ka Yee, Elsa (陳嘉儀), aged 43, is one of the founders of our Group and our executive Director. She is responsible for management of human resources and administration of our Group. She is also a director of Tic Tac Time Company Limited. Ms. Chan has over 17 years of work experience in human resources matters which was gained from the operation of our Group. Ms. Chan completed her secondary education in Hong Kong in 1991. Ms. Chan is the spouse of Mr. Lam Man Wah.

Mr. Tsang Hok Man (曾學文), aged 44, is our executive Director. He is responsible for overall operation and review processes of our Group. He was a director of Sun Step Asia Limited from August 2006 to June 2009. Mr. Tsang has about 15 years of work experience in the watch retail industry which was gained from working in our Group. He first joined us as a shop manager, mainly responsible for merchandising, supervising and retail management, from July 1997 to March 2001, and re-joined us as a general manager and is mainly responsible for overall management and operation of our retail outlets since November 2003. Mr. Tsang completed his secondary education in 1987.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Cheng Kin Chung (鄭建中), aged 53, is an independent non-executive Director. He is chairman of our audit committee and a member of each of our remuneration committee and nomination committee. He was a partner of Deloitte Touche Tohmatsu from June 2001 to June 2004. He served as an independent non-executive director of Allied Cement Holdings Limited (stock code: 1312) from December 2011 to July 2014. He has been a member of the audit committee of Fu Hong Society (扶康會), a non-profit organisation providing services to persons with disabilities and their families such as residential care services and community support services, since February 2011 and became its chairman in 2013.

Mr. Cheng received a master's degree in professional accounting and a master's degree in English for the Professions from The Hong Kong Polytechnic University. He was admitted as a member of the American Institute of Certified Public Accountants in February 1993 and an associate of the Institute of Chartered Accountants in England and Wales in August 2005.

Biographical Details of Directors and Senior Management

(continued)

Mr. Fung Tat Man (馮達文), aged 48, is an independent non-executive Director. He is chairman of our remuneration committee and a member of each of our audit committee and nomination committee. He is a practising certified public accountant in Hong Kong. He was an audit manager of Kelvin Chong & Partners from April 2008 to August 2011. He has been a partner of United CPA & Co., principally engaged in the provision of a variety of services including auditing, accounting, taxation, corporate secretarial and management consultant since January 2012. Mr. Fung received a bachelor's degree in social sciences from The University of Hong Kong in Hong Kong in December 1990.

Mr. Lo Wai Kei, Wilkie (盧偉基), aged 46, is an independent non-executive Director. He is chairman of our nomination committee and a member of each of our audit committee and remuneration committee. Mr. Lo is a practising solicitor in Hong Kong and has accumulated over 20 years of experience in various areas of law including litigation, commercial and intellectual property. He was admitted to practise law as a solicitor in Hong Kong in September 1994. He has been the founding partner of Au Yeung, Lo & Chung, Solicitors (歐陽、盧、鍾律師行) since January 1998. He has been an appointed civil celebrant of marriages in Hong Kong since June 2011. Mr. Lo was a member of the Panel of Adjudicators of the Obscene Articles Tribunal from September 2004 to September 2013 and an adjudicator of the Immigration Tribunal from October 2007 to April 2014. He has been a member of the Appeal Panel (Housing) since April 2012 and a member of the Fishermen Claims Appeal Board since June 2013. Mr. Lo received a bachelor's degree in law from The University of Hong Kong in Hong Kong in November 1991.

SENIOR MANAGEMENT

Mr. Cheung Hing Cheong, aged 42, is our Chief Business Officer and is mainly responsible for the management of our wholesale business and our marketing activities. Mr. Cheung has over 10 years of experience in the wholesale business of consumer goods. Mr. Cheung received a bachelor degree in computer studies from City University of Hong Kong. Before joining us, he assumed various management positions in several multi-national companies such as Mikli Asia Limited, the Swatch Group (Hong Kong) Limited and DKSH Hong Kong Limited.

Mr. Chau Chung Fai, aged 40, is our Retail Operation Manager and is mainly responsible for coordinating operations within our Group and the business development of a watch brand. Before joining us, he assumed various management positions in some well-known companies including Hutchison Telecommunications (Hong Kong) Limited, Pizza Hut Hong Kong Management Ltd and City Chain Co. Ltd. Mr. Chau received a diploma in business management in Hong Kong in 2001.

Mr. Kam Tang Kai, aged 33, is our Retail Operation Manager and is mainly responsible for managing our retail business and the business development of a watch brand. Before joining us, he assumed various positions in some well-known companies including City Chain Co. Ltd. and Easy Winner Development Limited. He received a continuing education certificate in general studies, Yi Jin Programme from City University of Hong Kong in Hong Kong in 2008.

COMPANY SECRETARY

Mr. Wong Chi Wai (黃志威), aged 30, was appointed as our company secretary on 11 February 2015 and is responsible for our secretarial affairs. He was a manager (being mainly responsible for supervising and conducting client engagements) at Samuel H. Wong & Co. from December 2008 to March 2014. Mr. Wong received a bachelor degree in business administration from the Hong Kong Polytechnic University in Hong Kong in October 2008. He has been a member of the Hong Kong Institute of Certified Public Accountants since May 2012. Mr. Wong has been appointed as our company secretary pursuant to our engagement of an external company secretarial services company, GC Corporate Services Company Limited, to provide company secretarial services to us.

SPEED TIME



**Corporate
Governance Report**

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions in the Corporate Governance Code (the "CG Code") contained in Appendix 14 of 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 report, 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.

CORPORATE GOVERNANCE STRUCTURE

The Board is primarily responsible for formulating strategies, monitoring performance and managing risks of the Group. At the same time, it also has the duty to enhance the effectiveness of the corporate governance practices of the Group. The Company has set up three board committees, namely the audit committee, the remuneration committee and the nomination committee. All these committees perform their distinct roles in accordance with their respective terms of reference and assist the Board in supervising certain functions of the senior management.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted the Model Code for Securities Transactions by the Directors as set out in Appendix 10 of 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. The Company has made specific enquiry of all the Directors and the Directors have confirmed compliance with this code of conduct during the year ended 30 April 2015. No incident of non-compliance was noted by the Company during this period.

The Board has also established written guidelines for relevant employees, including certain employees of the Company, certain directors or employees of its subsidiaries who are considered to be likely to possess inside information in relation to the Company or its securities, in respect of their dealings in the Company's securities.

BOARD OF DIRECTORS

At present, the Board comprises six Directors as follows:

Executive Directors

Mr. Lam Man Wah (*Chairman and chief executive officer*)

Ms. Chan Ka Yee, Elsa

Mr. Tsang Hok Man

Independent non-executive Directors

Mr. Cheng Kin Chung

Mr. Fung Tat Man

Mr. Lo Wai Kei, Wilkie

Corporate Governance Report (continued)

List of directors and their roles and functions are available on the websites of Company and the Stock Exchange. Biographical details of the Directors are set out in the section of “Biographical Details of Directors and Senior Management” on pages 14 to 15. Save for Mr. Lam Man Wah, chairman of the Board of the Company, is the spouse of Ms. Chan Ka Yee, Elsa, an executive Director of the Company, there are no family or other material relationships among members of the Board.

The Board has the responsibility for leadership and control of the Company. They are collectively responsible for promoting the success of the Group by directing and supervising the Group’s affairs. The Board is accountable to shareholders for the strategic development of the Group with the goal of maximizing long-term shareholder value, while balancing broader stakeholder interests. The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company.

Pursuant to code provision C.1.2 of the CG Code, management should provide all members of the board with monthly updates giving a balanced and understandable assessment of the Company’s performance, position and prospects in sufficient detail.

Pursuant to code provision A.1.1 of the CG Code, at least four regular Board meetings should be held each year at approximately quarterly intervals with active participation of a majority of the Directors, either in person or through other electronic means of communication. Since the Listing Date and up to the date of this annual report, the Board has held one meeting. All directors attended the meeting. The Board will schedule at least four regular meetings in a year. However, the Board may also hold meetings with less than 14 days’ notice as required for regular meetings under Code Provision A.1.3, it may also pass resolutions by circulation of documents if considered appropriate.

All of the Directors have access to the advice and services of the company secretary who is responsible for ensuring that the Board procedures are complied with and advising the Board on compliance matters. The Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as the Directors of the Company, at the expense of the Company. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolutions.

All of the Directors assume the responsibilities owed to the shareholders of the Company for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor the Company’s overall financial position. The Board updates shareholders on the operations and financial position of the Group through, half yearly and annual results announcements as well as the publication of timely announcements of other matters as prescribed by the relevant rules and regulations.

The Company has three independent non-executive Directors, at least one of whom has appropriate financial management expertise, in compliance with the Listing Rules. Each of the independent non-executive Director has made an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company has assessed the independence of all of the independent non-executive Directors and considered that all of the independent non-executive Director meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

During the year, the Company had arranged appropriate insurance cover in respect of legal action against the Directors.

Corporate Governance Report (continued)

The attendance record of each Director at Board meeting, Audit Committee meeting, Remuneration Committee meeting and Nomination Committee meeting since the Company was listed on 12 May 2015 is set out in the following table:

Name of Directors	Board Meeting (attendance/total no. of meeting held)	Audit Committee Meeting (attendance/total no. of meeting held)	Remuneration Committee Meeting (attendance/total no. of meeting held)	Nomination Committee Meeting (attendance/total no. of meeting held)
Executive Directors				
Mr. Lam Man Wah	1/1	N/A	N/A	N/A
Ms. Chan Ka Yee, Elsa	1/1	N/A	N/A	N/A
Mr. Tsang Hok Man	1/1	N/A	N/A	N/A
Independent non-executive Directors				
Mr. Cheng Kin Chung	1/1	1/1	1/1	1/1
Mr. Fung Tat Man	1/1	1/1	1/1	1/1
Mr. Lo Wai Kei, Wilkie	1/1	1/1	1/1	1/1

All Directors are provided with details of agenda items for decisions making with reasonable notice and welcome to include matters in the agenda of Board meeting. Minutes of Board meetings and meetings of Board committees are kept by Company Secretary and are opened for inspection as request by Directors.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

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 was the chairman of the Board and the chief executive officer of the Company. In view of 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. Therefore, the Board considers that the deviation from the code provision A.2.1 of the CG Code is appropriate in such circumstances. Nevertheless, the Company will continue to look for suitable candidates and will make necessary arrangement pursuant to the requirement under A.2.1 of CG Code as and when necessary.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors of the Company has entered into a service contract with the Company for a fixed term of three years commencing on 12 May 2015 and either the executive Director or the Company may terminate the agreement by giving the other party not less than three months' notice in writing or by making a payment of three months' salary in lieu of the notice.

Each of the independent non-executive Directors has entered into a service contract with the Company for a specific term of three years but subject to termination in certain circumstances as stipulated in the relevant service contracts. Save as disclosed above, none of the Directors being proposed for re-election at the forthcoming annual general meeting has a service contract with the Company or any of its subsidiaries which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

Corporate Governance Report (continued)

CORPORATE GOVERNANCE FUNCTION

The audit committee is responsible for performing corporate governance duties and has adopted the written terms of reference on its corporate governance functions. The duties of the audit committee in respect of the corporate governance functions include:

- (a) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board;
- (b) reviewing and monitoring the training and continuous professional development of Directors and senior management of the Company and its subsidiaries;
- (c) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company and its subsidiaries;
- (e) reviewing the Company's compliance with the CG Code in Appendix 14 to the Listing Rules and disclosure in the Corporate Governance Report; and
- (f) doing any such things to enable the Audit Committee to discharge its powers and functions conferred on it by the Board.

Since the Listing Date and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

REMUNERATION COMMITTEE

The Company established a remuneration committee in accordance with Rule 3.25 of the Listing Rules pursuant to a resolution of the Directors passed on 21 April 2015 with written terms of reference in compliance with paragraph B.1 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The terms of reference are available on the websites of the Company and the Stock Exchange.

The Remuneration Committee reviews the performance and remuneration package of the executive Directors, independent non-executive Directors and senior management, and makes appropriate recommendations to the Board. Staff remuneration is determined by the Group's management by reference to the individual staff's qualifications, work experience, performance and prevailing market conditions.

During the period from the Listing Date to the date of this annual report, the Remuneration Committee held one meeting. Details of the attendance of the members of the Remuneration Committee in the said meeting are set out on page 19.

The Remuneration Committee comprises three members as at the date of this report, namely:

Mr. Fung Tat Man (*Chairman*)
Mr. Cheng Kin Chung
Mr. Lo Wai Kei, Wilkie

All of the current members are independent non-executive Directors.

In addition, pursuant to the Code Provision B.1.5, the annual remuneration of the member of the senior management by band for the year ended 30 April 2015 is set out below:

	2015
Nil to HK\$1,000,000	3

Corporate Governance Report (continued)

NOMINATION COMMITTEE

The Company established a nomination committee pursuant to a resolution of the Directors passed on 21 April 2015 with written terms of reference in compliance with paragraph A.5 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The terms of reference are available on the websites of the Company and the Stock Exchange.

The primary duties of the nomination committee, among other things, are (i) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually, make recommendations to the Board regarding appointment of Directors and candidates to fill vacancies on the Board; (ii) to review the Board Diversity Policy; (iii) to identify individuals suitably qualified to become members of the Board and selecting or making recommendations to the Board on the selection of individuals nominated for directorship; (iv) to assess the independence of independent non-executive Directors; and (v) to make recommendations to the Board on relevant matters relating to the appointment or re-appointment of Directors and succession planning for Directors in particular the chairman of the Board and the chief executive officer of the Company.

BOARD DIVERSITY

During the year, the Board adopted a board diversity policy (the "Policy") setting out the approach to achieve diversity on the Board. The Company considered diversity of board members can be achieved through consideration of a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

On recommendation from the Nomination Committee, the Board will set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. The Nomination Committee will review the Policy, as appropriate, to ensure its continued effectiveness from time to time.

During the period from the Listing Date to the date of this annual report, the Nomination Committee had one meeting. Details of the attendance of the members of the Nomination Committee in the said meeting are set out on page 19.

The Nomination Committee comprises three members as at the date of this report, namely:

Mr. Lo Wai Kei, Wilkie (*Chairman*)
Mr. Fung Tat Man
Mr. Cheng Kin Chung

All of the current members are independent non-executive Directors.

Corporate Governance Report (continued)

AUDIT COMMITTEE

The Company established an audit committee in accordance with Rule 3.21 of the Listing Rules pursuant to a resolution of the Directors passed on 21 April 2015 with written terms of reference in compliance with paragraph C.3 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The terms of reference are available on the websites of the Company and the Stock Exchange.

The primary duties of the audit committee, among other things, are (i) to make recommendations to the Board on the appointment, reappointment and removal of external auditor, and to approve the remuneration and the terms of the external auditor, and any questions of its resignation or dismissal; (ii) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard; (iii) to review the financial statements and material advice in respect of financial reporting; (iv) to oversee internal control procedures of the Company; and (v) to report to the Board on the matters set out in the code provisions as stated in Appendix 14 to the Listing Rules.

During the period from the Listing Date to the date of this annual report, the Audit Committee had one meeting. Details of the attendance of the members of the Audit Committee in the said meeting are set out on page 19. The Audit Committee reviewed the Group's annual results and annual report for the year ended 30 April 2015, the financial reporting and compliance procedures, the Company's internal control and risk management systems and processes, and the re-appointment of the external auditor.

The Audit Committee comprises three members as at the date of this report, namely:

Mr. Cheng Kin Chung (*Chairman*)
Mr. Fung Tat Man
Mr. Lo Wai Kei, Wilkie

All the members are independent non-executive Directors (including one independent non-executive Director who possesses the appropriate professional qualifications or accounting or related financial management expertise). None of the members of the Audit Committee is a former partner of the Company's existing external auditor.

INTERNAL CONTROLS

The audit committee reviews the adequacy of the Group's internal financial controls, operational and compliance controls, and risk management policies and systems established by the management of the Company (collectively "internal controls").

The Company established the Internal Audit Department to review the Group's internal control system and evaluates its adequacy, effectiveness and compliance independently. The Head of the Internal Audit Department reports directly to the Audit Committee on regular basis and making recommendations to management for rectification.

For the year ended 30 April 2015, the Board has conducted a review and assessment of the effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management.

The Board is responsible for the overall internal control framework and is fully aware of the need to put in place a system of internal controls within the Group to safeguard the interests of the Company's shareholders and the Group's assets, and to review and monitor the effectiveness of the internal control and risk management systems on a regular basis to ensure that the systems in place are adequate.

Corporate Governance Report (continued)

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company on his reporting responsibilities and opinion on the Group's financial statements for the year ended 30 April 2015 is set out in the section headed "Independent Auditor's Report" in this annual report.

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing any non-audit functions performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company.

During the year ended 30 April 2015, the fees paid/payable to the external auditor are set out as follows:

Service Category	Fee paid/payable HK\$
Audit Services for the listing purpose	4,250,000
Audit Services for financial year ended 30 April 2015	1,090,250
Total	5,340,250

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements for each financial year which gives a true and fair view. In preparing the financial statements, appropriate accounting policies and standard are selected and applied consistently.

COMPANY SECRETARY

Mr. Wong Chi Wai ("Mr. Wong") has been appointed as the company secretary pursuant to our engagement of an external company secretarial services company, GC Corporate Services Company Limited, to provide company secretarial services to the Company. The primary contact person at the Company is Mr. Cheung Siu Wah, the financial controller. The company secretary is responsible for ensuring that Board procedures are followed and for facilitating communications among Directors as well as with shareholders and management. For the year ended 30 April 2015, Mr. Wong undertook not less than 15 hours of professional training to update his skills and knowledge.

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public.

The Company updates its shareholders on its latest business developments and financial performance through its annual and interim reports. The corporate website of the Company (www.tictactime.com.hk) has provided an effective communication platform to the public and the shareholders.

Corporate Governance Report (continued)

SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENT

From the Listing Date and up to the date of this annual report, the Company has not made any change to its constitutional documents. A consolidated version of the Company's constitutional documents is available on the Company's website and the website of the Hong Kong Stock Exchange.

INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Immediately prior to the listing of the Company, all Directors have been given relevant guideline materials and attended a training regarding the duties and responsibilities of being a Director, the relevant laws and regulations applicable to the Directors, duty of disclosure of interest and business of the Group. Such induction materials and briefings will also be provided to newly appointed Directors shortly upon their appointment as Directors. Continuing briefings and professional development to Directors will be arranged whenever necessary.

All Directors have provided record of training attendance and the Company will continue to arrange and/or fund the training in accordance with the Code Provisions.

SHAREHOLDER COMMUNICATION

The Company has adopted shareholders communication policy with objective to provide our shareholders with detailed information about the Company so that they can exercise their rights as shareholders in an informed manner. The Company would review the shareholders communication policy on a regular basis.

The Company uses a range of communication tools to ensure its shareholders are kept well informed of key business imperatives. These include annual general meeting, annual report, various notices, announcements and circulars. Procedure for demanding a poll will be included in circulars accompanying notice convening a general meeting and such procedure will be read out by the chairman of the general meeting or his delegate. The annual general meeting and other general meetings of the Company are primary forum for communication between the Company and its shareholders. The members of the Board, Board Committees and the external auditor are present to answer shareholders' questions at the annual general meeting of the Company. The Company shall provide shareholders with relevant information on the resolution(s) proposed at a general meeting in a timely manner in accordance with the Listing Rules. The information provided shall be reasonably necessary to enable shareholders to make an informed decision on the proposed resolution(s). As a channel to promote effective communication, the Group maintains a website where information on the Company's announcements, financial information and other information are posted. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong with any inquiries.

Corporate Governance Report (continued)

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

There are no provisions allowing shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, shareholders are requested to follow article 58 of the Articles of Association of the Company, general meetings shall be convened on the written requisition of any one or more members holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR SHAREHOLDERS TO PROPOSE A PERSON FOR ELECTION AS A DIRECTOR

The provisions for a shareholder to propose a person for election as a Director of the Company are laid down in Article 85 of the Company's Articles of Association. No person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a Notice signed by a Member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a Notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the Registration Office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that (if the Notices are submitted after the despatch of the notice of the general meeting appointed for such election) the period for lodgment of such notice(s) shall commence on the day after the despatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Detailed procedures for shareholders to propose a person for election as a Director are available on the Company's website.

PROCEDURES FOR SENDING ENQUIRIES TO THE BOARD

Shareholders may send written enquiries to the Company, for the attention of company secretary, by mail to Suite No. 9, 11/F, Tower 1, China Hong Kong City, China Ferry Terminal, Canton Road, Kowloon, Hong Kong.

INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.


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Management Discussion and Analysis

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

The Group's revenue, of which consisted of sales from retail and wholesales of watches, 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. Revenue from retail of watches for the year ended 30 April 2015 was approximately HK\$440.0 million, representing a decrease by approximately HK\$4.3 million or 1.0 % from approximately HK\$444.3 million for the year ended 30 April 2014, while, a revenue from wholesales of watches for the year ended 30 April 2015 was approximately HK\$3.0 million, representing an increase by approximately HK\$0.4 million or 15.4 % from approximately HK\$2.6 million for the year ended 30 April 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 sales from retail of watches 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 sales from retail and wholesales of watches 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 the 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 on slow-moving inventories during the year.

Eliminating the effect of the 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 utilization 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 in employee benefit and one-off listing expenses of approximately HK\$18.3 million which mainly reflected the progress of our Listing during the year.

Management Discussion and Analysis (continued)

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 decrease 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 INITIAL PUBLIC OFFERING

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 report HK\$'000	Amount unutilised as at the date of this report 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.

Management Discussion and Analysis (continued)

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.

DEBTS AND CHARGE ON ASSETS

The Group had total bank borrowings of approximately HK\$77.2 million as at 30 April 2015, while that as at 30 April 2014 was approximately HK\$14.8 million.

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 the Company.



Management Discussion and Analysis (continued)

FUTURE PLANS FOR MATERIAL INVESTMENTS

Save as disclosed in the Prospectus, the Group did not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENT

Save as described in this annual report, there was no other significant investment during the year.

CAPITAL COMMITMENTS

The Group had no capital commitments as at 30 April 2015 (2014: approximately HK\$6.8 million).

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 April 2015 and 2014.

FINAL DIVIDENDS

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

EVENT AFTER THE END OF THE REPORTING PERIOD

On 12 May 2015, the Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited with public offer shares of 200,000,000 at an issue price of HK\$0.68 per share. The total capitalized amount of the listing is approximately HK\$136.0 million with share issuance costs of approximately HK\$28.5 million.

On 21 May 2015 and 16 June 2015, the Company settled its bank borrowings of approximately HK\$35.0 million and HK\$29.0 million, respectively.

Independent Auditor's Report



羅兵咸永道

TO THE SHAREHOLDERS OF TIC TAC INTERNATIONAL HOLDINGS COMPANY LIMITED
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Tic Tac International Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages 33 to 80, which comprise the consolidated and company statement of financial position as at 30 April 2015, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32), and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report (continued)

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 30 April 2015, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the disclosure requirements of the predecessor Hong Kong Companies Ordinance (Cap. 32).

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 24 July 2015

Consolidated Statement of Comprehensive Income

For the year ended 30 April 2015

	Note	2015 HK\$'000	2014 HK\$'000
Revenue	5	442,955	446,913
Cost of sales	7	(285,780)	(284,295)
Gross profit		157,175	162,618
Other (losses)/gains, net	6	(407)	48
Selling and distribution costs	7	(97,663)	(106,784)
Administrative expenses	7	(30,732)	(9,997)
Operating profit		28,373	45,885
Finance costs	9	(555)	(361)
Profit before income tax		27,818	45,524
Income tax expense	10	(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)	12	2.70	5.73
Dividends	11	72,140	38,600

The notes on pages 39 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at 30 April 2015

	Note	2015 HK\$'000	2014 HK\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	5,245	6,736
Deposits and prepayments	16	14,950	10,401
Deferred income tax assets	21	1,272	1,560
		21,467	18,697
Current assets			
Inventories	14	114,530	105,170
Trade receivables, other receivables and prepayments	16	14,561	8,183
Tax recoverable		1,170	183
Cash and cash equivalents	18	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	19	1	—
Reserves	20	44,884	76,100
		44,885	76,100
Non-controlling interests	26	—	6,620
Total equity		44,885	82,720

Consolidated Statement of Financial Position (continued)

As at 30 April 2015

	Note	2015 HK\$'000	2014 HK\$'000
LIABILITIES			
Non-current liabilities			
Provision for other liabilities and charges	22	2,257	2,241
Deferred income tax liabilities	21	92	292
		2,349	2,533
Current liabilities			
Trade and other payables	22	46,898	49,390
Borrowings	23	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

These financial statements on pages 33 to 80 were approved for issue by the Board of Directors on 24 July 2015 and were signed on its behalf.

Lam Man Wah
Director

Tsang Hok Man
Director

The notes on pages 39 to 80 are an integral part of these consolidated financial statements.

Statement of Financial Position

As at 30 April 2015

	Note	2015 HK\$'000
ASSETS		
Non-current assets		
Interest in subsidiaries	26	66,888
Current assets		
Prepayments	16	5,569
Cash and cash equivalents	18	10
		5,579
Total assets		72,467
EQUITY		
Equity attributable to the owners of the Company		
Share capital	19	1
Reserves	20	47,242
Total equity		47,243
LIABILITIES		
Current liabilities		
Accruals and other payables	22	8,339
Amounts due to subsidiaries	26	16,885
Total liabilities		25,224
Total equity and liabilities		72,467
Net current liabilities		(19,645)
Total assets less current liabilities		47,243

These financial statements on pages 33 to 80 were approved by the Board of Directors on 24 July 2015 and were signed on its behalf.

Lam Man Wah
Director

Tsang Hok Man
Director

Consolidated Statement of Changes in Equity

For the year ended 30 April 2015

	Attributable to owners of the Company				Total	Non-controlling interests	Total equity
	Share capital	Combined capital	Capital reserve	Retained earnings			
	HK\$'000	(Note 20(a)) HK\$'000	(Note 20(b)) 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 11)	—	—	—	(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 11)	—	—	—	(65,570)	(65,570)	(6,570)	(72,140)
Waiver of amount due to a shareholder of the Company (Note 20 (b)(ii))	—	—	14,282	—	14,282	—	14,282
Issuance of shares pursuant to a group Reorganisation (Note 20(b)(iii))	1	(4,300)	8,202	—	3,903	(3,903)	—
Balance at 30 April 2015	1	—	24,094	20,790	44,885	—	44,885

The notes on pages 39 to 80 are an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows

For the year ended 30 April 2015

	Note	2015 HK\$'000	2014 HK\$'000
Cash flows from operating activities			
Net cash generated from operations	25	20,768	26,698
Income tax paid		(9,352)	(8,566)
Net cash generated from operating activities		11,416	18,132
Cash flows from investing activities			
Purchases of property, plant and equipment		(2,759)	(2,162)
Prepayments for purchase of property, plant and equipment		(6,800)	(150)
Proceeds from disposal of financial assets at fair value through profit or loss		—	242
Net cash used in investing activities		(9,559)	(2,070)
Cash flows from financing activities			
Proceeds from new borrowings		95,335	14,658
Repayment of borrowings		(32,998)	(14,301)
Net change in balances with shareholders of the Company		(19,549)	(18,186)
Dividends paid		(37,000)	—
Additional paid in capital		—	2,500
Payment of obligation under a finance lease		—	(2,742)
Interest paid		(555)	(361)
Payment of listing expenses		(5,417)	—
Net cash used in financing activities		(184)	(18,432)
Net increase/(decrease) in cash and cash equivalents		1,673	(2,370)
Cash and cash equivalents at beginning of the year		20,337	22,707
Cash and cash equivalents at end of the year	18	22,010	20,337

The notes on pages 39 to 80 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

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’s 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, 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.

Notes to the Consolidated Financial Statements (continued)

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 consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention except for financial assets at fair value through profit or 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 HKFRS 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 areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

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”.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

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
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 Accounting Standards ("HKAS") and HKFRS 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.

2.2. Subsidiaries

(a) Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company that makes strategic decisions.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in HK\$ which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income within "other (losses)/gains, net".

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values, where applicable, over the estimated useful lives, as follows:

Leasehold improvements	Lease terms of 2 to 5 years
Furniture and fixtures	Shorter of lease term or 5 years
Office equipment	3 years
Motor vehicles and vessels	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.6).

Gains or losses on disposals are determined by comparing proceeds with carrying amount and are recognised as "other (losses)/gains, net" in the statement of comprehensive income.

2.6 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Financial assets

(a) Classification

The Group classifies its financial assets into two categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if it has been acquired principally for the purpose of selling in the short term. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "deposits", "trade receivables", "other receivables" and "cash and cash equivalents" in the consolidated statement of financial position (Notes 2.10 and 2.11).

(b) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are recognised at fair value, and transaction costs are expensed in the consolidated statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated statement of comprehensive income within "other (losses)/gains, net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated statement of comprehensive income as part of other income when the Group's right to receive payments is established.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated statement of comprehensive income.

2.9 Inventories

Inventories representing merchandise are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises invoiced cost less purchase rebates. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.11 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in consolidated statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.15 Borrowing costs

Borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in the consolidated statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Current and deferred income tax (continued)

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.17 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting dates.

Employee entitlements to sick leave and maternity or paternity leaves are not recognised until the time of leave.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Employee benefits (continued)

(b) Pension obligations

The Group participates in a defined contribution plan. A defined contribution plan is a pension plan under which the Group pays contributions, on a mandatory, contractual or voluntary basis, into a separate entity. The scheme is generally funded through payments to insurance companies or state/trustee-administered funds. The Company has no further payment obligations once the contributions have been paid. It has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as employment costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Provision for bonus plans

Bonus payments to employees are discretionary to management. Bonus payments are recognised in the consolidated statement of comprehensive income in the period when the Group has formally announced the bonus payments to employees.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.19 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of returns and discounts. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of goods — retail

The Group operates a chain of retail outlets for selling watch products. Sales of goods are recognised when a group entity sells a product to the customer. Retail sales are usually settled by cash or by credit card.

Notes to the Consolidated Financial Statements (continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Revenue recognition (continued)

(b) Sales of goods — wholesale

The Group sells a range of watch products to the retailers in Hong Kong and Macau. Sales of goods are recognised on the transfer of risks and rewards of ownership, which generally coincides with the time when the goods are delivered to retailers. The retailer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the retailers' acceptance of the products. Delivery does not occur until the products have been shipped to the specified locations, the risks of obsolescence and loss have been transferred to the retailers. No element of financing is deemed present as the sales are made with a credit term of 30 to 90 days, which is consistent with the market practice.

(c) Service income

Income from provision of repair and maintenance service is recognised in the accounting period in which the services are rendered.

2.20 Leases

(a) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessors are classified as operating leases. Payments made under operating leases, net of any incentives received from the lessors are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

(b) Finance leases

The Group leases certain furniture and fixtures under finance lease agreements. Leases of the furniture and fixtures where the Group has substantially all the risks and rewards of ownership, are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased furniture and fixtures and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other short-term and other long-term payables. The interest element of the finance cost is charged to the consolidated statement of comprehensive income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The furniture and fixtures acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease term.

2.21 Dividend distribution

Dividend distribution to the shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the entity's shareholders or directors, where appropriate.

Notes to the Consolidated Financial Statements (continued)

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk: cash flow interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Cash flow interest rate risk

The Group is exposed to interest rate risk as borrowings are carried at variable rates.

If the interest rates on borrowings had been 50 basis-points higher/lower with all other variables held constant, post-tax profit for the year ended 30 April 2015 would be HK\$322,134 (2014: HK\$61,876) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

The Group is exposed to credit risk in relation to its cash and cash equivalents, trade receivables, other receivables, deposits. The Group's maximum exposure to credit risk is the carrying amounts of these financial assets.

The Group's cash and cash equivalents were deposited with high quality financial institutions. Therefore, the directors do not expect any losses arising from non-performance by these counterparties.

Trade receivables, other receivables and deposits mainly represented the rental deposits, trade receivables from credit card companies, wholesale customers and a related party. They are assessed by reference to the historical information about counterparty default rates. The Group has a credit policy in place and exposures to these credit risks are monitored on an ongoing basis.

(c) Liquidity risk

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents and the availability of funding. Due to the nature of the underlying businesses, the Group's management responsible for treasury function aims to maintain flexibility in funding by keeping sufficient cash and committed banking facilities available.

Notes to the Consolidated Financial Statements (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position dates to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates, or if floating, based on the current rates at the year-end dates during the year). Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment and no interest payments were included. The maturity analysis for other borrowings is prepared based on the scheduled repayment dates. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	On demand HK\$'000	Less than 3 months HK\$'000	More than 3 months to 1 year HK\$'000	Total HK\$'000
As at 30 April 2015				
Trade and other payables	15,042	29,085	—	44,127
Borrowings	77,158	—	—	77,158
	92,200	29,085	—	121,285
As at 30 April 2014				
Trade and other payables	17,170	26,988	—	44,158
Borrowings	14,821	—	—	14,821
	31,991	26,988	—	58,979

Notes to the Consolidated Financial Statements (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below summarizes the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates. As a result, these amounts were greater than the amounts disclosed in the “on demand” time band in the maturity analysis contained in the above table.

Taking into account the Group’s financial position, the directors do not consider that it is probable that the bank will exercise its discretion to demand immediate repayment. The directors believe that such bank loans will be repaid in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity analysis — Bank borrowings subject to a repayment on demand clause based on scheduled repayments

	Within 1 year HK\$'000	More than 1 year but less than 2 years HK\$'000	More than 2 years but less than 5 years HK\$'000	Total outflows HK\$'000
At 30 April 2015	77,158	—	—	77,158
At 30 April 2014	10,977	2,457	1,979	15,413

3.2. Capital risk management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital on the basis of the gearing ratio. The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including “current borrowings” as shown in the consolidated statement of financial position) less cash and cash equivalents. Total capital is calculated as “equity” shown in the consolidated statement of financial position plus net debt of the Company.

Notes to the Consolidated Financial Statements (continued)

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (continued)

The gearing ratios as at 30 April 2015 and 2014 are as follows:

	2015 HK\$'000	2014 HK\$'000
Borrowings (Note 23)	77,158	14,821
Less: cash and cash equivalents (Note 18)	(22,010)	(20,337)
Net debt/(cash) Equity	55,148 44,885	(5,516) 82,720
Total capital	100,033	77,204
Gearing ratio	123%	N/A

3.3 Fair value estimation

The carrying amounts of the Group's financial assets and liabilities, including cash and cash equivalents, trade receivables, other receivables, deposits, trade and other payables, bank borrowings approximate to their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for slow-moving inventories

The Group assesses annually whether any provision is required to reflect the carrying value of inventory, in accordance with the accounting policy stated in Note 2.9. Net realisable values have been determined based on the estimated selling price in the ordinary course of business, less applicable variable selling expenses. This estimation requires the use of judgement.

(b) Provision for reinstatement costs

Provision for reinstatement costs is estimated at the inception of leasing property with reinstatement clause and reassessed at each statement of financial position dates with reference to the latest available quotation from independent contractors. Estimation based on current market information may vary over time and could differ from the actual reinstatement cost upon closures or relocation of existing premises occupied by the Group.

Notes to the Consolidated Financial Statements (continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(c) Estimated useful lives of property, plant and equipment

Management estimates useful lives of the property, plant and equipment by reference to the Group's business model, its assets management policy, the industry practice, expected usage of the assets, expected repair and maintenance, the technical or commercial obsolescence arising from changes or improvements in the market. Depreciation expense would be significantly affected by the useful lives of the property, plant and equipment as estimated by management. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Estimated impairment of property, plant and equipment

The Group's major operating assets represent property, plant and equipment. Management performs review for impairment of the property, plant and equipment whenever events or changes in circumstances indicate that the carrying amounts of these assets may not be recoverable.

(e) Provision for onerous operating lease

Onerous contracts are contracts in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the cost of fulfilling it and any compensation or penalties arising from failure to fulfil it.

Certain retail outlets with non-cancellable clause in the respective agreements generated low profits or losses during the year, management had performed the impairment assessment on those loss-making retail outlets. As at 30 April 2015, provision for onerous operating lease was HK\$1,110,000 (2014: HK\$4,528,000) based on a best estimate of the net amount of the unavoidable lease costs. For details, please refer to Note 13.

5. 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.

Notes to the Consolidated Financial Statements (continued)

5. SEGMENT INFORMATION (CONTINUED)

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

Notes to the Consolidated Financial Statements (continued)

5. SEGMENT INFORMATION (CONTINUED)

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 HK\$'000	Wholesale HK\$'000	Total HK\$'000	Retail HK\$'000	Wholesale HK\$'000	Total 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

Notes to the Consolidated Financial Statements (continued)

6. OTHER (LOSSES)/GAINS, NET

	2015 HK\$'000	2014 HK\$'000
Fair value gains of financial assets at fair value through profit or loss (Note 17)	—	24
Net foreign exchange gains	3	24
Loss on disposal of property, plant and equipment	(410)	—
	(407)	48

7. EXPENSES BY NATURE

	2015 HK\$'000	2014 HK\$'000
Cost of inventories sold	281,450	282,150
Provision for slow-moving inventories (Note 14)	4,330	2,145
Employee benefit expense (Note 8)	29,970	27,755
Depreciation of property, plant and equipment (Note 13)	3,482	3,468
Impairment of property, plant and equipment (Note 13)	—	994
Operating lease expenses		
— Office premises	727	329
— Repair centres	129	128
— Retail outlets	54,715	60,995
Provision for onerous operating leases (Note 13 and 22)	—	4,528
Advertising and promotion expenses	4,303	4,967
Auditor's 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

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	2015 HK\$'000	2014 HK\$'000
Salaries and allowances	28,151	26,044
Directors' quarters rental	644	647
Retirement benefit costs		
— Mandatory Provident Fund Scheme	1,175	1,064
	29,970	27,755

Notes to the Consolidated Financial Statements (continued)

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

Notes:

(a) **Directors' emoluments**

The emoluments of individual directors of the Company were set out below:

	Fees HK\$'000	Salaries HK\$'000	Discretionary bonus HK\$'000	Directors' quarters rental HK\$'000	Employer's contribution to pension scheme HK\$'000	Total HK\$'000
<i>For the year ended 30 April 2015</i>						
<i>Executive directors</i>						
Lam Man Wah, Chief Executive Officer	—	792	200	644	36	1,672
Chan Ka Yee, Elsa	—	180	—	—	9	189
Tsang Hok Man	—	554	700	—	18	1,272
<i>Independent non-executive directors</i>						
Fung Tat Man	—	—	—	—	—	—
Cheng Kin Chung	—	—	—	—	—	—
Lo Wai Kei, Wilkie	—	—	—	—	—	—
	—	1,526	900	644	63	3,133
<i>For the year ended 30 April 2014</i>						
<i>Executive directors</i>						
Lam Man Wah, Chief Executive Officer	—	792	200	647	34	1,673
Chan Ka Yee, Elsa	—	180	—	—	9	189
Tsang Hok Man	—	528	650	—	15	1,193
	—	1,500	850	647	58	3,055

No directors waived any emolument during the year ended 30 April 2015 (2014: Nil).

No director fees were paid to these directors in their capacity as directors of the Company and no emoluments were paid by the Company to the directors as an inducement to join the Company, or as compensation for loss of office for the year ended 30 April 2015 (2014: Nil).

The remuneration shown above represents remuneration received from the Group by these directors in their capacity as employees to the group subsidiaries during the year ended 30 April 2014.

Mr. Fung Tat Man, Mr. Cheng Kin Chung and Mr. Lo Wai Kei, Wilkie were appointed as the Company's independent non-executive directors on 21 April 2015 with effective date upon successful listing of the Company's shares on Main Board of The Stock Exchange of Hong Kong Limited on 12 May 2015.

Notes to the Consolidated Financial Statements (continued)

8. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

Notes: (continued)

(b) Five highest paid individuals

For the year ended 30 April 2015, the five individuals whose emoluments were the highest in the Group include 2 (2014: 2) directors whose emoluments were reflected in the analysis presented above. The emoluments paid to the remaining 3 (2014: 3) individuals are as follows:

	2015 HK\$'000	2014 HK\$'000
Salaries, bonus, other allowances and benefits in kind	1,483	1,388
Retirement benefit costs		
— Mandatory Provident Fund Scheme	52	45
	1,535	1,433

The emoluments of the remaining individuals fell within the following bands:

	Number of individuals	
	2015	2014
Nil — HK\$1,000,000	3	3

9. FINANCE COSTS

	2015 HK\$'000	2014 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).

Notes to the Consolidated Financial Statements (continued)

10. INCOME TAX EXPENSE

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

	2015 HK\$'000	2014 HK\$'000
Hong Kong profits tax		
Current income tax	7,707	8,557
Deferred income tax (Note 21)	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 HK\$'000	2014 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).

11. 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.

Notes to the Consolidated Financial Statements (continued)

12. 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 HK\$'000	2014 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 19) 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.

Notes to the Consolidated Financial Statements (continued)

13. PROPERTY, PLANT AND EQUIPMENT — GROUP

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles and vessel HK\$'000	Total HK\$'000
At 30 April 2013					
Cost	7,421	538	607	2,767	11,333
Accumulated depreciation	(3,948)	(402)	(465)	(820)	(5,635)
Net book amount	3,473	136	142	1,947	5,698
Year ended 30 April 2014					
Opening net book amount	3,473	136	142	1,947	5,698
Additions	2,384	2,979	137	—	5,500
Depreciation (Note 7)	(2,095)	(735)	(85)	(553)	(3,468)
Impairment (Note 7)	(832)	(162)	—	—	(994)
Closing net book amount	2,930	2,218	194	1,394	6,736
At 30 April 2014					
Cost	9,635	3,517	744	2,767	16,663
Accumulated depreciation and impairment	(6,705)	(1,299)	(550)	(1,373)	(9,927)
Net book amount	2,930	2,218	194	1,394	6,736
Year ended 30 April 2015					
Opening net book amount	2,930	2,218	194	1,394	6,736
Additions	3,176	—	92	—	3,268
Depreciation (Note 7)	(1,895)	(1,114)	(115)	(358)	(3,482)
Disposal	(410)	—	—	(867)	(1,277)
Closing net book amount	3,801	1,104	171	169	5,245
At 30 April 2015					
Cost	11,150	3,517	836	1,087	16,590
Accumulated depreciation and impairment	(7,349)	(2,413)	(665)	(918)	(11,345)
Net book amount	3,801	1,104	171	169	5,245

Depreciation of HK\$3,147,000 (2014: HK\$3,172,000) have been charged to "selling and distribution costs" and HK\$335,000 (2014: HK\$296,000) have been charged to "administrative expenses" for the year ended 30 April 2015.

Notes to the Consolidated Financial Statements (continued)

13. PROPERTY, PLANT AND EQUIPMENT — GROUP (CONTINUED)

Each retail outlet is identified as an individual cash-generating unit (“CGU”). Certain retail outlets generated low profits or losses during the year ended 30 April 2014. For the year ended 30 April 2014, management had performed the impairment assessment on those loss-making retail outlets. Value-in-use calculations were used by management. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management, applying the discount rate of 17% and covering the remaining lease period of the respective retail outlets. The estimated recoverable amounts for certain retail outlets could not cover the carrying values of their respective leasehold improvements, furniture and fixtures. An aggregated impairment loss on leasehold improvements, furniture and fixtures of respective retail outlets of HK\$994,000 has been charged to the “selling and distribution costs”. In addition, the estimated recoverable amounts for certain loss-making retail outlets were negative and could not cover the net amount unavoidable lease costs. Provision for onerous operating lease of HK\$4,528,000 was recognised.

For the year ended 30 April 2015, management has performed the impairment assessment on those loss-making retail outlets. Value-in-use calculations were used by management, which was based on pre-tax cash flow projections, latest financial budgets and forecasts approved by management, the discount rate of 17% and the remaining lease period of the respective retail outlets. The provision for impairment of property, plant and equipment and provision for onerous contracts recognised as at 30 April 2015 amounted to HK\$994,000 and HK\$1,110,000 respectively. For details of the provision for onerous operating lease, please refer to Note 22(d).

The Group leases certain furniture and fixtures under finance lease agreements. The leases are for a term of 3 years and the ownership of these assets does not belong to the Group. The Group has paid all the lease payment in advance and there was no future minimum lease payment for the finance lease as at 30 April 2015 and 2014.

The net book value of property, plant and equipment held under finance lease obligations comprise:

	2015 HK\$'000	2014 HK\$'000
Cost — capitalised finance leases	2,742	2,742
Accumulated depreciation	(1,733)	(662)
Net book amount	1,009	2,080

14. INVENTORIES — GROUP

	2015 HK\$'000	2014 HK\$'000
Finished goods	127,704	114,014
Less: provision for slow-moving inventories	(13,174)	(8,844)
	114,530	105,170

Notes to the Consolidated Financial Statements (continued)

14. INVENTORIES — GROUP (CONTINUED)

Movements in provision for slow-moving inventories are as follows:

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	(8,844)	(6,699)
Charged to profit or loss (Note 7)	(4,330)	(2,145)
At end of the year	(13,174)	(8,844)

The cost of inventories recognized as expense and included in cost of sales amounted to HK\$285,780,000 (2014: HK\$284,295,000), which included provision for slow-moving inventories of HK\$4,330,000 (2014: HK\$2,145,000) for the year ended 30 April 2015.

15. FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY

Group

	2015 HK\$'000	2014 HK\$'000
Assets as per consolidated statement of financial position		
Loans and receivables:		
— Trade receivables and other receivables	16,567	17,803
— Cash and cash equivalents	22,010	20,337
Total	38,577	38,140
Liabilities as per consolidated statement of financial position		
Other financial liabilities at amortised cost:		
— Borrowings	77,158	14,821
— Trade and other payables	44,127	44,158
Total	121,285	58,979

Notes to the Consolidated Financial Statements (continued)

15. FINANCIAL INSTRUMENTS BY CATEGORY — GROUP AND COMPANY (CONTINUED)

Company

	2015 HK\$'000
Assets as per statement of financial position	
Loans and receivables:	
— Cash and cash equivalents	10
Liabilities as per statement of financial position	
Other financial liabilities at amortised cost:	
— Other payables	8,339
— Amount due to subsidiaries	16,885
Total	25,224

Notes to the Consolidated Financial Statements (continued)

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS — GROUP AND COMPANY

Group

	2015 HK\$'000	2014 HK\$'000
Trade receivables (Note a)		
— third parties	700	1,038
— a related company (Note 27)	307	166
	1,007	1,204
Amount 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

Company

	2015 HK\$'000
Current	
Prepaid listing expenses	5,569

Notes to the Consolidated Financial Statements (continued)

16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS — GROUP AND COMPANY (CONTINUED)

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 HK\$'000	2014 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.

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS — GROUP

	2015 HK\$'000	2014 HK\$'000
Investment funds		
Beginning balance, at fair value	—	218
Disposals	—	(242)
Fair value gains during the year (Note 6)	—	24
Ending balance, at fair value	—	—

These investment funds were publicly traded. Net asset values of the investment funds were reported on a daily basis and the investment funds may be redeemed at any time.

Financial assets at fair value through profit or loss were presented within "investing activities" in the consolidated statement of cash flows. The fair values of all investments funds were based on their current bid prices in an active market.

The Group disposed certain bank investment funds during the year ended 30 April 2014.

Notes to the Consolidated Financial Statements (continued)

18. CASH AND CASH EQUIVALENTS — GROUP AND COMPANY

Group

	2015 HK\$'000	2014 HK\$'000
Cash at bank	21,818	20,136
Cash on hand	192	201
Cash and cash equivalents	22,010	20,337
Maximum exposure to credit risk	21,818	20,136

Company

	2015 HK\$'000
Cash on hand	10
Maximum exposure to credit risk	—

The carrying amounts of cash and cash equivalents were denominated in the following currencies:

	2015 HK\$'000	2014 HK\$'000
HK\$	21,991	20,318
Renminbi	19	19
	22,010	20,337

19. SHARE CAPITAL — COMPANY

	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 Reorganisation (Note 20(b)(iii))	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. For details, please refer to Note 29(i).

Notes to the Consolidated Financial Statements (continued)

20. OTHER RESERVES — GROUP AND COMPANY

Group

	Combined capital HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 May 2013	1,800	1,610	73,088	76,498
Total comprehensive income for the period	—	—	34,402	34,402
Dividends	—	—	(37,300)	(37,300)
Additional paid in capital (Note c)	2,500	—	—	2,500
Balance at 30 April and 1 May 2014	4,300	1,610	70,190	76,100
Total comprehensive income for the year	—	—	16,170	16,170
Dividends	—	—	(65,570)	(65,570)
Waiver of an amount due to a shareholder of the Company (Note b(ii))	—	14,282	—	14,282
Acquisition of subsidiaries pursuant to the Reorganisation (Note b(iii))	(4,300)	8,202	—	3,902
Balance at 30 April 2015	—	24,094	20,790	44,884

Notes:

- (a) Combined capital as at 30 April 2014 represented the combined share capital of the subsidiaries now comprising the Group after elimination of inter-company investments.
- (b) Capital reserve:
- (i) Capital reserve of HK\$1,610,000 as at 30 April 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 agreed to waive part of its lending to the Group. The waived amount of HK\$14,282,000 was credited to the capital reserve.
- (iii) On 9 April 2015, the Company allotted and issued 5,833 and 94,166 of its shares to Ms. Ma and Tic Tac Investment Holdings Limited, a company owned by Mr. Lam and Ms. Chan, to acquire their respective shareholding interests in the group subsidiaries.

The balance of HK\$3,902,000 credited to the capital reserve represented the difference between the carrying value of the non-controlling interest of Jenus Top International Limited acquired over the nominal value of the share capital of the Company issued in exchange thereof. For details, please refer to Note 1.2.

The combined share capital of HK\$4,300,000 was reclassified to capital reserve upon the completion of the Reorganisation.

Notes to the Consolidated Financial Statements (continued)

20. OTHER RESERVES — GROUP AND COMPANY (CONTINUED)

Group (continued)

Notes: (continued)

(c) On 11 October 2013, 2,500,000 shares of Tic Tac Time Company Limited were allotted to Mr. Lam at HK\$2,500,000.

Company

	Combined capital HK\$'000 (Note a)	Capital reserve HK\$'000 (Note b)	Retained earnings HK\$'000	Total HK\$'000
Balance at 1 May 2014	—	—	—	—
Total comprehensive loss for the year (Note d)	—	—	(19,645)	(19,645)
Acquisition of subsidiaries pursuant to the Reorganisation (Note e)	—	66,887	—	66,887
Balance at 30 April 2015	—	66,887	(19,645)	47,242

(d) The loss attributable to owners of the Company is dealt with in the consolidated financial statements of the Company to the extent of HK\$19,645,000.

(e) Capital reserve of HK\$66,887,000 represented the difference between the carrying values of the subsidiaries acquired on 9 April 2015 pursuant to the Reorganisation over the nominal value of the share capital of the Company issued in exchange thereof. For details, please refer to Note 1.2.

21. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities are as follows:

	2015 HK\$'000	2014 HK\$'000
Deferred income tax asset:		
Recoverable within 12 months	558	624
Recoverable after more than 12 months	714	936
	1,272	1,560
Deferred income tax liabilities:		
Payable or to be settled within 12 months	(92)	(47)
Payable or to be settled more than 12 months	—	(245)
	(92)	(292)
Deferred income tax assets, net	1,180	1,268

Notes to the Consolidated Financial Statements (continued)

21. DEFERRED INCOME TAX (CONTINUED)

The movement in the deferred income tax account is as follows:

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	1,268	372
(Charged)/credited to the consolidated statement of comprehensive income (Note 10)	(88)	896
At end of the year	1,180	1,268

The movements in deferred income tax liabilities and assets during the years, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred income tax liabilities — accelerated tax depreciation

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	(292)	(153)
Credited/(charged) to the consolidated statement of comprehensive income	200	(139)
At end of the year	(92)	(292)

Deferred income tax assets

	Provision HK\$'000	Decelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 May 2013	—	328	197	525
Credited/(charged) to the consolidated statement of comprehensive income	747	418	(130)	1,035
At 30 April and 1 May 2014	747	746	67	1,560
Credited/(charged) to the consolidated statement of comprehensive income	(564)	260	16	(288)
	183	1,006	83	1,272

As at 30 April 2015 and 2014, the Company and the Group did not have material unrecognised deferred income tax asset for tax losses.

Notes to the Consolidated Financial Statements (continued)

22. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES — GROUP AND COMPANY

	2015 HK\$'000	2014 HK\$'000
Group		
Trade payables (Note a)		
— third parties	19,599	20,416
— a related party (Note 27)	40	139
	19,639	20,555
Amount due to a shareholder of the Company (non-trade) (Note b)	15,042	17,170
Rent payable	1,961	4,354
Accrued employee benefit expense	709	2,480
Provision for reinstatement (Note c)	1,681	1,404
Provision for onerous operating leases (Notes 13 and d)	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
Company		
Accrued listing expense		7,339
Other accruals and payables		1,000
		8,339

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\$.

Notes to the Consolidated Financial Statements (continued)

22. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES — GROUP AND COMPANY (CONTINUED)

Notes:

- (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 HK\$'000	2014 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

- (b) Amount due to a shareholder of the Company

As at 30 April 2015 and 2014, 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 reinstatement costs

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

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	1,404	978
Additional provision during the year	509	596
Settlements	(232)	(170)
At end of the year	1,681	1,404

- (d) Provision for onerous contracts

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

	2015 HK\$'000	2014 HK\$'000
At beginning of the year	4,528	—
Provision during the year	—	4,528
Release of provision upon payment of rental charges	(3,418)	—
At end of the year	1,110	4,528

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.

Notes to the Consolidated Financial Statements (continued)

23. BORROWINGS

	2015 HK\$'000	2014 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 HK\$'000	2014 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 (Note 27 (e)).

Notes to the Consolidated Financial Statements (continued)

24. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2015 HK\$'000	2014 HK\$'000
Group		
Property, plant and equipment	—	6,800

As at 30 April 2015, the Group and the Company did not have any material capital commitments.

(b) Operating commitments

The Group leases various retail outlets, offices, directors' quarters and warehouses. The majority of lease agreements are non-cancellable with lease terms between 1 and 3 years. Some lease agreements are cancellable with a notice period of 3 to 6 months. The lease expenses charged to the consolidated statement of comprehensive income during the year are disclosed in Note 7.

The future aggregate minimum lease rental expenses in respect of an office, repair centres and the quarter for directors under non-cancellable operating leases are as follows:

	2015 HK\$'000	2014 HK\$'000
No later than 1 year	32,895	37,301
Later than 1 year and no later than 5 years	27,649	21,674
	60,544	58,975

The above lease commitments do not include commitments for additional rentals payable, if any, when turnover of individual retail outlet exceeds a pre-determined level as it is not possible to determine in advance the amount of such additional rentals.

As at 30 April 2015, the Company did not have any material operating lease commitments.

Notes to the Consolidated Financial Statements (continued)

25. NET CASH GENERATED FROM OPERATIONS

	2015 HK\$'000	2014 HK\$'000
Profit before income tax	27,818	45,524
Adjustments for:		
Depreciation of property, plant and equipment	3,482	3,468
Loss on disposal of property, plant and equipment	410	—
Impairment of property, plant and equipment	—	994
Fair value gains of financial assets through profit or loss	—	(24)
Provision for slow-moving inventories	4,330	2,145
Provision for onerous operating leases	—	4,528
Finance costs	555	361
	36,595	56,996
Changes in working capital:		
Trade receivables, other receivables and prepayments	(4,698)	652
Inventories	(13,690)	(35,890)
Trade and other payables	2,561	4,940
Net cash generated from operations	20,768	26,698

Non-cash transactions

For the year ended 30 April 2015, the Group disposed of its property, plant and equipment of HK\$1,277,000 without any cash proceeds, of which a vessel was sold to Mr. Lam with carrying value of HK\$867,000, which was settled through his current account.

As at 31 October 2014, Mr. Lam agreed to waive part of its lending to the Group. The waived amount of HK\$14,282,000 was credited to the capital reserve directly without any cash settlement.

The dividends declared during the years ended 30 April 2014 and 2015 were settled through the current accounts with the respective shareholders except for the dividend amount of HK\$37,000,000 (2014: Nil) which was settled by cash and cash equivalents.

26. INVESTMENTS IN SUBSIDIARIES AND AMOUNT DUE TO SUBSIDIARIES — COMPANY

	2015 HK\$'000
Unlisted shares/investments — at cost	66,888
Amounts due to subsidiaries	16,885

Notes to the Consolidated Financial Statements (continued)

26. INVESTMENTS IN SUBSIDIARIES AND AMOUNT DUE TO SUBSIDIARIES — COMPANY (CONTINUED)

The amounts due to subsidiaries were unsecured, interest-free and repayable on demand.

Particulars of the principal subsidiaries as at 30 April 2015 are shown as follows:

Name	Place of incorporation and kind of legal entity	Date of incorporation	Issued and fully paid share	Equity interest held		Principal activities and place of operation
				2015	2014	
Directly held						
Tic Tac International Company Limited	British Virgin Islands, limited liability company	1 July 2014	US\$2	100%	N/A	Investment holding in Hong Kong
Indirectly held						
City Great Limited	Hong Kong, limited liability company	25 January 2007	HK\$1	100%	100%	Wholesale of watches in Hong Kong
Jenus Top International Limited	Hong Kong, limited liability company	30 June 2004	HK\$300,000	100%	50%	Retail of watches in Hong Kong
Sun Step Asia Limited	Hong Kong, limited liability company	17 June 2006	HK\$500,000	100%	100%	Wholesale of watches in Hong Kong
Tic Tac Time Company Limited	Hong Kong, limited liability company	28 July 1997	HK\$3,000,000	100%	100%	Retail of watches in Hong Kong
Tic Tac Time (Retail) Company Limited (formerly known as Zoom Prospect Limited)	British Virgin Islands, limited liability company	4 October 2013	US\$2	100%	N/A	Investment holding in Hong Kong
Tic Tac Time (Trading) Company Limited (formerly known as Sky Dynasty Development Limited)	British Virgin Islands, limited liability company	4 October 2013	US\$2	100%	N/A	Investment holding in Hong Kong
Treasure Ascent International Limited	Hong Kong, limited liability company	22 October 2008	HK\$500,000	100%	100%	Retail of watches in Hong Kong

Notes to the Consolidated Financial Statements (continued)

26. INVESTMENTS IN SUBSIDIARIES AND AMOUNT DUE TO SUBSIDIARIES — COMPANY (CONTINUED)

(a) Non-controlling interests — Group

As at 30 April 2014, the Group holds 50% of the equity shares of Jenus Top International Limited and the non-controlling interests attributable to Ms. Ma amounted to HK\$6,620,000.

Pursuant to the sale and purchase agreement date 31 March 2015, Ms. Ma sold her respective shareholding interests in Jenus Top International Limited to Tic Tac Time (Retail) Company Limited. In return, the Company allotted and issued 5,833 shares of its shares on 9 April 2015, to Ms. Ma as the consideration.

The difference between the carrying value of non-controlling interests attributable to Ms. Ma on 9 April 2015 and the nominal value of the shares issued to Ms. Ma of HK\$3,902,000 was credited to the capital reserve. For details, please refer to Note 20(b).

27. RELATED PARTY TRANSACTIONS

The Company is controlled by Tic Tac Investment Holdings Limited which owns 70.63% of the Company's shares as at 30 April 2015. The remaining shares are widely held. The ultimate controlling parties of Tic Tac Investment Holdings Limited are Mr. Lam and Ms. Chan.

Related parties are those parties that have the ability to control, jointly control or exert significant influence over the other party in holding power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the investor's returns. Parties are also considered to be related if they are subject to common control or joint control. Related parties may be individuals or other entities.

(a) The directors of the Company are of the view that the following parties/companies were related parties that had transactions or balances with the Group during years presented:

Name of the related party	Relationship with the Group
Mr. Lam	Executive director and shareholder of the Company
Ms. Chan	Executive director and shareholder of the Company
Company A	Significant influence by a director of the Company
Company B	Significant influence by a director of the Company

Notes to the Consolidated Financial Statements (continued)

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Transactions with related parties

Save as disclosed elsewhere in the consolidated financial statements, during the years presented, the following transactions were carried out with related parties at terms mutually agreed by both parties:

	2015 HK\$'000	2014 HK\$'000
Continuing transactions		
Rental expenses to Mr. Lam (Note i)	(111)	(167)
Rental expenses to Ms. Chan (Note i)	(108)	(162)
Purchase from Company B (Note ii)	(459)	(826)
Sales to Company A (Note ii)	1,662	1,084
Discontinued transactions		
Sales of yacht to Mr. Lam (Note iii)	867	—

Notes:

- (i) Rental expenses are paid with reference to market rates of similar properties for office premises.
- (ii) Purchases/sales of goods from/to related companies were carried out at rate mutually-agreed between the parties involved in the transactions.
- (iii) A yacht was sold to Mr. Lam at the carrying value of HK\$867,000 with no gain or loss as at the disposal date.

(c) Key management compensation

Key management includes directors (executive and non-executive) and the senior management of the Group. The compensation paid or payable to key management for employee services is shown below:

	2015 HK\$'000	2014 HK\$'000
Salaries, bonus, other allowances and benefits in kind	4,189	4,037
Retirement benefit costs		
— Mandatory Provident Fund Scheme	98	88
	4,287	4,125

Notes to the Consolidated Financial Statements (continued)

27. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Amount due from/(to) related parties

The Group has the following balances with the related parties:

	2015 HK\$'000	2014 HK\$'000
Trade		
Amount due from Company A	307	166
Amount due to Company B	(40)	(139)
Non-trade		
Amount due from Ms. Ma	—	2,570
Amount due to Mr. Lam	(15,042)	(17,170)

The maximum outstanding balances due from the related parties during the years presented are as follows:

	2015 HK\$'000	2014 HK\$'000
Amount due from Company A	545	944
Amount due from Ms. Ma	—	2,570
Amount due from Mr. Lam	—	4,680

Receivables and payables from/(to) the above related parties were unsecured, interest-free and repayable on demand. The amount due from Company A is neither past due nor impaired. The carrying amounts of the amounts due from/(to) related parties approximate to their fair values and are denominated in HK\$. All non-trade balances due from/(to) related parties were fully settled before listing of the Company's shares on Main Board of The Stock Exchange of Hong Kong Limited on 12 May 2015.

(e) Other arrangements with related parties

Banking facilities available to a subsidiary of the Group were guaranteed by Mr. Lam as at 30 April 2015. Such guarantee was released upon successful listing of Tic Tac International Holdings Company Limited on The Stock Exchange of Hong Kong Limited on 12 May 2015.

28. CONTINGENT LIABILITIES

As at 30 April 2015 and 2014, the Company and the Group did not have any material contingent liabilities.

29. SUBSEQUENT EVENTS

Save as disclosed in the report, the following significant events took place subsequent to 30 April 2015:

- (i) On 12 May 2015, the Company listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited with public offer shares of 200,000,000 at an 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.
- (ii) On 21 May 2015 and 16 June 2015, the Company settled its bank borrowings of HK\$35,000,000 and HK\$29,000,000, respectively.

Four Years Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last four financial years, as extracted from the audited consolidated financial statements in this annual report and the Prospectus, is set out below:

RESULT

	Year ended 30 April			2015 HK\$'000
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Revenue	304,819	351,636	446,913	442,955
Cost of sales	(183,226)	(216,791)	(284,295)	(285,780)
Gross profit	121,593	134,845	162,618	157,175
Other (losses)/gains, net	(57)	35	48	(407)
Selling and distribution costs	(64,743)	(82,843)	(106,784)	(97,663)
Administrative expenses	(6,859)	(8,279)	(9,997)	(30,732)
Operating profit	49,934	43,758	45,885	28,373
Finance costs	(199)	(249)	(361)	(555)
Profit before income tax	49,735	43,509	45,524	27,818
Income tax expense	(8,089)	(7,221)	(7,661)	(7,795)
Profit for the year	41,646	36,288	37,863	20,023
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	41,646	36,288	37,863	20,023
Total profit and comprehensive income attributable to:				
Owners of the Company	38,935	34,529	34,402	16,170
Non-controlling interests	2,711	1,759	3,461	3,853
	41,646	36,288	37,863	20,023

Four Years Financial Summary (continued)

ASSETS AND LIABILITIES

	For the year ended 30 April			2015 HK\$'000
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	
Total assets	75,993	99,838	122,903	173,738
Total liabilities	(20,412)	(23,669)	(41,946)	128,853
Total equity	55,581	76,169	80,957	44,885