



2015 INTERIM REPORT

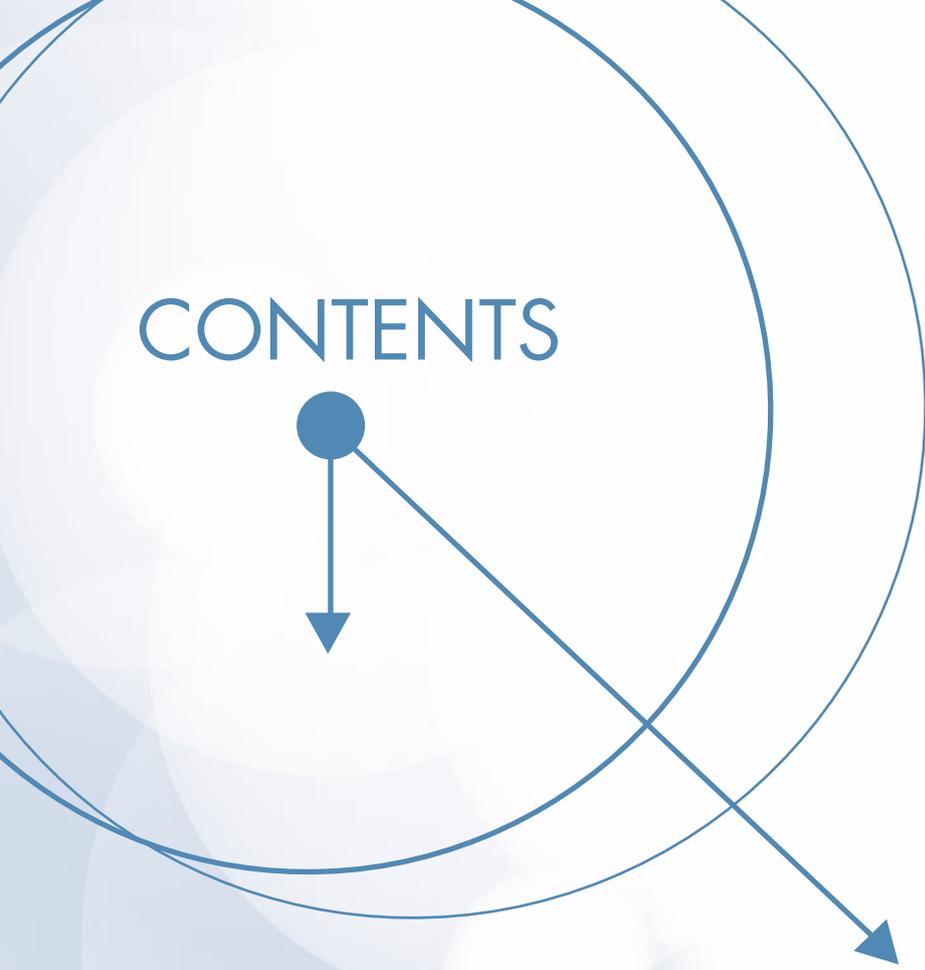
**Tic Tac International
Holdings Company Limited**

滴達國際控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code:1470

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CHAIRMAN'S STATEMENT

On behalf of the board (the "Board") of directors (the "Directors") of Tic Tac International Holdings Company Limited (the "Company"), I hereby present the first interim report of the Company and its subsidiaries (collectively the "Group") for the six months ended 31 October 2015 (the "Review Period") since the listing of the Company's shares ("Shares") on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 12 May 2015.

RESULTS

Given to the weak consumption sentiment and decrease in tourists visiting Hong Kong, the turnover for the Review Period declined significantly by 28.6% to approximately HK\$172.4 million (six months ended 31 October 2014: approximately HK\$241.5 million). Gross profit for the Review Period was approximately HK\$62.1 million (six months ended 31 October 2014: approximately HK\$86.2 million) and a slight increase of 0.3% in gross profit margin compared with the last corresponding period. Net profit attributable to owners of the Company was approximately HK\$3.9 million, representing a decrease of approximately HK\$16.3 million as compared with approximately HK\$20.2 million for the six months ended 31 October 2014.

OUTLOOK AND FUTURE PROSPECTS

The Shares of the Company became listed on the Stock Exchange on 12 May 2015. The listing enables the Company to enhance the Group's reputation, strengthen the corporate governance and compliance management, as well as establish a good foundation for its further expansion.

Our Group is principally engaged in the retail of mid-end watches in Hong Kong. We offer a wide range of branded mid-end watches with diverse design, style and functionality for business and casual uses mainly targeting mid-income consumers and tourists. Our Group controls, operates and manages its retail outlet network comprising a total of 22 retail outlets as at 31 October 2015 in top class shopping malls located at prime locations such as Times Square in Causeway Bay, Harbour City and iSquare in Tsim Sha Tsui, Langham Place in Mongkok and New Town Plaza in Shatin which are widely perceived as shopping landmarks in Hong Kong. Our Group's retail network covered 11 multi-brand outlets and 11 single-brand boutique outlets as of 31 October 2015.

Our Group strategically focuses on Swiss-made, mid-end watch brands. Our watch brand portfolio covers mainly Swiss, German and Japanese watch brands, including well-known brands with strong international reputation.

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

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

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

CHAIRMAN'S STATEMENT

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

APPRECIATION

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

Lam Man Wah

Chairman

Hong Kong, 30 December 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. Cheung Siu Wah *ACS, ACIS*

COMPLIANCE ADVISER

Quam Capital Limited

AUTHORISED REPRESENTATIVES

Mr. Lam Man Wah
 Mr. Cheung Siu Wah

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. Cheng Kin Chung
 Mr. Fung Tat Man

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

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Our Group is principally engaged in the retail of mid-end watches in Hong Kong. We offer a wide range of branded mid-end watches with diverse design, style and functionality for business and casual uses mainly targeting mid-income consumers and tourists. Our Group controls, operates and manages its retail outlet network comprising a total of 22 retail outlets as at 31 October 2015 in top class shopping malls located at prime locations such as Times Square in Causeway Bay, Harbour City and iSquare in Tsim Sha Tsui, Langham Place in Mongkok and New Town Plaza in Shatin which are widely perceived as shopping landmarks in Hong Kong. Our Group's retail network covered 11 multi-brand outlets and 11 single-brand boutique outlets as of 31 October 2015.

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

INTERIM DIVIDEND

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

FINANCIAL REVIEW

Revenue

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

Cost of sales

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

Gross profit and gross profit margin

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

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

Selling and distribution expenses

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

Administrative expenses

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

Finance costs

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

Profit before taxation and net profit margin

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

FINANCIAL POSITION

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF NET PROCEEDS FROM IPO

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

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

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

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

DEBTS AND CHARGE ON ASSETS

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

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

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

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

- (i) unlimited guarantees from the Company and another subsidiary of the Group; and
- (ii) unlimited personal guarantee from Mr. Lam Man Wah as at 30 April 2015 which was released upon the successful listing of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

SIGNIFICANT INVESTMENT HELD

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

FOREIGN EXCHANGE EXPOSURES

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

CONTINGENT LIABILITIES

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

EMPLOYEES AND REMUNERATION POLICIES

As at 31 October 2015, the Group had a total of 112 employees. The total remuneration costs incurred by the Group for the six months ended 31 October 2015 were approximately HK\$14.7 million. We review the performance of our employees annually and use the results of such review in our annual salary review and promotion appraisal, in order to attract and retain valuable employees.

OTHER INFORMATION

CORPORATE GOVERNANCE CODE

During the Review Period, the Company has complied with all the code provisions of the Corporate Governance Code (the "Code") as set out in Appendix 14 to the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (the "Listing Rules"), except with the details disclosed below:

CODE A.2.1

Code A.2.1 stipulates that the role of the chairman and chief executive officer should be separated and should not be performed by the same individual. During the Review Period, 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. The Board believes that Mr. Lam Man Wah can provide the Group with strong and consistent leadership and allow for more effective and efficient business planning and decisions as well as execution of long term business strategies.

AUDIT COMMITTEE

The Company established an audit committee in accordance with Rule 3.21 of the Listing Rules.

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.

The interim results for the Review Period have been reviewed by the Audit Committee.

OTHER INFORMATION

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

As at 31 October 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 six months ended 31 October 2015, there were no debt securities issued by the Group at any time. Save as disclosed herein, as at 31 October 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 to the Listing Rules, to be notified to the Company and the Stock Exchange.

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 31 October 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.

OTHER INFORMATION

DIRECTORS' INTEREST IN COMPETING BUSINESS

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

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

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

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

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

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 to the Company's prospectus dated 28 April 2015.

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

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 31 October 2015

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

	Note	Six months ended 31 October	
		2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Unaudited)
Basic and diluted earnings per share (HK cents per share)	10	0.49	2.99

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 October 2015

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

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 October 2015

	<i>Notes</i>	31 October 2015 HK\$'000 (Unaudited)	30 April 2015 HK\$'000 (Audited)
LIABILITIES			
Non-current liabilities			
Provision for other liabilities and charges	15	1,950	2,257
Deferred income tax liabilities		743	92
		2,693	2,349
Current liabilities			
Trade and other payables	15	21,858	46,898
Borrowings	16	8,990	77,158
Current income tax liabilities		2,856	2,448
		33,704	126,504
Total liabilities		36,397	128,853
Total equity and liabilities		211,499	173,738
Net current assets		153,866	25,767
Total assets less current liabilities		177,795	47,234

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 31 October 2015

	Attributable to owners of the Company						Non-controlling interests	Total equity
	Share capital	Share premium	Combined capital	Capital reserve	Retained earnings	Total		
	HK\$'000	HK\$'000	HK\$'000 (Note a)	HK\$'000 (Note b)	HK\$'000	HK\$'000		
Balance at 1 May 2014 (Audited)	—	—	4,300	1,610	70,190	76,100	6,620	82,720
Total comprehensive income								
Profit for the period	—	—	—	—	17,919	17,919	2,275	20,194
Total contributions by and distributions to owners of the Company, recognised directly in equity								
Dividends (Note 9)	—	—	—	—	(65,570)	(65,570)	(6,570)	(72,140)
Waiver of amount due to a shareholder of the Company	—	—	—	14,282	—	14,282	—	14,282
Balance at 31 October 2014 (Audited)	—	—	4,300	15,892	22,539	42,731	2,325	45,056
Balance at 1 May 2015 (Audited)	1	—	—	24,094	20,790	44,885	—	44,885
Total comprehensive income								
Profit for the period	—	—	—	—	3,850	3,850	—	3,850
Issues of shares under the capitalisation issue	5,999	(5,999)	—	—	—	—	—	—
Issues of shares under the open offer	2,000	134,000	—	—	—	136,000	—	136,000
Transaction costs attributable to issues of shares	—	(9,633)	—	—	—	(9,633)	—	(9,633)
Balance at 31 October 2015 (Unaudited)	8,000	118,368	—	24,094	24,640	175,102	—	175,102

Notes:

- (a) Combined capital of HK\$4,300,000 as at 1 May 2014 represented the combined share capital of the subsidiaries now comprising the Group after elimination of inter-company investments. The combined share capital of HK\$4,300,000 was reclassified to capital reserve upon the completion of the reorganisation.
- (b) Capital reserve:
- (i) Capital reserve of HK\$1,610,000 as at 1 May 2014 represented the difference between the fair value of the consideration paid and the carrying value of the non-controlling interests of Treasure Ascent International Limited acquired.
- (ii) As at 31 October 2014, Mr. Lam Man Wah agreed to waive part of its lending to the Group. The waived amount of HK\$14,282,000 was credited to the capital reserve.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 31 October 2015

	Six months ended 31 October	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Cash flows from operating activities		
Net cash (used in)/generated from operations	(12,502)	29,464
Income tax paid	—	(1,018)
Net cash (used in)/generated from operating activities	(12,502)	28,446
Cash flows from investing activities		
Purchases of property, plant and equipment	(3,776)	(1,069)
Prepayments for purchase of property, plant and equipment	—	(1,935)
Net cash used in investing activities	(3,776)	(3,004)
Cash flows from financing activities		
Proceeds from new borrowings	8,000	—
Repayment of borrowings	(76,167)	(7,661)
Net change in balances with shareholders of the Company	(15,042)	(8,091)
Interest paid	(389)	(181)
Proceeds from issuance of ordinary shares	136,000	—
Transaction costs attributable to issues of shares	(4,216)	(1,660)
Net cash generated from/(used in) financing activities	48,186	(17,593)
Net increase in cash and cash equivalents	31,908	7,849
Cash and cash equivalents at beginning of the period	22,010	20,337
Cash and cash equivalents at end of the period	53,918	28,186

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

1. GENERAL INFORMATION

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

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

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

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

The condensed consolidated interim financial statements have not been audited.

2. BASIS OF PREPARATION

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

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

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

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

3. SEGMENT INFORMATION

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

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

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

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

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

For the six months ended 31 October 2015

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

3. SEGMENT INFORMATION (Continued)

For the six months ended 31 October 2014

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

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

The Group's revenue is mainly derived from customers in Hong Kong. The principal assets of the Group were also located in Hong Kong. Accordingly, no analysis by geographical segment is provided. For the period ended 31 October 2015, there are no (2014: Nil) single external customers who contributed more than 10% revenue of the Group.

Other profit and loss disclosure

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

4. OTHER GAINS, NET

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

5. EXPENSES BY NATURE

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

6. EMPLOYEE BENEFIT EXPENSE (INCLUDING DIRECTORS' EMOLUMENTS)

	Six months ended 31 October	
	2015 HK\$'000 (Unaudited)	2014 HK\$'000 (Audited)
Salaries and allowances	13,784	12,993
Directors' quarters rental	334	320
Retirement benefit costs — Mandatory Provident Fund Scheme	564	605
	14,682	13,918

7. FINANCE COSTS

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

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

8. INCOME TAX EXPENSE

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

8. INCOME TAX EXPENSE (Continued)

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

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

9. DIVIDENDS

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

10. EARNINGS PER SHARE

(a) Basic

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

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

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

(b) Diluted

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

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 31 October 2015, the Group acquired property, plant and equipment of HK\$10,866,000 (six months ended 31 October 2014 (audited): HK\$1,069,000) and assets were acquired under finance leases of HK\$1,272,000 (six months ended 31 October 2014 (audited): Nil).

No assets were written off during the six months ended 31 October 2015 and 31 October 2014.

During the six months ended 31 October 2015 (unaudited), the Group disposed of assets with a carrying amount of Nil (six months ended 31 October 2014 (audited): HK\$867,000)

Depreciation of HK\$2,045,000 (six months ended 31 October 2014 (audited): HK\$1,770,000) have been charged to "selling and distribution costs" and HK\$117,000 (six months ended 31 October 2014 (audited): HK\$148,000) have been charged to "administrative expenses" for the six months ended 31 October 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

12. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

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

Note:

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

The trade receivables and amount due from a related company mainly comprise receivables from credit card companies for retail sales and wholesale customers. There was no specific credit terms granted to those credit card companies. The receivables due from credit card companies were usually settled within 7 days. The Group's credit terms granted to wholesale customers, including a related party customer, generally ranged from 30 to 90 days from the invoice date. As at 31 October 2015 and 30 April 2015, the ageing analysis of the trade receivables based on the invoice date is as follows:

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

13. INVENTORIES

	31 October 2015 HK\$'000 (Unaudited)	30 April 2015 HK\$'000 (Audited)
Finished goods	134,911	127,704
Less: provision for slow-moving inventories	(14,004)	(13,174)
	120,907	114,530

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

	31 October 2015 HK\$'000 (Unaudited)	30 April 2015 HK\$'000 (Audited)
At the beginning of the period/year	(13,174)	(8,844)
Charged to profit or loss	(830)	(4,330)
At the end of the period/year	(14,004)	(13,174)

The cost of inventories recognized as expenses and included in cost of sales amounted to HK\$110,292,000 (six months ended 31 October 2014 (audited): HK\$155,326,000), which included provision for slow-moving inventories of HK\$830,000 (six months ended 31 October 2014 (audited): HK\$1,455,000) for the six months ended 31 October 2015.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

14. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorized — ordinary shares of HK\$0.01 each At 23 June 2014 (date of incorporation) (Audited), 30 April 2015 (Audited) and at 31 October 2015 (Unaudited)	10,000,000,000	100,000
Issued and fully paid — ordinary shares of HK\$0.01 each At 23 June 2014 (date of incorporation)	1	—
Shares issued pursuant to the group reorganisation	99,999	1
At 30 April 2015 (Audited)	100,000	1
Issues of shares under the capitalisation issue	599,900,000	5,999
Issues of shares under the open offer	200,000,000	2,000
At 31 October 2015 (Unaudited)	800,000,000	8,000

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

15. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES (Continued)

Notes:

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

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

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

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

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

- (c) Provision for reinstatements costs

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

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

- (d) Provision for onerous contracts

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

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

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

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 October 2015

16. BORROWINGS

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

17. COMMITMENTS

(a) Capital commitments

As at 31 October 2015 (Unaudited) and 30 April 2015 (Audited), the Group 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 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:

	31 October 2015 HK\$'000 (Unaudited)	30 April 2015 HK\$'000 (Audited)
No later than 1 year	47,667	32,895
Later than 1 year and no later than 5 years	57,654	27,649
	105,321	60,544

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.