

**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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*celle*  
**Chairman's  
Statement**

Lam Man Wah  
*Chairman*

To Our Shareholders,

On behalf of the board (the “Board”) of directors (the “Directors”) of Tic Tac International Holdings Company Limited (the “Company”), I hereby present the annual report of the Company and its subsidiaries (collectively the “Group”) for the year ended 30 April 2016.



### BUSINESS REVIEW

Over the years, retail sales in Hong Kong has a high reliance on the visitors from Mainland China, since it has turned a green light to the Individual Visit Scheme in 2003. Retailers have been benefited from such Scheme and enjoyed a flourish business environment. However, the subsequent change in policy to the “One-trip-per-week” policy by the People’s Republic of China (“PRC”) Government, the slowing down of economic growth in the PRC, in addition to the change in the PRC tourists’ preferences from visiting Hong Kong to other countries such as Japan, Korea and other European countries, has brought an adverse impact to the retailing business in Hong Kong. On the other hand, local consumption sentiment is expected to remain weak.

Our Group still manages to control and operate its retail outlet network, comprising a total of 21 retail outlets as at 30 April 2016, 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. Our Group’s retail network covered 13 multi-brand outlets and 8 single-brand boutique outlets as of 30 April 2016.

However, as a result of the unfavourable business environment, our Group recorded a net loss of approximately HK\$12.6 million for the year ended 30 April 2016, representing a decrease of approximately HK\$32.6 million as compared to a net profit approximately HK\$20.0 million for the year ended 30 April 2015.

### FINANCIAL RESULTS

For the year ended 30 April 2016, our Group recorded a turnover of approximately HK\$321.3 million, representing a decrease of approximately HK\$121.6 million from HK\$443.0 million as compared to previous financial year.

The profit attributable to owners of the Company decreased by approximately HK\$28.8 million or 178.2% from the profit attributable to owners of the Company of approximately HK\$16.2 million for the year ended 30 April 2015 to the loss attributable to owners of the Company of approximately HK\$12.6 million for the year ended 30 April 2016.

Eliminating the respective non-recurring expenses relating to the Listing of approximately HK\$18.3 million and HK\$0.6 million for the years ended 30 April 2015 and 2016, the loss attributable to owners of the Company would have decreased by approximately 135.0% as compared to the prior year.

### DIVIDEND PAYMENT

The Board do not recommend the payment of dividend for the year ended 30 April 2016.

## Chairman's Statement (Continued)

### PROSPECTS

The ongoing uncertainties in Hong Kong's economic condition, as a result of a complexity of slowing economic growth in the PRC, weakened consumption sentiment and the decrease in the PRC visitors, has given a critical blow to the retailing business in Hong Kong. The change in travel preferences of Mainland China travelers from Hong Kong to other cities has also led to a decrease in the PRC tourists' spending in Hong Kong. According to the figures on retail sales released by the Census and Statistics Department in April 2016, the value of sales of jewellery, watches and clocks, and valuable gifts has decreased by 16.5% and the numbers of the PRC visitors visiting Hong Kong during the first four months of 2016 has decreased by 12.6% as compared to the corresponding period in 2015.

Nevertheless, the Group will make its best endeavor to tackle all its challenges by:

Stay focusing on our current retail business by closely monitoring all our shops' performance, more effective resources allocation among shops, improving store efficiency and providing better customer service so as to enhance our shops' competitiveness. We will re-organize those non-performing shops by transforming them into shops under different brands so as to uplift customers' shopping interests. At the same time we may close down those poorly performed retail outlets.

Introducing more new brands with top-notch design or innovative ideas so as to attract those consumers who are looking for more personalized products or expecting merchandise with charisma. For instance, the introduction of the "Ring Clock" has created a talking topic among a group of stylish pioneers.

Increasing the interaction with customers through mobile applications and social media platforms in order to optimize our membership program and enhance the loyalty of customers. Consistent launching of different marketing events via those new communication media will definitely benefit both our customers and members which in return will become our good foundation to improve the Group's overall performance in the long run.

Improving operational efficiency by providing more training to our staff, maintaining their spirits at the front line on one hand, and optimizing our inventory management, implement stringent cost control on the other hand.

Increase selling and distribution channel by setting up an online shop that focus on selling trendy products. It provides a platform for our members to purchase our merchandise with members' only benefits and simultaneously trigger the online-to-offline ("O-to-O") synergies so as to provide our customers additional choice and shopping experience via internet by using smartphones.

All in all, we are confident that with the above measures in place, the Group is able to maintain a strong foothold in the retailing business and to overcome the challenges ahead.

### 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, 29 July 2016

## 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 (appointed on 11 November 2015)  
Mr. Wong Chi Wai *CPA* (resigned on 11 November 2015)

## COMPLIANCE ADVISER

Lego Corporate Finance Limited (appointed on 22 February 2016)  
Quam Capital Limited (resigned on 22 February 2016)

## AUTHORISED REPRESENTATIVES

Mr. Lam Man Wah  
Mr. Cheung Siu Wah (appointed on 11 November 2015)  
Mr. Wong Chi Wai (resigned on 11 November 2015)

## 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

DBS Bank (Hong Kong) Limited  
Hang Seng Bank Limited  
The Hong Kong and Shanghai Banking Corporation 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](http://www.tictactime.com.hk)

## STOCK CODE

1470

# Report of the Directors

The directors of the Company (the “Directors”) hereby present their report together with the audited consolidated financial statements for the year ended 30 April 2016.

## 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.



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

## BUSINESS REVIEW

A fair review of the Group’s business, an analysis of the Group’s performance during the year using key financial performance indicators and likely future development in the Group’s business are provided in the “Chairman’s Statement” and “Management Discussion and Analysis” sections, respectively on pages 3 to 4 and on pages 29 to 32 of this annual report.

Description of the principal risks and uncertainties facing the Group are discussed in the “Chairman’s Statement” on pages 3 to 4 of this annual report. No important event affecting the Group has occurred since the end of the financial year under review.

## ENVIRONMENTAL PROTECTION AND PERFORMANCE

As a socially responsible enterprise, the Group is committed to building an environmentally-friendly corporation that pays close attention to conserving resources for its operation and raise environmental awareness within the Group.

During the year, several measures have been implemented in order to reduce carbon emissions and increase energy efficiency, such as the installation of light-emitting diode (“LED”) lighting in the Group’s retail shops wherever possible. Within office, the Group strives to minimize any possible impacts or harms to the environment by reducing electricity consumption, keeping indoor temperature at reasonable level, frequent and regular maintenance of ventilation system. Employees are encouraged to reduce unnecessary usage of paper, recycling of office supplies such as paper and toner cartridges.

## COMPLIANCE WITH LAWS AND REGULATIONS

During the year and up to the date of this report, we have complied with all the relevant laws and regulations in the places where we operate in all material respects.

### RELATIONSHIPS WITH KEY STAKEHOLDERS

The Group believes that its success depends on the support from key stakeholders which comprise employees, customers, suppliers, shareholders and other stakeholders.

#### Employees

The Group recognized that employees are the valuable assets of the Group. The Group has complied with the applicable labour laws and regulations by regularly reviewed the remuneration package of Group's employees with reference to market standard, and conform to the performance, qualifications and experience of employees.

#### Customers

The Group is committed to provide good quality service to its customers and enhance the loyalty of customers by increasing the interaction with customers through social media platforms, which provide good foundation to our Group's overall performance in long run.

#### Suppliers

The Group has maintained solid relationships with its watch suppliers. The Group cooperative with suppliers that are committed to quality of watch products.

#### Shareholders and other stakeholders

The Group has adopted an ongoing dialogue with its investors and shareholders as provided in "Investor Relations" and "Shareholder Communication" sections on pages 18 to 28 of the Corporate Governance Report.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 30 April 2016 are set out in the consolidated statement of comprehensive income on page 35. The Directors do not recommend the payment of dividend for the year ended 30 April 2016.

### SHARES ISSUED IN THE YEAR

Details of the shares of the Company (the "Shares") issued in the year ended 30 April 2016 are set out in Note 18 to the consolidated financial statements.

### DISTRIBUTABLE RESERVES

At as 30 April 2016, distributable reserves of the Company amounted to approximately HK\$97.1 million (2015: Nil). The movements in distributable reserves during the year are set out in Note 28 to the consolidated financial statements.

## 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 2016, the Group's five largest customers in aggregate accounted for approximately 0.5% of the total sales and the Group's largest customer accounted for approximately 0.1% of total sales.

The main suppliers of the Group are watch suppliers. For the financial year ended 30 April 2016, the Group's five largest suppliers in aggregate accounted for approximately 97.2% of the total purchases and purchases from the largest supplier accounted for approximately 88.6% of the total purchases.

As at 30 April 2016, Mr. Lam Man Wah, the chairman and chief executive officer of the Company, held interests in a company, which is one of the largest customer of the Company for the financial year ended 30 April 2016.

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 year ended 30 April 2016.

### BANK LOANS AND OTHER BORROWINGS

Details of borrowings of the Group during the year are set out in Note 22 to the consolidated financial statements.

### EVENT AFTER THE REPORTING PERIOD

The Group have no material event after the end of the reporting period that either require adjustment to the financial statements or are important to the understanding of the Group's current position.

### FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 88 of this annual report.

### DIRECTORS

The Directors of the Company during the year and up to the date of this report were:

#### Executive Directors

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

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

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

### 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 Company's 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 as described on pages 18 to 28 of the Corporate Governance Report.

## 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 2016.

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

As at 30 April 2016, the interests or short positions of the Directors and chief executives in the shares, underlying shares and debentures of the Company or its specified undertakings 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 by the Company under Section 352 of Part XV of the SFO, were as follows:

Name	Capacity	Number of shares	Percentage of Shareholding
Lam Man Wah	Interest in a controlled corporation ( <i>Note 1</i> )	565,000,000	70.63%
Chan Ka Yee, Elsa	Interest of spouse ( <i>Note 1</i> )	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 2016, there were no debt securities issued by the Group at any time. Save as disclosed above, none of the Directors or chief executive of the Company, its subsidiaries, its holding company or its other associated corporations (within the meaning of Part XV of the SFO) a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation, as recorded in the register required to be kept under section 352 of Part XV of the SFO or as otherwise notified to the Company as at 30 April 2016.

Save as disclosed herein, the Directors are not aware of any person who will have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange as recorded in the register required to be kept under section 336 of Part XV of the SFO as at 30 April 2016.

As at the date of this annual report, no shareholders of the Company has agreed to waive or waived any dividends.

## 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 2016, 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 Part XV 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.

Save as disclosed herein, the Directors are not aware of any person who will have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to the Company and the Stock Exchange as recorded in the register required to be kept under section 336 of Part XV of the SFO as at 30 April 2016.

As at the date of this annual report, no shareholders of the Company has agreed to waive or waived any dividends.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 30 April 2016 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.

On 21 April 2015, the Company has entered into a non-competition deed with each of 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). Pursuant to the non-competition deed, each of the Covenantors irrevocably and unconditionally, jointly and severally, covenants and undertakes with the Company that each of the Covenantors shall not, and shall procure that none of his/her/its close associates shall, directly or indirectly, establish, invest, involve in, engage in, manage, operate or otherwise hold any right or interest, directly or indirectly, in any business is or may be in competition with the business carried out by the Group, save and except Mr. Lam Man Wah's existing interests in two companies non-wholly own by Mr. Lam Man Wah. For the avoidance of doubt, each of the Covenantors shall not, and shall procure that none of his/her/its close associates shall, be involved in the management and operation of those two companies.

## Report of the Directors (Continued)

During the reporting period, the independent non-executive Directors have reviewed on behalf of the Company, the compliance with the non-competition deed entered into between the Company and the Covenantors and his/her associates. The independent non-executive Directors are satisfied that the controlling shareholders and their associates have complied with the provisions of the deed.

### **DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS**

Save for the related party transactions disclosed in Note 26 to the consolidated financial statements, no transaction, arrangement or contract of significance in relation to the Group's business to which the Company, its holding company or any of their respective subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial 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.

### **RELATED PARTY TRANSACTION**

Details of related party transactions of the Group for the year ended 30 April 2016 are set out in Note 26 to the consolidated financial statements. None of the related party transactions as disclosed in Note 26 to the consolidated financial statements constitutes a connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules.

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

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

### **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 2016, the Group had 110 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 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.

### PERMITTED INDEMNITY PROVISION

The articles of associations of the Company provides that the Directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses with they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty.

Pursuant to which the Company had arranged appropriate insurance cover in respect of any potential legal action against the Directors and senior management in respect of potential legal actions that may be incurred in the course of performing their duties.

### 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.

### SHARE OPTION SCHEME

The Company has a share option scheme (the "Scheme") which was adopted pursuant to a resolution passed by the Company's shareholders on 21 April 2015 ("Adoption Date") for the primary purpose of providing eligible participants an opportunity to have a personal stake in the Company and to motivate, attract and retain the eligible participants whose contributions are important to the long-term growth and profitability of the Group. Eligible participants of the Scheme include any employees, any Executives, Non-executive Directors (including Independent Non-executive Directors), advisors, consultants of the Company or any of its subsidiaries.

The maximum number of shares which may be issued under the Scheme and any other schemes of the Company (excluding options lapsed pursuant to the Scheme and any other schemes of the Company) must not exceed 10% of the issued shares of the Company as at the date of Adoption Date.

The total number of shares issued and to be issued to each eligible participant under the Scheme in any 12-month period must not exceed 1% of the issued shares of the Company unless approved in advance by the shareholders of the Company in general meeting.

## Report of the Directors (Continued)

The maximum number of shares issued and to be issued upon exercise of the options granted and to be granted to each grantee under the Scheme (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. Any further grant of options in excess of this 1% limit shall be subject to approved by its shareholders in general meeting with such grantee and his or her close associates abstaining from voting.

The offer of a grant of options under the Scheme may be accepted within 28 days from the date of the offer and by payment of HK\$1.00 as consideration for the grant of an option. An option may be exercised in accordance with the terms of the Scheme at any time during a period as to be determined and notified by the Directors to each grantee, but shall end in any event not later than 10 years from the date of the grant of option.

The Scheme will be valid and effective for a period of ten years commencing on the listing date of the Company.

The exercise price is determined by the Directors and shall be at least the highest of: (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant of an option, which must be a trading day; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant of an option; and (iii) the nominal value of the Company's shares.

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

### EQUITY-LINKED AGREEMENTS

Save as the Scheme, the Company has not entered into other equity-linked agreements during the year ended 30 April 2016.

### PROFESSIONAL TAX ADVICE RECOMMENDED

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares of the Company. If the shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

### AUDITOR

The financial statements for the year ended 30 April 2016 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.

### PUBLICATION OF INFORMATION ON WEBSITES

This annual report is available for viewing on the website of the Stock Exchange at [www.hkex.com.hk](http://www.hkex.com.hk) and on the website of the Company at [www.tictactime.com.hk](http://www.tictactime.com.hk).

By order of the Board

**Lam Man Wah**  
*Chairman*

29 July 2016

# Biographical Details of Directors and Senior Management

## EXECUTIVE DIRECTORS

**Mr. Lam Man Wah (林文華)**, aged 53, 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 Yu Xing Long Watch Company 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 44, 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 45, 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 in July 1997 and until March 2001 as a shop manager, mainly responsible for merchandising, supervising and retail management, and re-joined us as a general manager 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 54, was appointed as independent non-executive Director on 21 April 2015. 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 49, was appointed as independent non-executive Director on 21 April 2015. 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 (盧暉基)**, aged 47, was appointed as independent non-executive Director on 21 April 2015. 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 43, is our Chief Business Officer and is mainly responsible for the management of our wholesale business and our marketing activities. Mr. Cheung joined our Group in January 2015. 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 41, is our Retail Operation Manager and is mainly responsible for coordinating operations within our Group and the business development of a watch brand. Mr. Chau joined our Group in November 2011. 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 34, is our Retail Operation Manager and is mainly responsible for managing our retail business and the business development of a watch brand. Mr. Kam joined our Group in April 2008. 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. Cheung Siu Wah was appointed as the Company Secretary of the Company on 11 November 2015 and is responsible for the company secretarial functions of the Company. Mr. Cheung is an associate member of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrator. He also held senior management positions in various multinational companies and has been working in the management, finance, accounting and administration sectors for over 25 years.

# 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 to the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (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 during the year under review, except for certain deviations as specified with considered reasons for such deviations as explained below. The Board 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 had adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “Model Code”) as its own code of conduct regarding the directors’ securities transactions on terms no less exacting than the required standard of dealings on 1 November 2014. The Company had made specific enquiry to all of the Directors and the Directors have confirmed compliance with the Model Code during the year under review. No incident of non-compliance was noted by the Company for the above period.

## 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 16 to 17. 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. 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, Annual General meeting, Audit Committee meeting, Remuneration Committee meeting and Nomination Committee meeting during the year ended 30 April 2016 is set out in the following table:

Name of Directors	No. of Meetings Attended/Held				Annual General
	Board	Audit Committee	Remuneration Committee	Nomination Committee	
<b>Executive Directors</b>					
Mr. Lam Man Wah	4/4	N/A	N/A	N/A	1/1
Ms. Chan Ka Yee, Elsa	4/4	N/A	N/A	N/A	1/1
Mr. Tsang Hok Man	4/4	N/A	N/A	N/A	1/1
<b>Independent non-executive Directors</b>					
Mr. Cheng Kin Chung	4/4	2/2	1/1	1/1	1/1
Mr. Fung Tat Man	4/4	2/2	1/1	1/1	1/1
Mr. Lo Wai Kei, Wilkie	4/4	2/2	1/1	1/1	1/1

Code Provision of A.2.7 of the CG Code requires the chairman of the Board to hold meetings at least annually with the non-executive Directors (including independent non-executive Directors) without the executive Directors present. During the year under review, Mr. Lam Man Wah was the chairman of the Board and the chief executive officer of the Company. The Company has deviated from this code provision as it is not practicable.

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 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 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 12 May 2015 and up to the date of this report, the Board has performed the corporate governance duties in accordance with its terms of reference.

## 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 CG 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 auditors; (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 year ended 30 April 2016, the Audit Committee held two meetings. Details of the attendance of the members of the Audit Committee in the said meeting are set out on page 20. The Audit Committee reviewed the Group's annual results and annual report for the year ended 30 April 2016, 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.

### 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 CG 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 year ended 30 April 2016, 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 20.

## Corporate Governance Report (Continued)

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 2016 is set out below:

	2016	2015
Nil to HK\$1,000,000	2	3

### 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 CG 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.

During the year ended 30 April 2016, the Nomination Committee held one meeting. Details of the attendance of the members of the Nomination Committee in the said meeting are set out on page 20.

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)

### 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.

### RISK MANAGEMENT AND 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 risk management and internal control systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

For the year ended 30 April 2016, the Board has conducted a review and assessment of the effectiveness of the Company’s risk management and internal control systems including financial, operational and compliance controls and risk management. Such review have been made by discussion with the Audit Committee, management and external auditors of the Company from time to time, but at least once a year. The Board will put in place to address the identified area that shall be enhanced. The Board considered that the existing risk management and internal control systems are adequate and effective.

The Company also has an internal audit function to carry out the analysis and independent appraisal of the adequacy and effectiveness of the systems, and has procedures in place to keep information confidential and manage actual or potential conflicts of interest. Stringent internal structures have been designed to prevent the misuse of inside information and avoid conflicts of interest.

## Corporate Governance Report (Continued)

The Audit Committee has received the summarized information on the risk management and internal controls that conducted by the internal audit team. The work carried in relating to the identified areas are summarized as follow:

- (i) the results of selective testing of internal control procedures, assets, and financial records of the Company;
- (ii) a general evaluation of risk management and internal control systems installed by the Company; and
- (iii) an outline of major control issues, if any, noticed during the year under review.

The Audit Committee has reviewed the reports and discussed with the 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.

### EXTERNAL AUDITORS AND AUDITORS' 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 2016 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.

For the year ended 30 April 2016, the fees paid/payable to PricewaterhouseCoopers, the external auditor of the Company for audit services were HK\$1,298,000. There is no non-audit services fee paid to the external auditor of the Company. Fees paid to other auditor were approximately HK\$67,000.

### 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.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. The Directors believe that the financial statements are prepared on a going concern basis.

## Corporate Governance Report (Continued)

### COMPANY SECRETARY

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.

During the year, the Company Secretary is Mr. Wong Chi Wai (“Mr. Wong”), pursuant to our engagement of an external company secretarial services company. On 11 November 2015, Mr. Wong resigned as the Company Secretary and Mr. Cheung Siu Wah has been appointed as the Company Secretary of the Company. The Company Secretary took no less than 15 hours of the relevant training during the year ended 30 April 2016.

### 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](http://www.tictactime.com.hk)) has provided an effective communication platform to the public and the shareholders.

### SIGNIFICANT CHANGES IN CONSTITUTIONAL DOCUMENT

Since 12 May 2015 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 Stock Exchange.

### INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

The Company provides relevant training and relevant reading materials to Directors to help ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its business and to refresh their knowledge and skills on the roles, functions and as director of the Company.

## Corporate Governance Report (Continued)

During the year, the directors participated the following training:

Name of Directors	Types of Training
<b>Executive Directors</b>	
Mr. Lam Man Wah	A, B, C
Ms. Chan Ka Yee, Elsa	A, B, C
Mr. Tsang Hok Man	A, B, C
<b>Independent non-executive Directors</b>	
Mr. Cheng Kin Chung	A, C
Mr. Fung Tat Man	A, C
Mr. Lo Wai Kei, Wilkie	A, C

A — reading materials given by the Company relating to the Company's businesses and regular updates on the Listing Rules and other applicable regulatory requirements relevant to director's duties and responsibilities

B — attending briefings/seminars/conferences/forums relevant to director's duties and responsibilities

C — reading newspapers and journals relating to corporate governance matters, environment and social issues or director's duties and responsibilities

### 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.

### CONCLUSION

The Company believes that good corporate governance could ensure an effective distribution of the resources and shareholders' interests. The senior management will continue endeavors in maintaining, enhancing and increasing the Group's corporate governance level and quality.

# 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 2016 was approximately HK\$321.3 million, representing a decreased by approximately HK\$121.6 million or 27.5% from approximately HK\$443.0 million for the year ended 30 April 2015. Revenue from retail of watches for the year ended 30 April 2016 was approximately HK\$319.5 million, representing a decreased by approximately HK\$120.4 million or 27.4 % from approximately HK\$440.0 million for the year ended 30 April 2015, while, a revenue from wholesales of watches for the year ended 30 April 2016 was approximately HK\$1.8 million, representing an decreased by approximately HK\$1.2 million or 39.8% from approximately HK\$3.0 million for the year ended 30 April 2015. The decrease in revenue was mainly attributable to an unexpected downturn in the retail market, as a result of the slowdown in economic growth in the PRC and weak consumption sentiment. Details of the segment information is set out in Note 5 to the consolidated financial statements.

### 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\$79.3 million or 27.8% from approximately HK\$285.8 million for the year ended 30 April 2015 to approximately HK\$206.4 million for the year ended 30 April 2016. During the year, the Group recorded a provision for slow-moving inventories of approximately HK\$2.6 million (2015: approximately HK\$4.3 million) to profit or loss. The provision for slow-moving inventories as at 30 April 2016 amounting to HK\$15.8 million (2015: HK\$13.2 million).

Eliminating the effect of the provision for slow-moving inventories, cost of sales before provision of slow-moving inventory decreased by approximately HK\$77.6 million or 27.6% from approximately HK\$281.5 million for the year ended 30 April 2015 to approximately HK\$203.8 million for the year ended 30 April 2016. The decrease was in line with the decrease in revenue of approximately 27.5% for the year.

### Gross profit and gross profit margin

Our gross profit decreased by approximately HK\$42.3 million or 26.9% from approximately HK\$157.2 million for the year ended 30 April 2015 to approximately HK\$114.9 million for the year ended 30 April 2016 which was in line with the decrease in revenue. Our overall gross profit margin increased from approximately 35.5% for the year ended 30 April 2015 to approximately 35.8% for the year ended 30 April 2016. The increase was mainly attributable to the decrease in provision on slow-moving inventories during the year.



Eliminating the effect of the provision for slow-moving inventories, our gross profit margin slightly increased from approximately 36.5% for the year ended 30 April 2015 to approximately 36.6% for the year ended 30 April 2016.

## Management Discussion and Analysis (Continued)

### Selling and distribution expenses

Our selling and distribution expenses increased by approximately HK\$7.7 million or 7.9% from approximately HK\$97.7 million for the year ended 30 April 2015 to approximately HK\$105.4 million for the year ended 30 April 2016. The increase was primarily attributable to the provision for onerous operating leases of approximately HK\$6.2 million (2015: Nil) and impairment of property, plant and equipment of approximately HK\$0.8 million (2015: Nil) during the year.

### Administrative expenses

Our administrative expenses decreased by approximately HK\$10.3 million or 33.4% from approximately HK\$30.7 million for the year ended 30 April 2015 to approximately HK\$20.5 million for the year ended 30 April 2016. The decrease was primarily attributable to the decrease in the non-recurring listing expenses by approximately HK\$17.7 million during the year.



### Finance costs

Our finance costs increased by approximately HK\$0.1 million or 20.2% from approximately HK\$0.6 million for the year ended 30 April 2015 to approximately HK\$0.7 million for the year ended 30 April 2016. The increase was primarily attributable to the additional bank borrowings of approximately HK\$28.1 million and finance lease of approximately HK\$0.7 million obtained during the year.

### (Loss)/profit before income tax and (loss)/profit attributable to owners of the Company

As a result of the foregoing, our profit before income tax decreased by approximately HK\$40.0 million or 143.7% from the profit before income tax of approximately HK\$27.8 million for the year ended 30 April 2015 to the loss before income tax of approximately HK\$12.2 million for the year ended 30 April 2016.

The profit attributable to owners of the Company decreased by approximately HK\$28.8 million or 178.2% from the profit attributable to owners of the Company of approximately HK\$16.2 million for the year ended 30 April 2015 to the loss attributable to owners of the Company of approximately HK\$12.6 million for the year ended 30 April 2016.

Eliminating the respective non-recurring expenses relating to the Listing of approximately HK\$18.3 million and HK\$0.6 million for the years ended 30 April 2015 and 2016, the loss attributable to owners of the Company would have decreased by approximately 135.0% as compared to the prior year.

## Management Discussion and Analysis (Continued)

### FINANCIAL POSITION

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

As at 30 April 2016, the Group's total cash and bank balances were approximately HK\$41.8 million (30 April 2015: approximately HK\$22.0 million), most of which are denominated in HK\$. The current ratio (calculated by current assets divided by current liabilities) of the Group increased from approximately 1.2 times as at 30 April 2015 to approximately 4.3 times as at 30 April 2016. The gearing ratio (calculated by net debt divided by total capital) of the Group decreased from approximately 0.6 times as at 30 April 2015 to net cash position as at 30 April 2016. As at 30 April 2016, the Group failed to comply with one of the covenant requirements related to the Group's banking facilities amounting to HK\$10,000,000. In June 2016, the bank granted an one-off waiver from compliance with the relevant breached covenant requirement for the year ended 30 April 2016.

### USE OF NET PROCEEDS FROM THE LISTING

The net proceeds from the Listing (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 30 April 2016, the Group has applied the net proceeds as follows:

	Amount utilised as at 30 April 2016 HK\$'000	Amount unutilised as at 30 April 2016 HK\$'000
Expand our retail and sales network	18,935	18,678
Improve our same-store sales growth and profit margin	3,294	9,602
Improve our supplier network and enhance the knowledge of our sales staff	—	4,298
Increase our marketing effort	3,787	3,736
Repay a short-term bank loan with interest	37,613	—
Working capital and other general corporate purposes	3,100	4,423
<b>Total</b>	<b>66,729</b>	<b>40,737</b>

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

### MATERIAL ACQUISITIONS AND DISPOSAL OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 30 April 2016, there was no acquisition or disposal of subsidiaries and associated companies by the Company.

## Management Discussion and Analysis (Continued)

### EMPLOYEES AND REMUNERATION POLICIES

As at 30 April 2016, the Group had a total of 110 (2015: 100) employees. The total remuneration costs incurred by the Group for the year ended 30 April 2016 were approximately HK\$34.3 million (2015: approximately HK\$30.0 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 borrowings of approximately HK\$17.5 million as at 30 April 2016, while that as at 30 April 2015 was approximately HK\$77.2 million.

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

As stated in Note 2.1(a) of the consolidated financial statements, bank loans of HK\$8.9 million as at 30 April 2016 are drawn from one of the Group's banking facilities for which one of the covenants requirements was in breach. In June 2016, the bank granted an one-off waiver from compliance with the relevant breached covenant requirement for the year ended 30 April 2016.

As at 30 April 2016, the Group had aggregate banking facilities of HK\$85.0 million (2015: HK\$77.2 million), for overdrafts and loans. Unused facilities as at the same date were HK\$68.2 million (2015: Nil). The banking facilities were granted to the subsidiaries of the Group and were subject to annual review and guaranteed by unlimited guarantees from the Company and certain subsidiaries of the Group.

### FUTURE PLANS FOR MATERIAL INVESTMENTS

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 2016 (2015: Nil).

### CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 April 2016 and 2015.

### FINAL DIVIDENDS

The Board do not recommend the payment of any final dividend for the year ended 30 April 2016.

### EVENT AFTER THE REPORTING PERIOD

The Group have no material event after the end of the reporting period that either require adjustment to the financial statements or are important to the understanding of the Group's current position.



羅兵咸永道

## TO THE SHAREHOLDERS OF TIC TAC INTERNATIONAL HOLDINGS COMPANY LIMITED

*(incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Tic Tac International Holdings Company Limited (the "Company") and its subsidiaries set out on pages 35 to 87, which comprise the consolidated statement of financial position as at 30 April 2016, 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 Hong Kong Companies Ordinance, 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.

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## Independent Auditor's Report (Continued)

### OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 30 April 2016, and of their financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

**PricewaterhouseCoopers**  
*Certified Public Accountants*

Hong Kong, 29 July 2016

# Consolidated Statement of Comprehensive Income

For the year ended 30 April 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
Revenue	5	321,322	442,955
Cost of sales	7	(206,434)	(285,780)
<b>Gross profit</b>		<b>114,888</b>	157,175
Other losses, net	6	(489)	(407)
Selling and distribution costs	7	(105,411)	(97,663)
Administrative expenses	7	(20,479)	(30,732)
<b>Operating (loss)/profit</b>		<b>(11,491)</b>	28,373
Finance costs	9	(667)	(555)
<b>(Loss)/profit before income tax</b>		<b>(12,158)</b>	27,818
Income tax expense	10	(491)	(7,795)
<b>(Loss)/profit for the year</b>		<b>(12,649)</b>	20,023
Other comprehensive income		—	—
<b>Total comprehensive (loss)/income for the year</b>		<b>(12,649)</b>	20,023
<b>Total (loss)/profit and comprehensive (loss)/income attributable to:</b>			
Owners of the Company		(12,649)	16,170
Non-controlling interests		—	3,853
		<b>(12,649)</b>	20,023
<b>Basic and diluted (loss)/earnings per share (HK cents per share)</b>	12	<b>(1.59)</b>	2.70

The notes on pages 40 to 87 are an integral part of these consolidated financial statements.

# Consolidated Statement of Financial Position

As at 30 April 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	13	14,239	5,245
Deposits and prepayments	16	11,619	14,950
Deferred income tax assets	20	2,545	1,272
		<b>28,403</b>	<b>21,467</b>
<b>Current assets</b>			
Inventories	14	118,005	114,530
Trade receivables, other receivables and prepayments	16	7,939	14,561
Tax recoverable		6,904	1,170
Cash and cash equivalents	17	41,774	22,010
		<b>174,622</b>	<b>152,271</b>
<b>Total assets</b>		<b>203,025</b>	<b>173,738</b>
<b>EQUITY</b>			
<b>Equity attributable to the owners of the Company</b>			
Share capital	18	8,000	1
Reserves	19	150,603	44,884
<b>Total equity</b>		<b>158,603</b>	<b>44,885</b>

# Consolidated Statement of Financial Position (Continued)

As at 30 April 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provision for other liabilities and charges	21	3,020	2,257
Deferred income tax liabilities	20	538	92
Borrowings	22	438	—
		<b>3,996</b>	2,349
<b>Current liabilities</b>			
Trade and other payables	21	22,679	46,898
Borrowings	22	17,029	77,158
Current income tax liabilities		718	2,448
		<b>40,426</b>	126,504
<b>Total liabilities</b>		<b>44,422</b>	128,853
<b>Total equity and liabilities</b>		<b>203,025</b>	173,738

The notes on pages 40 to 87 are an integral part of these consolidated financial statements.

These financial statements on pages 35 to 87 were approved for issue by the Board of Directors on 29 July 2016 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 2016

	Attributable to owners of the Company					Total	Non-controlling interests	Total equity
	Share capital	Share premium	Combined capital	Capital reserve	Retained earnings			
	HK\$'000	HK\$'000	(Note 19(a)) HK\$'000	(Note 19(b)) HK\$'000	HK\$'000			
Balance at 1 May 2014	—	—	4,300	1,610	70,190	76,100	6,620	82,720
<b>Total comprehensive income</b>								
Profit for the year	—	—	—	—	16,170	16,170	3,853	20,023
<b>Total contributions by and distributions to owners of the Company, recognised directly in equity</b>								
Dividends (Note 11)	—	—	—	—	(65,570)	(65,570)	(6,570)	(72,140)
Waiver of amount due to a shareholder of the Company (Note 19 (b)(i))	—	—	—	14,282	—	14,282	—	14,282
Issue of shares pursuant to a group reorganisation (Note 19(b)(ii))	1	—	(4,300)	8,202	—	3,903	(3,903)	—
Total transactions with owners	1	—	(4,300)	22,484	(65,570)	(47,385)	(10,473)	(57,858)
Balance at 30 April 2015 and 1 May 2015	1	—	—	24,094	20,790	44,885	—	44,885
<b>Total comprehensive loss</b>								
Loss for the year	—	—	—	—	(12,649)	(12,649)	—	(12,649)
<b>Total contributions by and distributions to owners of the Company, recognised directly in equity</b>								
Capitalisation issue of shares (Note 18 (b))	5,999	(5,999)	—	—	—	—	—	—
Shares issued pursuant to the Public Offer (Note 18(a))	2,000	134,000	—	—	—	136,000	—	136,000
Transaction costs attributable to the Public Offer (Note 18(a))	—	(9,633)	—	—	—	(9,633)	—	(9,633)
Total transactions with owners	7,999	118,368	—	—	—	126,367	—	126,367
Balance at 30 April 2016	8,000	118,368	—	24,094	8,141	158,603	—	158,603

The notes on pages 40 to 87 are an integral part of these consolidated financial statements.

# Consolidated Statement of Cash Flows

For the year ended 30 April 2016

	<i>Note</i>	2016 HK\$'000	2015 HK\$'000
<b>Cash flows from operating activities</b>			
Net cash (used in)/generated from operations	24	(12,961)	20,768
Income tax paid		(8,782)	(9,352)
<b>Net cash (used in)/generated from operating activities</b>		<b>(21,743)</b>	11,416
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment		(7,192)	(2,759)
Proceeds from disposal of property, plant and equipment		100	—
Prepayments for purchase of property, plant and equipment		—	(6,800)
<b>Net cash used in investing activities</b>		<b>(7,092)</b>	(9,559)
<b>Cash flows from financing activities</b>			
Net proceeds from issue of ordinary shares		126,367	—
Proceeds from borrowings		28,138	95,335
Repayment of borrowings		(88,496)	(32,998)
Net change in balances with shareholders of the Company		(15,042)	(19,549)
Dividends paid		—	(37,000)
Proceeds from inception of a finance lease		755	—
Repayment of principal elements of a finance lease		(88)	—
Interest paid		(667)	(555)
Payment of listing expenses		(2,368)	(5,417)
<b>Net cash generated from/(used in) financing activities</b>		<b>48,599</b>	(184)
Net increase in cash and cash equivalents		19,764	1,673
Cash and cash equivalents at beginning of the year		22,010	20,337
<b>Cash and cash equivalents at end of the year</b>	17	<b>41,774</b>	22,010

The notes on pages 40 to 87 are an integral part of these consolidated financial statements.

# Notes to the Consolidated Financial Statements

## 1. GENERAL INFORMATION

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

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

The Company has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited since 12 May 2015 (the “Listing”). In connection with the public offer completed on 12 May 2015, the Company issued a total of 200,000,000 shares at a price of HK\$0.68 per share for a total proceeds (before the related fees and expenses) of HK\$136,000,000 (the “Public Offer”).

These consolidated financial statements are presented in Hong Kong dollars (“HK\$”) unless otherwise stated.

## 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 all applicable Hong Kong Financial Reporting Standards (“HKFRS”). The consolidated financial statements have been prepared under the historical cost convention.

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 consolidated financial statements are disclosed in Note 4.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### (a) Going concern basis

During the year ended 30 April 2016, the Group incurred a net loss of HK\$12,649,000 and had a net operating cash outflow of HK\$21,743,000. As at 30 April 2016, the Group had total banking facilities of approximately HK\$84,997,000, of which approximately HK\$16,800,000 were drawn down as bank borrowings. The Group's banking facilities are subject to annual review for renewal and certain covenant requirements. As at 30 April 2016, the Group failed to comply with one of the covenant requirements related to the Group's banking facilities amounting to HK\$10,000,000, of which short term bank loans of HK\$8,931,000 was utilised as at 30 April 2016.

In June 2016, the bank granted an one-off waiver from compliance with the relevant breached covenant requirement for the year ended 30 April 2016. The Group is also negotiating with the bank to revise the covenant requirement in order to ensure continuous compliance of the covenant requirements.

Notwithstanding these circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group has sufficient financial resources to continue as a going concern. The directors have reviewed the Group's cash flow projections prepared by management covering a period of twelve months from 30 April 2016. The directors have put in place a number of measures to improve the Group's financial performance.

Based on the cash flow projections and taking into account the anticipated cash flows generated from the Group's operations, the possible changes in its operating performance, and the continuous availability of banking facilities, the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the coming twelve months from 30 April 2016. Accordingly, the directors of the Company consider that it is appropriate to prepare the consolidated financial statements on a going concern basis.

#### (b) New Hong Kong Companies Ordinance (Cap. 622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosure of certain information in the consolidated financial statements.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.1 Basis of preparation (Continued)

#### (c) Changes in accounting policies and disclosures

New accounting standards and amendments to existing standards that are not yet effective and have not been early adopted by the Group.

The following new standards and amendments to standards have been issued but not effective for the financial year end beginning 1 May 2015, and have not been early adopted in preparing these consolidated financial statements:

		<b>Effective for accounting periods beginning on or after</b>
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 27 (Amendment)	Equity method in separate financial statements	1 January 2016
HKFRS 9	Financial instruments	1 January 2018
HKFRS 10 and HKAS 28 (Amendment)	Sale or contribution of assets between an investor and its associate or joint venture	To be determined
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: Applying the consolidation exception	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 2018
HKFRS 16	Leases	1 January 2019
Annual Improvements Project	Annual improvements 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 standards upon initial application 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.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

#### (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

Investment in a subsidiary is accounted for at cost less impairment. Cost includes direct attributable costs of investment. The result of the subsidiary is accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investment in a subsidiary is required upon receiving a dividend from this investment 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.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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 are 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 profit or loss within "other losses, net".

### 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 profit or loss 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 yacht	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, net" in profit or loss.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 2.7 Financial assets

#### (a) Classification

The Group classifies its financial assets into 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.

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 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. Loans and receivables are carried at amortised cost using the effective interest method.

# 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 profit or loss. 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 profit or loss.

### 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.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

### 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 profit or loss 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 profit or loss in the period in which they are incurred.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 2.16 Current and deferred income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, 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.

#### (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.

# Notes to the Consolidated Financial Statements (Continued)

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### 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.

#### (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 profit or loss 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.

## Notes to the Consolidated Financial Statements (Continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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.

(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.

## Notes to the Consolidated Financial Statements (Continued)

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### 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 profit or loss on a straight-line basis over the period of the lease.

(b) Finance leases

The Group leases certain furniture and fixtures and a motor vehicle 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 profit or loss 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 and a motor vehicle 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 Company's shareholders is recognised as a liability in the Group's and the Company's statement of financial position 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 2016 would be HK\$70,000 (2015: HK\$322,000) 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 and 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 company. 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.

## Notes to the Consolidated Financial Statements (Continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 3.1 Financial risk factors (Continued)

##### (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.

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	More than 1 year HK\$'000	Total HK\$'000
<b>As at 30 April 2016</b>					
Trade and other payables	—	12,647	—	—	12,647
Borrowings	16,800	61	185	449	17,495
	16,800	12,708	185	449	30,142
<b>As at 30 April 2015</b>					
Trade and other payables	15,042	29,085	—	—	44,127
Borrowings	77,158	—	—	—	77,158
	92,200	29,085	—	—	121,285

## 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 summarises the maturity analysis of bank borrowings with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements.

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 borrowings 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			
	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total outflows	
	Within 1 year			
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 30 April 2016	16,800	—	—	16,800
At 30 April 2015	77,158	—	—	77,158

## Notes to the Consolidated Financial Statements (Continued)

### 3. FINANCIAL RISK MANAGEMENT (CONTINUED)

#### 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 and non-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.

The gearing ratios as at 30 April 2016 and 2015 are as follows:

	2016 HK\$'000	2015 HK\$'000
Borrowings ( <i>Note 22</i> )	17,467	77,158
Less: cash and cash equivalents ( <i>Note 17</i> )	(41,774)	(22,010)
Net (cash)/debt	(24,307)	55,148
Equity	158,603	44,885
Total capital	134,296	100,033
Gearing ratio	N/A	55%

#### 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, borrowings approximated to their fair values, which either due to their short-term maturities, or that they are subject to floating rates.

## Notes to the Consolidated Financial Statements (Continued)

### 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 date 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.

#### (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. The recoverable amounts are determined based on value-in-use calculations. These calculations require the use of judgements and estimates.

## Notes to the Consolidated Financial Statements (Continued)

### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

#### (e) Provision for onerous operating leases

Onerous operating leases are operating leases in which the unavoidable costs of meeting the obligations under the operating leases 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.

Management performs assessment on retail outlets with non-cancellable clause in the respective agreements for any provision for onerous operating leases at the end of each reporting period.

### 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.

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 finance costs, group expenses and listing expenses.

## Notes to the Consolidated Financial Statements (Continued)

### 5. SEGMENT INFORMATION (CONTINUED)

For the year ended 30 April 2016

	Retail HK\$'000	Wholesale HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue				
External sales	318,883	1,791	—	320,674
External service income	647	1	—	648
Inter-segment sales	—	3,101	(3,101)	—
	319,530	4,893	(3,101)	321,322
Segment (loss)/profit	(7,925)	82	—	(7,843)
Finance costs				(667)
Unallocated group expenses				(3,050)
Unallocated listing expenses				(598)
Loss before income tax				(12,158)

For the year ended 30 April 2015

	Retail HK\$'000	Wholesale HK\$'000	Elimination HK\$'000	Total HK\$'000
Revenue				
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)

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 2016, there are no (2015: Nil) single external customers who contributed more than 10% revenue of the Group.

#### Other profit and loss disclosures

	For the year ended 30 April 2016			For the year ended 30 April 2015		
	Retail HK\$'000	Wholesale HK\$'000	Total HK\$'000	Retail HK\$'000	Wholesale HK\$'000	Total HK\$'000
Depreciation of property, plant and equipment	5,242	2	5,244	3,480	2	3,482
Provision for slow-moving inventories	1,496	1,135	2,631	3,462	868	4,330
Impairment of property, plant and equipment	750	—	750	—	—	—
Provision for onerous operating leases	6,218	—	6,218	—	—	—

### 6. OTHER LOSSES, NET

	2016 HK\$'000	2015 HK\$'000
Net foreign exchange gains	5	3
Loss on disposal of property, plant and equipment	(494)	(410)
	(489)	(407)

## Notes to the Consolidated Financial Statements (Continued)

### 7. EXPENSES BY NATURE

	2016 HK\$'000	2015 HK\$'000
Cost of inventories sold	203,803	281,450
Provision for slow-moving inventories (Note 14)	2,631	4,330
Employee benefit expenses (Note 8)	34,271	29,970
Depreciation of property, plant and equipment (Note 13)	5,244	3,482
Impairment of property, plant and equipment (Note 13)	750	—
Operating lease expenses		
— Office premises	1,094	727
— Repair centres	107	129
— Retail outlets	54,502	54,715
Provision for onerous operating leases (Note 21(d))	6,218	—
Advertising and promotion expenses	2,844	4,303
Auditor's remuneration		
— Audit services	1,365	1,090
Bank and credit card charges	4,188	6,254
Listing expenses	598	18,304
Other expenses	14,709	9,421
<b>Total cost of sales, selling and distribution costs and administrative expenses</b>	<b>332,324</b>	<b>414,175</b>

### 8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2016 HK\$'000	2015 HK\$'000
Salaries and allowances	32,568	28,151
Directors' quarters rental	444	644
Retirement benefit costs		
— Mandatory Provident Fund Scheme	1,259	1,175
	<b>34,271</b>	<b>29,970</b>

## Notes to the Consolidated Financial Statements (Continued)

### 8. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS) (CONTINUED)

#### (a) Five highest paid individuals

For the year ended 30 April 2016, the five individuals whose emoluments were the highest in the Group include 3 (2015: 2) directors whose emoluments were reflected in the analysis shown in Note 29. The emoluments paid to the remaining 2 (2015: 3) individuals are as follows:

	2016 HK\$'000	2015 HK\$'000
Salaries, bonus, other allowances and benefits in kind	1,800	1,483
Retirement benefit costs		
— Mandatory Provident Fund Scheme	36	52
	<b>1,836</b>	<b>1,535</b>

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

	Number of individuals	
	2016	2015
Nil — HK\$1,000,000	2	3

### 9. FINANCE COSTS

	2016 HK\$'000	2015 HK\$'000
Interest expense on bank borrowings	664	555
Interest element of finance leases	3	—
	<b>667</b>	<b>555</b>

For the year ended 30 April 2016, the interest on bank borrowings which contain a repayment on demand clause amounted to HK\$664,000 (2015: HK\$555,000).

## Notes to the Consolidated Financial Statements (Continued)

### 10. INCOME TAX EXPENSE

The amount of income tax charged to profit or loss represents:

	2016 HK\$'000	2015 HK\$'000
Hong Kong profits tax		
Current income tax	1,318	7,707
Deferred income tax ( <i>Note 20</i> )	(827)	88
	491	7,795

Hong Kong profits tax has been provided for at the rate of 16.5% (2015: 16.5%) on the estimated assessable profit for the year.

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

	2016 HK\$'000	2015 HK\$'000
(Loss)/profit before income tax	(12,158)	27,818
Calculated at tax rate of 16.5%	(2,006)	4,590
Tax effects of:		
Expenses not deductible for tax purposes	327	3,205
Tax losses for which no deferred income tax asset was recognised	2,170	—
Income tax expense	491	7,795

For the year ended 30 April 2016, the weighted average applicable tax rate was (4.0)% (2015: 28.0%). The change is mainly caused by the combined effect of non-deductible listing expenses of HK\$18,304,000 for the year ended 30 April 2015 and tax losses for which no deferred income tax asset was recognised for the year ended 30 April 2016.

## Notes to the Consolidated Financial Statements (Continued)

### 11. DIVIDENDS

The board of directors of the Company does not recommend the payment of a final dividend for the year ended 30 April 2016.

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

### 12. (LOSS)/EARNINGS PER SHARE

#### (a) Basic

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

	2016	2015
(Loss)/profit attributable to owners of the Company (HK\$'000)	(12,649)	16,170
Weighted average number of ordinary shares in issue (thousands) (Note)	793,989	600,000
Basic (loss)/earnings per share (HK cents per share)	(1.59)	2.70

Note:

The weighted average number of shares in issue for the years ended 30 April 2015 and 2016 for the purpose of (loss)/earnings per share computation has retrospectively adjusted for the effect of the 99,999 shares issued on 9 April 2015 under the group reorganisation in preparation for listing and the 599,900,000 shares issued under the capitalisation issue on 12 May 2015 (Note 18(b)).

The weighted average number of shares in issue for the year ended 30 April 2015 also assumed that the one ordinary share issued by the Company upon its incorporation on 23 June 2014 had been on issue throughout the year.

#### (b) Diluted

For the years ended 30 April 2015 and 2016, diluted (loss)/earnings per share equals basic (loss)/earnings per share as there was no dilutive potential share.

## Notes to the Consolidated Financial Statements (Continued)

### 13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements HK\$'000	Furniture and fixtures HK\$'000	Office equipment HK\$'000	Motor vehicles and yacht HK\$'000	Total HK\$'000
At 1 May 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 ( <i>Note 7</i> )	(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
Year ended 30 April 2016					
Opening net book amount	3,801	1,104	171	169	5,245
Additions	7,767	37	73	7,705	15,582
Depreciation ( <i>Note 7</i> )	(2,693)	(951)	(95)	(1,505)	(5,244)
Impairment ( <i>Note 7</i> )	(750)	—	—	—	(750)
Disposal	(516)	—	—	(78)	(594)
Closing net book amount	7,609	190	149	6,291	14,239
At 30 April 2016					
Cost	17,607	3,554	909	8,433	30,503
Accumulated depreciation and impairment	(9,998)	(3,364)	(760)	(2,142)	(16,264)
Net book amount	7,609	190	149	6,291	14,239

Depreciation of HK\$4,844,000 (2015: HK\$3,147,000) have been charged to “selling and distribution costs” and HK\$400,000 (2015: HK\$335,000) have been charged to “administrative expenses” for the year ended 30 April 2016.

## Notes to the Consolidated Financial Statements (Continued)

### 13. PROPERTY, PLANT AND EQUIPMENT (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 2016. For the year ended 30 April 2015, management had performed impairment assessment on those loss-making retail outlets using the value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets and forecasts approved by management, applying the discount rate of 13% (2015: 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. The resulting provision for impairment of property, plant and equipment and provision for onerous contracts recognised as at 30 April 2016 amounted to HK\$750,000 (2015: HK\$994,000) and HK\$6,323,000 (2015: HK\$1,110,000), respectively.

The Group leases certain furniture and fixtures and a motor vehicle under finance lease agreements. The leases are for a term of 3 years.

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

	2016 HK\$'000	2015 HK\$'000
Cost — capitalised finance leases	3,498	2,742
Accumulated depreciation	(2,672)	(1,733)
Net book amount	826	1,009

## Notes to the Consolidated Financial Statements (Continued)

### 14. INVENTORIES

	2016 HK\$'000	2015 HK\$'000
Finished goods	133,810	127,704
Less: provision for slow-moving inventories	(15,805)	(13,174)
	<b>118,005</b>	114,530

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

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	(13,174)	(8,844)
Charged to profit or loss ( <i>Note 7</i> )	(2,631)	(4,330)
At end of the year	<b>(15,805)</b>	(13,174)

The cost of inventories recognised as expense and included in cost of sales amounted to HK\$206,434,000 (2015: HK\$285,780,000), which included provision for slow-moving inventories of HK\$2,631,000 (2015: HK\$4,330,000) for the year ended 30 April 2016.

## Notes to the Consolidated Financial Statements (Continued)

### 15. FINANCIAL INSTRUMENTS BY CATEGORY

	2016 HK\$'000	2015 HK\$'000
<b>Assets as per consolidated statement of financial position</b>		
Loans and receivables:		
– Trade and other receivables	18,923	16,567
– Cash and cash equivalents	41,774	22,010
<b>Total</b>	<b>60,697</b>	<b>38,577</b>
<b>Liabilities as per consolidated statement of financial position</b>		
Financial liabilities at amortised cost:		
– Borrowings (other than finance lease liabilities)	16,800	77,158
– Finance lease liabilities	667	–
– Trade and other payables	12,647	44,127
<b>Total</b>	<b>30,114</b>	<b>121,285</b>

## Notes to the Consolidated Financial Statements (Continued)

### 16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2016 HK\$'000	2015 HK\$'000
Trade receivables		
— third parties	1,716	700
— a related company ( <i>Note 26</i> )	14	307
	1,730	1,007
Rental and utilities deposits	16,679	15,515
Prepayments	635	7,375
Prepaid listing expenses	—	5,569
Other receivables	514	45
	19,558	29,511
Less: non-current portion		
— rental deposits	(11,619)	(8,000)
— prepayments for property, plant and equipment	—	(6,950)
	(11,619)	(14,950)
Current portion	7,939	14,561

The maximum exposure to credit risk as at 30 April 2016 and 2015 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 approximated their fair values and were denominated in HK\$.

## Notes to the Consolidated Financial Statements (Continued)

### 16. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS (CONTINUED)

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 2016 and 2015, the ageing analysis of the trade receivables based on the invoice date is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 30 days	1,686	700
31 to 60 days	44	307
	<b>1,730</b>	1,007

As at 30 April 2016, none of the trade receivables was past due but not impaired (2015: Nil).

### 17. CASH AND CASH EQUIVALENTS

	2016 HK\$'000	2015 HK\$'000
Cash at banks	41,673	21,818
Cash on hand	101	192
Cash and cash equivalents	<b>41,774</b>	22,010
Maximum exposure to credit risk	<b>41,673</b>	21,818

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

	2016 HK\$'000	2015 HK\$'000
HK\$	41,759	21,991
Renminbi	15	19
	<b>41,774</b>	22,010

## Notes to the Consolidated Financial Statements (Continued)

### 18. SHARE CAPITAL

	Number of shares	Nominal value HK\$'000
Authorised — ordinary shares of HK\$0.01 each		
At 30 April 2015, 1 May 2015 and 30 April 2016	10,000,000,000	100,000
Issued and fully paid — ordinary shares of HK\$0.01 each		
On 23 June 2014 (date of incorporation)	1	—
Shares issued pursuant to group reorganisation ( <i>Note 19(b)(ii)</i> )	99,999	1
At 30 April 2015	100,000	1
Shares issued pursuant to the Public Offer ( <i>Note (a)</i> )	200,000,000	2,000
Capitalisation issue of shares ( <i>Note (b)</i> )	599,900,000	5,999
At 30 April 2016	800,000,000	8,000

*Notes:*

- (a) 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 transaction costs attributable to issue of shares amounted to HK\$9,633,000.
- (b) On 12 May 2015, the Company capitalised an amount of HK\$5,999,000 from the amount standing to the credit of share capital account of the Company and the said sum was applied in paying up in full the 599,900,000 shares issued to the shareholders immediately prior to the listing according to their respective shareholding.

## Notes to the Consolidated Financial Statements (Continued)

### 19. OTHER RESERVES

- (a) Combined capital as at 1 May 2014 represented the combined share capital of the subsidiaries now comprising the Group after elimination of inter-company investments.
- (b) Capital reserve:
  - (i) 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.
  - (ii) On 9 April 2015, the Company allotted and issued 5,833 and 94,166 of its shares to Ms. Ma Lili ("Ms. Ma") and Tic Tac Investment Holdings Limited, a company owned by Mr. Lam Man Wah ("Mr. Lam") and Ms. Chan Ka Yee, Elsa ("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.

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

## Notes to the Consolidated Financial Statements (Continued)

### 20. DEFERRED INCOME TAX

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

	2016 HK\$'000	2015 HK\$'000
Deferred income tax asset:		
Recoverable within 12 months	83	558
Recoverable after more than 12 months	2,462	714
	<b>2,545</b>	<b>1,272</b>
Deferred income tax liabilities:		
Payable or to be settled within 12 months	(229)	(92)
Payable or to be settled more than 12 months	(309)	—
	<b>(538)</b>	<b>(92)</b>
Deferred income tax assets, net	<b>2,007</b>	<b>1,180</b>

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

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	1,180	1,268
Credited/(charged) to profit or loss ( <i>Note 10</i> )	827	(88)
At end of the year	<b>2,007</b>	<b>1,180</b>

## Notes to the Consolidated Financial Statements (Continued)

### 20. DEFERRED INCOME TAX (CONTINUED)

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

#### Deferred income tax liabilities

	Accelerated tax depreciation	
	2016 HK\$'000	2015 HK\$'000
At beginning of the year	(92)	(292)
(Charged)/credited to profit or loss	(446)	200
At end of the year	(538)	(92)

#### Deferred income tax assets

	Provision HK\$'000	Decelerated tax depreciation HK\$'000	Tax losses HK\$'000	Total HK\$'000
At 1 May 2014	747	746	67	1,560
Credited/(charged) to profit or loss	(564)	260	16	(288)
At 30 April and 1 May 2015	183	1,006	83	1,272
Credited/(charged) to profit or loss	860	413	—	1,273
At end of the year	1,043	1,419	83	2,545

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$2,170,000 (2015: Nil) in respect of losses amounting to HK\$13,154,000 (2015: Nil) that can be carried forward against future taxable income indefinitely.

## Notes to the Consolidated Financial Statements (Continued)

### 21. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES

	2016 HK\$'000	2015 HK\$'000
Trade payables ( <i>Note (a)</i> )		
— third parties	9,490	19,599
— a related company ( <i>Note 26(d)</i> )	12	40
	<b>9,502</b>	19,639
Amount due to a shareholder of the Company (non-trade) ( <i>Note 26(d)</i> )	—	15,042
Rent payable	2,688	1,961
Accrued employee benefit expenses	3,010	709
Provision for reinstatement costs ( <i>Note (c)</i> )	1,776	1,681
Provision for onerous operating leases ( <i>Notes 13 and (d)</i> )	6,323	1,110
Accrued listing expenses	—	7,339
Other accruals and payables	2,400	1,674
	<b>25,699</b>	49,155
Less: non-current portion	(3,020)	(2,257)
Current portion	<b>22,679</b>	46,898

As at 30 April 2016 and 2015, the carrying amounts of trade payables, amount due to a shareholder of the Company, provisions and other payables approximated their fair values and were mainly denominated in HK\$.

## Notes to the Consolidated Financial Statements (Continued)

### 21. PROVISION FOR OTHER LIABILITIES AND CHARGES, TRADE AND OTHER PAYABLES (CONTINUED)

Notes:

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

As at 30 April 2016 and 2015, the aging analysis of the trade payables based on due date is as follows:

	2016 HK\$'000	2015 HK\$'000
Within 30 days	9,053	17,148
31 to 60 days	349	1,782
Over 61 days	100	709
	<b>9,502</b>	<b>19,639</b>

(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.

(c) Provision for reinstatement costs

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

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	1,681	1,404
Additional provision during the year	442	509
Settlements/reversals during the year	(347)	(232)
	<b>1,776</b>	<b>1,681</b>

(d) Provision for onerous operating leases

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

	2016 HK\$'000	2015 HK\$'000
At beginning of the year	1,110	4,528
Provision during the year (Note 7)	6,218	—
Release of provision upon payment of rental charges	(1,005)	(3,418)
	<b>6,323</b>	<b>1,110</b>

The provision for onerous operating leases represented the anticipated unavoidable costs for fulfilling the onerous non-cancellable lease agreements. The lease agreements will all expire by end of year ending 30 April 2019. The provision amount would be reduced upon the payment of the remaining rental charges.

## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS

	2016 HK\$'000	2015 HK\$'000
<b>Non-current</b>		
Finance lease liabilities ( <i>Note b</i> )	438	—
<b>Current</b>		
Short-term bank loans ( <i>Note a</i> )	16,800	77,158
Finance lease liabilities ( <i>Note b</i> )	229	—
	<b>17,029</b>	77,158
Total borrowings	<b>17,467</b>	77,158

#### (a) Bank borrowings

As stated in Note 2.1(a), bank loans of HK\$8,931,000 as at 30 April 2016 are drawn from one of the Group's banking facilities for which one of the covenants requirements was in breach. In June 2016, the bank granted an one-off waiver from compliance with the relevant breached covenant requirement for the year ended 30 April 2016.

The weighted average interest rates were 2.6% (30 April 2015: 2.7%) per annum.

The carrying amounts of the Group's bank loans were denominated in HK\$ and unsecured and approximated to their fair values.

As at 30 April 2016, the Group had aggregate banking facilities of HK\$84,997,000 (2015: HK\$77,158,000), for overdrafts and loans. Unused facilities as at the same date were HK\$68,197,000 (2015: Nil). The banking facilities were granted to the subsidiaries of the Group and were subject to annual review and guaranteed by unlimited guarantees from the Company and certain subsidiaries of the Group.

## Notes to the Consolidated Financial Statements (Continued)

### 22. BORROWINGS (CONTINUED)

#### (b) Finance lease liabilities

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

	2016 HK\$'000	2015 HK'000
Gross finance lease liabilities — minimum lease payments		
Within one year	246	—
In the second year	245	—
In the third year	204	—
Future finance charges on finance lease liabilities	695 (28)	— —
Present value of finance lease liabilities	667	—
The present value of finance lease liabilities was as follows:		
Within one year	229	—
In the second year	236	—
In the third year	202	—
	667	—

## Notes to the Consolidated Financial Statements (Continued)

### 23. COMMITMENTS

#### (a) Capital commitments

As at 30 April 2016 and 2015, 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 lease expenses charged to profit or loss 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:

	2016 HK\$'000	2015 HK\$'000
No later than 1 year	44,326	32,895
Later than 1 year and no later than 5 years	47,830	27,649
	<b>92,156</b>	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.

## Notes to the Consolidated Financial Statements (Continued)

### 24. NET CASH (USED IN)/GENERATED FROM OPERATIONS

	2016 HK\$'000	2015 HK\$'000
(Loss)/profit before income tax	(12,153)	27,818
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	5,244	3,482
Loss on disposal of property, plant and equipment	494	410
Impairment of property, plant and equipment	750	—
Provision for slow-moving inventories	2,631	4,330
Provision for onerous operating leases	6,218	—
Listing expenses	598	—
Finance costs	667	555
	4,444	36,595
Changes in working capital:		
Trade receivables, other receivables and prepayments	(2,566)	(4,698)
Inventories	(6,106)	(13,690)
Trade and other payables	(8,733)	2,561
Net cash (used in)/generated from operations	(12,961)	20,768

For the year ended 30 April 2016, the Group disposed of its property, plant and equipment of HK\$594,000 with cash proceeds of HK\$100,000 (2015: Nil).

#### Non-cash transactions

For the year ended 30 April 2015, a yacht was sold to Mr. Lam with carrying value of HK\$867,000, which was settled through his current account.

The dividends declared of HK\$72,140,000 during the year ended 30 April 2015 were settled through the current accounts with the respective shareholders except for the dividend amount of HK\$37,000,000 which was settled by cash and cash equivalents.

## Notes to the Consolidated Financial Statements (Continued)

### 25. SUBSIDIARIES

Particulars of the principal subsidiaries as at 30 April 2016 are shown as follows:

Name	Place of incorporation and kind of legal entity	Date of incorporation	Particulars of issued share capital/ registered capital	Equity interest held		Principal activities and place of operation
				2016	2015	
<b>Directly held</b>						
Tic Tac International Company Limited	British Virgin Islands, limited liability company	1 July 2014	US\$2	100%	100%	Investment holding in Hong Kong
<b>Indirectly held</b>						
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%	100%	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%	100%	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%	100%	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. 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 2016. 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

(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:

	2016 HK\$'000	2015 HK\$'000
<b><i>Continuing transactions</i></b>		
Rental expenses to Mr. Lam ( <i>Note i</i> )	—	111
Rental expenses to Ms. Chan ( <i>Note i</i> )	—	108
Purchase from Company B ( <i>Note ii</i> )	133	459
Sales to Company A ( <i>Note ii</i> )	322	1,662
<b><i>Discontinued transactions</i></b>		
Sales of yacht to Mr. Lam ( <i>Note iii</i> )	—	867

## Notes to the Consolidated Financial Statements (Continued)

### 26. RELATED PARTY TRANSACTIONS (CONTINUED)

#### (b) Transactions with related parties (Continued)

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:

	2016 HK\$'000	2015 HK\$'000
Salaries, bonus, other allowances and benefits in kind	7,534	4,189
Retirement benefit costs		
— Mandatory Provident Fund Scheme	108	98
	7,642	4,287

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

The Group has the following balances with the related parties:

	2016 HK\$'000	2015 HK\$'000
<b>Trade</b>		
Amount due from Company A	14	307
Amount due to Company B	(12)	(40)
<b>Non-trade</b>		
Amount due to Mr. Lam	—	(15,042)

## Notes to the Consolidated Financial Statements (Continued)

### 26. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	2016 HK\$'000	2015 HK\$'000
Amount due from Company A	394	545

Receivables and payables from/(to) the above related parties were unsecured, interest-free and repayable on demand. The amount due from Company A was neither past due nor impaired. The carrying amounts of the amounts due from/(to) related parties approximated 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.

### 27. CONTINGENT LIABILITIES

As at 30 April 2016 and 2015, the Company and the Group did not have any material contingent liabilities.

## Notes to the Consolidated Financial Statements (Continued)

### 28. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

#### Balance sheet of the Company

	2016 HK\$'000	2015 HK\$'000
<b>ASSETS</b>		
<b>Non-current assets</b>		
Investment in a subsidiary	66,888	66,888
<b>Current assets</b>		
Prepayments	—	5,569
Amounts due from subsidiaries	77,947	—
Cash and cash equivalents	27,900	10
	<b>105,847</b>	<b>5,579</b>
<b>Total assets</b>	<b>172,735</b>	<b>72,467</b>
<b>EQUITY</b>		
<b>Equity attributable to the owners of the Company</b>		
Share capital	8,000	1
Reserves	164,035	47,242
<b>Total equity</b>	<b>172,035</b>	<b>47,243</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accruals and other payables	700	8,339
Amounts due to subsidiaries	—	16,885
<b>Total liabilities</b>	<b>700</b>	<b>25,224</b>
<b>Total equity and liabilities</b>	<b>172,735</b>	<b>72,467</b>

The balance sheet of the Company was approved by the Board of Directors on 29 July 2016 and was signed on its behalf

Lam Man Wah  
Director

Tsang Hok Man  
Director

## Notes to the Consolidated Financial Statements (Continued)

### 28. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

#### Reserve movement of the Company

	Share premium HK\$'000	Capital reserve HK\$'000	Retained earnings HK\$'000	Total HK\$'000
<b>Balance at 1 May 2014</b>	—	—	—	—
Total comprehensive loss for the year	—	—	(19,645)	(19,645)
Acquisition of subsidiaries pursuant to the group reorganisation	—	66,887	—	66,887
<b>Balance at 30 April 2015 and 1 May 2015</b>	—	66,887	(19,645)	47,242
Total comprehensive loss for the year	—	—	(1,575)	(1,575)
Shares issued pursuant to the Public Offer	134,000	—	—	134,000
Capitalisation issue of shares	(5,999)	—	—	(5,999)
Transaction costs attributable to the Public Offer	(9,633)	—	—	(9,633)
<b>Balance at 30 April 2016</b>	118,368	66,887	(21,220)	164,035

## Notes to the Consolidated Financial Statements (Continued)

### 29. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES)

#### (a) Directors' and chief executive's emoluments

The remuneration of every director and the chief executive is set out below:

	Fees	Salaries	Discretionary bonus	Directors' quarters rental	Estimated money value of other benefits	Employer's contribution to pension scheme	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
<b>For the year ended 30 April 2016</b>							
Executive directors							
Lam Man Wah, Chief Executive Officer							
	—	2,336	600	444	—	18	3,398
Chan Ka Yee, Elsa							
	—	588	150	—	—	18	756
Tsang Hok Man							
	—	599	800	—	—	18	1,417
Independent non-executive directors							
Fung Tat Man							
	116	—	—	—	—	—	116
Cheng Kin Chung							
	116	—	—	—	—	—	116
Lo Wai Kei, Wilkie							
	116	—	—	—	—	—	116
	<b>348</b>	<b>3,523</b>	<b>1,550</b>	<b>444</b>	<b>—</b>	<b>54</b>	<b>5,919</b>
<b>For the year ended 30 April 2015</b>							
Executive directors							
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
Independent non-executive directors							
Fung Tat Man							
	—	—	—	—	—	—	—
Cheng Kin Chung							
	—	—	—	—	—	—	—
Lo Wai Kei, Wilkie							
	—	—	—	—	—	—	—
	<b>—</b>	<b>1,526</b>	<b>900</b>	<b>644</b>	<b>—</b>	<b>63</b>	<b>3,133</b>

## Notes to the Consolidated Financial Statements (Continued)

### 29. BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTORS) REGULATION (CAP. 622G) AND HK LISTING RULES) (CONTINUED)

#### (b) Directors' retirement benefits

No retirement benefits were paid to the directors of the Company during the year ended 30 April 2016 (2015: Nil).

#### (c) Directors' termination benefits

None of the directors received or will receive any termination benefits during the years ended 30 April 2016 (2015: Nil).

#### (d) Consideration provided to third parties for making available directors' services

During the year ended 30 April 2016, the Company did not pay any consideration to any third parties for making available the services of themselves as directors of the Company (2015: Nil).

#### (e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

No loans, quasi-loans and other dealing arrangements were entered into by the Company or its subsidiary undertaking in favour of the directors of the Company, a controlled body corporate or a connected entity of such directors at any time during the year ended 30 April 2016 (2015: Nil).

#### (f) Directors' material interests in transactions, arrangements or contracts

Save for transactions disclosed elsewhere in the notes to these financial statements, no other significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company has a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year ended 30 April 2016 (2015: Nil).

## Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out below:

### RESULT

	Year ended 30 April				
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Revenue	304,819	351,636	446,913	442,955	321,322
Cost of sales	(183,226)	(216,791)	(284,295)	(285,780)	(206,434)
<b>Gross profit</b>	121,593	134,845	162,618	157,175	114,888
Other (losses)/gains, net	(57)	35	48	(407)	(489)
Selling and distribution costs	(64,743)	(82,843)	(106,784)	(97,663)	(105,411)
Administrative expenses	(6,859)	(8,279)	(9,997)	(30,732)	(20,479)
<b>Operating profit/(loss)</b>	49,934	43,758	45,885	28,373	(11,491)
Finance costs	(199)	(249)	(361)	(555)	(667)
<b>Profit/(loss) before income tax</b>	49,735	43,509	45,524	27,818	(12,158)
Income tax expense	(8,089)	(7,221)	(7,661)	(7,795)	(491)
<b>Profit/(loss) for the year</b>	41,646	36,288	37,863	20,023	(12,649)
Other comprehensive income	—	—	—	—	—
<b>Total comprehensive income/ (loss) for the year</b>	41,646	36,288	37,863	20,023	(12,649)
<b>Total profit/(loss) and comprehensive income/(loss) attributable to:</b>					
Owners of the Company	38,935	34,529	34,402	16,170	(12,649)
Non-controlling interests	2,711	1,759	3,461	3,853	—
	41,646	36,288	37,863	20,023	(12,649)

### ASSETS AND LIABILITIES

	For the year ended 30 April				
	2012 HK\$'000	2013 HK\$'000	2014 HK\$'000	2015 HK\$'000	2016 HK\$'000
Total assets	75,993	99,838	122,903	173,738	203,025
Total liabilities	(20,412)	(23,669)	(41,946)	(128,853)	(44,422)
<b>Total equity</b>	55,581	76,169	80,957	44,885	158,603

