

**TIC TAC INTERNATIONAL HOLDINGS COMPANY LTD:  
A CLASSIC CASE OF DIMINISHING RETURNS**

**... And There Is No Light At The End Of This Tunnel**

Having suffered diminishing returns\* for the three Financial Years, ended April 30, 2014, and with Management, promising that the Financial Year, just ended, will be hit again with one-off costs due to Listing Expenses, and, in addition, for the present Financial Year, ending April 30, 2016, the Company shall, still, be suffering from one-off costs due to Listing Expenses, Management of Tic Tac International Holdings Company Ltd () (Code: 1470, Main Board, The Stock Exchange of Hongkong Ltd) has determined that now is the appropriate time to go public.

**\* Diminishing Returns**

A rate of yield that beyond a certain point fails to increase in proportion to additional investments of labour and/or capital.

Tic Tac International is the latest company to seek a listing on the premier equity market of the Hongkong Special Administrative Region (HKSAR) of the People's Republic of China (PRC), its Share Offer Prospectus, having been published and disseminated on or about April 28, 2015.

The Company is Offering 200 million, one-cent Shares at the Indicative Offer Price Per Share, ranging from a low of 60 cents to a high of 80 cents.

Only 10 percent of the total number of Shares on Offer (20 million Shares) is being Offered to the Investing Public, the remaining 180 million Shares are to be Placed, presumably with high-rollers and institutional investors.

At the midpoint of the Indicative Offer Price Per Share, being 70 cents, Management estimates that it will net about \$HK111.20 million, according to Pages 233 and 234 of the Share Offer Prospectus.

This amount of money shall be utilised as follows:

1. About \$HK38.90 million, that is approximately 35 percent of the net proceeds, '*for expanding our retail and sales network by opening three and three retail outlets in each of the two years ended 30 April 2017, respectively*';
2. About \$HK13.40 million, that is approximately 12 percent of the net proceeds, '*for improving our same-store sales growth, including renovation of retail outlets, staff training and providing greater incentives to our sales staff*';

3. About \$HK4.40 million, that is approximately four percent of the net proceeds, *‘for improving our supplier network and enhancing knowledge of our sales staff by participating in large overseas watch exhibitions’*;
4. About \$HK7.80 million, that is approximately seven percent of the net proceeds, *‘for increasing our marketing effort, including advertising on newspapers, magazines and outdoor advertisement media to arouse public awareness of our watches and organising in-store exhibitions and sponsoring different public promotional events’*;
5. About \$HK38.90 million, that is approximately 35 percent of the net proceeds, *‘for repayment of a short-term bank loan with interest charged at 2.7% per annum over Hong Kong Inter-bank Offered Rate or the bank’s cost of funds, whichever is higher, to (i) settle part of our Group’s outstanding tax loan and revolving loan which was used as working capital of our Group; (ii) settle certain amounts due to our Directors for the purpose of our Group’s daily operations; and (iii) finance partial payment of dividend which was declared but not yet paid in the six months ended 31 October 2014. The bank borrowings will be settled as follows: (i) HK\$35 million within seven working days upon the proceeds from the Listing being available to our Group; and (ii) the remaining balance on or before the 45th day of the Listing. Any remaining dividend and amounts due to our Directors not covered by the bank loan will be covered by our internal resources’*; and,
6. About \$HK7.80 million, that is approximately seven percent of the net proceeds, *‘for working capital and other general corporate purposes of our Group.’*

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