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

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 1470)

ANNUAL RESULTS FOR THE YEAR ENDED 30 APRIL 2016

ANNUAL RESULTS HIGHLIGHTS

Revenue for the year ended 30 April 2016 decreased by approximately 27.5% as compared to the prior financial year.

Gross profit margin for the year ended 30 April 2016 slightly increased to approximately 35.8% from approximately 35.5% in the prior financial year.

The Group recorded a loss attributable to owners of the Company of approximately HK$12.6 million for the year as compared to a profit attributable to owners of the Company of approximately HK$16.2 million for the year ended 30 April 2015.

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

RESULTS

The board (the "Board") of directors (the "Directors") announces the consolidated results of Tic Tac International Holdings Company Limited (the "Company") and its subsidiaries (together, the "Group") for the year ended 30 April 2016 together with the comparative figures for the immediately preceding year as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 April 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
Revenue	*3*	**321,322**	442,955
Cost of sales	*4*	**(206,434)**	(285,780)
Gross profit		**114,888**	157,175
Other losses, net		**(489)**	(407)
Selling and distribution costs	*4*	**(105,411)**	(97,663)
Administrative expenses	*4*	**(20,479)**	(30,732)
Operating (loss)/profit		**(11,491)**	28,373
Finance costs		**(667)**	(555)
(Loss)/profit before income tax		**(12,158)**	27,818
Income tax expense	*5*	**(491)**	(7,795)
(Loss)/profit for the year		**(12,649)**	20,023
Other comprehensive income		**—**	—
Total comprehensive (loss)/income for the year		**(12,649)**	20,023
Total (loss)/profit and comprehensive (loss)/income attributable to:			
Owners of the Company		**(12,649)**	16,170
Non-controlling interests		**—**	3,853
		(12,649)	20,023
Basic and diluted (loss)/earnings per share (HK cents per share)	*7*	**(1.59)**	2.70

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 April 2016

	Note	**2016** *HK$'000*	2015 *HK$'000*
ASSETS			
Non-current assets			
Property, plant and equipment		**14,239**	5,245
Deposits and prepayments	*8*	**11,619**	14,950
Deferred income tax assets		**2,545**	1,272
		28,403	21,467
Current assets			
Inventories		**118,005**	114,530
Trade receivables, other receivables and prepayments	*8*	**7,939**	14,561
Tax recoverable		**6,904**	1,170
Cash and cash equivalents		**41,774**	22,010
		174,622	152,271
Total assets		**203,025**	173,738
EQUITY			
Equity attributable to the owners of the Company			
Share capital	*9*	**8,000**	1
Reserves		**150,603**	44,884
Total equity		**158,603**	44,885

	Note	2016	2015
		HK$'000	*HK$'000*
LIABILITIES			
Non-current liabilities			
Provision for other liabilities and charges	*10*	**3,020**	2,257
Deferred income tax liabilities		**538**	92
Borrowings	*11*	**438**	—
		3,996	2,349
Current liabilities			
Trade and other payables	*10*	**22,679**	46,898
Borrowings	*11*	**17,029**	77,158
Current income tax liabilities		**718**	2,448
		40,426	126,504
Total liabilities		**44,422**	128,853
Total equity and liabilities		**203,025**	173,738

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 April 2016

	Attributable to owners of the Company							
	Share capital *HK$'000*	**Share premium** *HK$'000*	**Combined capital** *HK$'000*	**Capital reserve** *HK$'000*	**Retained earnings** *HK$'000*	**Total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 May 2014	—	—	4,300	1,610	70,190	76,100	6,620	82,720
Total comprehensive income								
Profit for the year	—	—	—	—	16,170	16,170	3,853	20,023
Total contributions by and distributions to owners of the Company, recognised directly in equity								
Dividends *(Note 6)*	—	—	—	—	(65,570)	(65,570)	(6,570)	(72,140)
Waiver of amount due to a shareholder of the Company	—	—	—	14,282	—	14,282	—	14,282
Issue of shares pursuant to a group reorganisation *(Note 9(a))*	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
Total comprehensive loss								
Loss for the year	—	—	—	—	(12,649)	(12,649)	—	(12,649)
Total contributions by and distributions to owners of the Company, recognised directly in equity								
Capitalisation issue of shares *(Note 9(c))*	5,999	(5,999)	—	—	—	—	—	—
Shares issued pursuant to the Public Offer *(Note 9(b))*	2,000	134,000	—	—	—	136,000	—	136,000
Transaction costs attributable to the Public Offer *(Note 9(b))*	—	(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

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.

(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.

(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:

		Effective for accounting periods beginning on or after
HKAS 1 (Amendment)	Disclosure initiative	1 January 2016
HKAS 16 and HKAS 38 (Amendment)	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer plants	1 January 2016
HKAS 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.

3. SEGMENT INFORMATION

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

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

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

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

The Executive Directors assess the performance of the operating segments based on a measure of operating profit excluding finance costs, group expenses and listing expenses.

For the year ended 30 April 2016

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

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	**Wholesale**	**Total**	Retail	Wholesale	Total
	HK$'000	***HK$'000***	***HK$'000***	*HK$'000*	*HK$'000*	*HK$'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**	—	—	—

4. EXPENSES BY NATURE

	2016	2015
	HK$'000	*HK$'000*
Cost of inventories sold	**203,803**	281,450
Provision for slow-moving inventories	**2,631**	4,330
Employee benefit expenses	**34,271**	29,970
Depreciation of property, plant and equipment	**5,244**	3,482
Impairment of property, plant and equipment	**750**	—
Operating lease expenses		
— Office premises	**1,094**	727
— Repair centres	**107**	129
— Retail outlets	**54,502**	54,715
Provision for onerous operating leases	**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
Total cost of sales, selling and distribution costs and administrative expenses	**332,324**	414,175

5. INCOME TAX EXPENSE

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

	2016	2015
	HK$'000	*HK$'000*
Hong Kong profits tax		
Current income tax	**1,318**	7,707
Deferred income tax	**(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	2015
	HK$'000	*HK$'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.

6. 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.

7. (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.

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.

8. TRADE RECEIVABLES, OTHER RECEIVABLES AND PREPAYMENTS

	2016	2015
	HK$'000	*HK$'000*
Trade receivables		
— third parties	**1,716**	700
— a related company	**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$.

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	2015
	HK$'000	*HK$'000*
Within 30 days	**1,686**	700
31 to 60 days	**44**	307
	1,730	1,007

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

9. 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 *(Note (a))*	99,999	1
At 30 April 2015	100,000	1
Shares issued pursuant to the Public Offer *(Note (b))*	200,000,000	2,000
Capitalisation issue of shares *(Note (c))*	599,900,000	5,999
At 30 April 2016	800,000,000	8,000

Notes:

(a) 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.

(b) 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.

(c) 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.

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

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

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

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

11. BORROWINGS

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

(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	2015
	HK$'000	*HK$'000*
Gross finance lease liabilities — minimum lease payments		
Within one year	**246**	—
In the second year	**245**	—
In the third year	**204**	—
	695	—
Future finance charges on finance lease liabilities	**(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	—

MANAGEMENT DISCUSSION AND ANALYSIS

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 REVIEW

Revenue

Our revenue decreased by approximately HK$121.6 million or 27.5% from approximately HK$443.0 million for the year ended 30 April 2015 to approximately HK$321.3 million for the year ended 30 April 2016. 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.

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.

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 HK$6.2 million (2015: Nil) and impairment of property, plant and equipment of 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.

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	**Amount unutilised as at 30 April 2016**
	HK$'000	*HK$'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
Total	66,729	40,737

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.

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.

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.

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 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.

CORPORATE GOVERNANCE

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.

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.

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

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

Further information on the Company's corporate governance practices will be set out in the Corporate Governance Report contained in the Company's annual report for the year ended 30 April 2016, which will be sent to the shareholders of the Company in due course.

DIRECTORS' SECURITIES TRANSACTIONS

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

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.

AUDIT COMMITTEE REVIEW

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

The annual results for the year ended 30 April 2016 have been reviewed by the Audit Committee.

COMPETING BUSINESS

For the year ended 30 April 2016, the Directors are not aware of any business or interest of the Directors, the management of the Company and their respective associates (as defined under the Listing Rules) that compete or may compete with the business of the Group and any other conflict of interest which any such person has or may have with the Group.

APPRECIATION

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

PUBLICATION OF FINANCIAL INFORMATION ON THE STOCK EXCHANGE'S WEBSITE

The Company's annual report for the year ended 30 April 2016 containing all applicable information required by the Listing Rules will be despatched to the shareholders of the Company and published on the Stock Exchange's website (*http://www.hkexnews.hk*) and on the Company's website (*www.tictactime.com.hk*) in due course.

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

Hong Kong, 29 July 2016

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

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