

CROCODILE

2023-2024

Crocodile Garments Limited Second Interim Report | 鱷魚恤有限公司第二份中期報告



CORPORATE INFORMATION

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Lam Wai Shan, Vanessa

(Chairman and Chief Executive Officer)

Lam Kin Hong, Matthew

Non-executive Directors

Chow Bing Chiu

Lam Suk Ying, Diana

Lam Howard

Independent Non-executive Directors

Leung Shu Yin, William *(Deputy Chairman)*

Fung Cheuk Nang, Clement

Woo King Hang

Executive Committee

Lam Wai Shan, Vanessa *(Chairman)*

Chow Bing Chiu

Audit Committee

Leung Shu Yin, William *(Chairman)*

Fung Cheuk Nang, Clement

Woo King Hang

Nomination Committee

Lam Wai Shan, Vanessa *(Chairman)*

Fung Cheuk Nang, Clement

Woo King Hang

Remuneration Committee

Leung Shu Yin, William *(Chairman)*

Lam Wai Shan, Vanessa

Fung Cheuk Nang, Clement

Authorised Representatives

Lam Wai Shan, Vanessa

Chan Yin Yi, Annie

Company Secretary

Chan Yin Yi, Annie

Share Registrar and Transfer Office

Tricor Tengis Limited

17/F, Far East Finance Centre

16 Harcourt Road

Hong Kong

Independent Auditor

Ernst & Young

Certified Public Accountants

Registered Public Interest Entity Auditor

Solicitors

Woo Kwan Lee & Lo

Deacons

MinterEllison LLP

Vincent T.K. Cheung, Yap & Co.

Principal Bankers

Hang Seng Bank Limited

DBS Bank (Hong Kong) Limited

China Construction Bank (Asia)

Corporation Limited

Chong Hing Bank Limited

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Registered Office Address

25th Floor, Crocodile Center

79 Hoi Yuen Road

Kwun Tong

Kowloon, Hong Kong

Listing Information

Place of Listing

The Main Board of The Stock Exchange of

Hong Kong Limited

Stock Code

122

Board Lot

1,000 shares

Website

www.crocodile.com.hk

RESULTS

The board of directors (“**Board**” and “**Directors**”, respectively) of Crocodile Garments Limited (“**Company**”) presents the unaudited condensed consolidated results of the Company and its subsidiaries (“**Group**”) for the twelve months ended 31 July 2024 together with the audited comparative figures of the last corresponding period as follows:

Condensed Consolidated Statement of Profit or Loss

For the twelve months ended 31 July 2024

	Notes	Twelve months ended 31 July	
		2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Revenue	5	95,329	86,876
Cost of sales		(16,951)	(14,044)
Gross profit		78,378	72,832
Other income	5	18,342	16,206
Selling and distribution expenses		(46,962)	(44,683)
Administrative expenses		(53,977)	(50,132)
Fair value losses on investment properties		(14,740)	(73,408)
2 Other gains, net	6	11,379	7,777
Finance costs	7	(46,389)	(36,550)
Share of profit/(loss) of an associate		160	(1,680)
Loss before tax	8	(53,809)	(109,638)
Income tax credit	9	19,971	852
Loss for the period attributable to owners of the Company		(33,838)	(108,786)
		HK cents	HK cents
Loss per share attributable to owners of the Company	11		
– Basic		(2.38)	(8.31)
– Diluted		(2.38)	(8.31)

Condensed Consolidated Statement of Comprehensive Income

For the twelve months ended 31 July 2024

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Loss for the period	(33,838)	(108,786)
Other comprehensive income/(expenses)		
<i>Other comprehensive expenses that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences:		
Exchange differences on translation of foreign operations	(2,896)	(8,913)
Reclassification adjustments of foreign operations deregistered during the period	(3,307)	–
	(6,203)	(8,913)
<i>Other comprehensive income/(expenses) that will not be subsequently reclassified to profit or loss:</i>		
Revaluation gain on transfer of property, plant and equipment to investment properties	–	84,715
Income tax effect	–	(21,179)
	–	63,536
Other comprehensive income/(expenses) for the period, net of tax	(6,203)	54,623
Total comprehensive expenses for the period attributable to the owners of the Company	(40,041)	(54,163)

Condensed Consolidated Statement of Financial Position

31 July 2024

		31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
	<i>Notes</i>		
Non-current assets			
Property, plant and equipment	12	46,630	47,301
Investment properties	13	1,688,336	1,705,884
Right-of-use assets		93,693	93,496
Financial assets at fair value through profit or loss	15	43,632	45,963
Interest in an associate		50,297	50,137
Amount due from an associate		7,750	8,126
Deposits and prepayments	14	4,025	5,756
Total non-current assets		1,934,363	1,956,663
Current assets			
Inventories		17,378	14,537
Trade and other receivables, deposits and prepayments	14	12,456	20,287
Amount due from a related company		100	503
Financial assets at fair value through profit or loss	15	97,953	121,850
Pledged bank deposits		1,535	579
Cash and cash equivalents		165,076	229,445
Total current assets		294,498	387,201
Current liabilities			
Trade payables, other payables and deposits received	17	29,035	31,081
Financial liabilities at fair value through profit or loss	15	1,975	8,565
Interest-bearing bank borrowings	16	170,180	201,133
Margin loans payable		–	3,544
Lease liabilities		13,998	8,923
Tax payable		–	19,303
Total current liabilities		215,188	272,549
Net current assets		79,310	114,652
Total assets less current liabilities		2,013,673	2,071,315
Non-current liabilities			
Other payables and deposits received	17	10,391	10,699
Interest-bearing bank borrowings	16	531,341	549,368
Provision		1,173	1,135
Lease liabilities		9,576	8,209
Deferred tax liabilities		19,656	20,327
Total non-current liabilities		572,137	589,738
Net assets		1,441,536	1,481,577
Equity			
Equity attributable to owners of the Company			
Share capital	18	374,636	374,636
Reserves		1,066,900	1,106,941
Total equity		1,441,536	1,481,577

Condensed Consolidated Statement of Changes in Equity

For the twelve months ended 31 July 2024

	Attributable to owners of the Company					
	Note	Share capital HK\$'000	Translation reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 1 August 2022		332,323	18,764	152,765	989,575	1,493,427
Loss for the period		–	–	–	(108,786)	(108,786)
Other comprehensive income/ (expenses) for the period:						
Gain on property revaluation, net of tax		–	–	63,536	–	63,536
Exchange differences on translation of foreign operations		–	(8,913)	–	–	(8,913)
Total comprehensive income/(expenses) for the period		–	(8,913)	63,536	(108,786)	(54,163)
Issue of shares	18	47,377	–	–	–	47,377
Share issue expenses	18	(5,064)	–	–	–	(5,064)
At 31 July 2023 (Audited) and 1 August 2023		374,636	9,851	216,301	880,789	1,481,577
Loss for the period		–	–	–	(33,838)	(33,838)
Other comprehensive expenses for the period:						
Exchange differences on translation of foreign operations		–	(2,896)	–	–	(2,896)
Reclassification adjustments of foreign operations deregistered during the period		–	(3,307)	–	–	(3,307)
Total comprehensive expenses for the period		–	(6,203)	–	(33,838)	(40,041)
At 31 July 2024 (Unaudited)		374,636	3,648	216,301	846,951	1,441,536

Condensed Consolidated Statement of Cash Flows

For the twelve months ended 31 July 2024

	Twelve months ended	
	31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Operating activities		
Net cash from/(used in) operating activities	(2,555)	14,169
Investing activities		
Interest received	6,858	6,462
Proceeds from disposal of items of property, plant and equipment	4,054	33
Withdrawal/(placement) of pledged bank deposits	(956)	2,345
Purchase of items of property, plant and equipment	(6,662)	(9,508)
Deposits for purchase of items of property, plant and equipment	–	(3,797)
Repayment from an associate	850	250
Net cash from/(used in) investing activities	4,144	(4,215)
Financing activities		
Proceeds from issue of shares	–	47,377
Share issue expenses	–	(5,064)
New bank borrowings	7,000	58,000
Repayment of bank borrowings	(55,980)	(116,906)
Repayment of margin loans	(3,544)	(24,979)
Repayment of lease liabilities	(13,343)	(16,350)
Net cash used in financing activities	(65,867)	(57,922)
Net decrease in cash and cash equivalents	(64,278)	(47,968)
Cash and cash equivalents at the beginning of the period	229,445	277,756
Effect of foreign exchange rate changes, net	(91)	(343)
Cash and cash equivalents at the end of the period represented by bank balances and cash	165,076	229,445

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NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

For the twelve months ended 31 July 2024

(1) BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information of the Group for the twelve months ended 31 July 2024 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “HKICPA”). In addition, the unaudited condensed consolidated interim financial information also comply with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

These financial statements have been prepared under the historical cost convention, except for the investment properties and financial assets/(liabilities) at fair value through profit or loss which have been measured at fair values.

These financial statements are presented in Hong Kong dollars (“HK\$”) and all values are rounded to the nearest thousand except otherwise indicated.

The financial information relating to the year ended 31 July 2023 that is included in the condensed consolidated interim financial information as comparative information does not constitute the Company’s statutory annual consolidated financial statements for that year but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2023 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The Company’s independent auditor has reported on those financial statements for the year ended 31 July 2023. The independent auditor’s report was unqualified; did not include a reference to any matters to which the independent auditor drew attention by way of emphasis of matter without qualifying its report; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

The condensed consolidated interim financial information has not been audited by the Company’s independent auditor but has been reviewed by the Company’s audit committee.

(2) CHANGE OF FINANCIAL YEAR END DATE

On 27 March 2024, the Company has resolved to change the financial year end date of the Company from 31 July to 31 December. The forthcoming financial year end date of the Company will be 31 December 2024 and the next audited consolidated financial statements of the Company will cover a period of 17 months from 1 August 2023 to 31 December 2024. Accordingly, the condensed consolidated second interim financial information of the Company covers the twelve months ended 31 July 2024 with comparative figures cover the twelve months ended 31 July 2023.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(3) CHANGE IN ACCOUNTING POLICY

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial information for the twelve months ended 31 July 2024 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 July 2023.

In the current interim period, the Group has applied, for the first time, the following new and revised Hong Kong Financial Reporting Standards ("HKFRSs") issued by the HKICPA that is relevant for the preparation of the Group's condensed consolidated financial information.

HKFRS 17	<i>Insurance Contracts</i>
Amendments to HKAS 1 and HKFRS Practice Statement 2	<i>Disclosure of Accounting Policies</i>
Amendments to HKAS 8	<i>Definition of Accounting Estimates</i>
Amendments to HKAS 12	<i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>
Amendments to HKAS 12	<i>International Tax Reform – Pillar Two Model Rules</i>
Amendments to HKFRS 16	<i>Lease Liability in a Sale and Leaseback (early adopted)</i>
Amendments to HKAS 1	<i>Classification of Liabilities as Current or Non-current (early adopted)</i>
Amendments to HKAS 1	<i>Non-current Liabilities with Covenants (early adopted)</i>
Amendments to HKAS 7 and HKFRS 7	<i>Supplier Finance Arrangements (early adopted)</i>

The application of the new and revised HKFRSs in the current period has had no material impact on the Group's financial positions and performance for the current and prior periods and/or on the disclosures set out in these condensed consolidated interim financial information.

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(4) OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (i) the garment and related accessories business;
- (ii) the property investment and letting business; and
- (iii) treasury management.

Segment revenues and results

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. The adjusted loss before tax is measured consistently with the Group's loss before tax except that finance costs, certain other income and corporate expenses are excluded from such measurement.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the twelve months ended 31 July 2024

(4) OPERATING SEGMENT INFORMATION *(continued)*

For the twelve months ended 31 July

	Garment and related accessories business		Property investment and letting business		Treasury Management		Total	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Revenue from external customers	41,441	39,894	53,888	46,982	-	-	95,329	86,876
Other income from external customers	8,665	8,114	489	437	-	-	9,154	8,551
Group's total revenue and other income	50,106	48,008	54,377	47,419	-	-	104,483	95,427
Reportable segment profit/(loss) before gain/(loss) on non-current financial instruments at fair value through profit or loss ("FVTPL"), gain on disposal of a property, property revaluation and share of an associate's results	(12,430)	(15,937)	42,702	37,244	7,942	7,625	38,214	28,932
Gain/(loss) on non-current financial instruments at FVTPL	-	-	(4,673)	2,000	-	-	(4,673)	2,000
Gain on disposal of a property	-	-	4,050	-	-	-	4,050	-
Fair value losses on investment properties	-	-	(14,740)	(73,408)	-	-	(14,740)	(73,408)
Share of profit/(loss) of an associate	-	-	160	(1,680)	-	-	160	(1,680)
Reportable segment profit/(loss)	(12,430)	(15,937)	27,499	(35,844)	7,942	7,625	23,011	(44,156)
Unallocated corporate income							9,188	7,655
Unallocated corporate expenses							(39,619)	(36,587)
Finance costs							(46,389)	(36,550)
Loss before tax							(53,809)	(109,638)

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)**For the twelve months ended 31 July 2024***(5) REVENUE AND OTHER INCOME**

An analysis of revenue is as follows:

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
<i>Revenue from contracts with customers</i>		
Sales of goods transferred at a point of time	41,441	39,894
<i>Revenue from other sources</i>		
Gross rental income	53,888	46,982
	95,329	86,876

(i) Disaggregated revenue information

During the twelve months ended 31 July 2024 and 2023, all revenue from contracts with customers were from the segment of garment and related accessories business.

An analysis of other income is as follows:

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Royalty income	8,612	7,548
Bank interest income	6,904	6,632
Interest income on amount due from an associate	474	435
Others	2,352	1,591
	18,342	16,206

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)**For the twelve months ended 31 July 2024***(6) OTHER GAINS, NET**

An analysis of other gains, net is as follows:

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Gain on disposal of a property	4,050	–
Impairment of trade and other receivables	–	(1)
Gain on disposal of items of plant and equipment	4	30
Gain on early termination of leases	–	214
Net gain on financial instruments at FVTPL	3,269	9,625
Net gain on deregistration of foreign operations	8,389	–
Impairment of right-of-use assets	(3,109)	(1,303)
Impairment of property, plant and equipment	(1,158)	(524)
Foreign exchange differences, net	(13)	20
Write-off of other payables	–	155
Others	(53)	(439)
	11,379	7,777

(7) FINANCE COSTS

An analysis of finance costs is as follows:

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Interest on bank borrowings	45,178	35,901
Interest on lease liabilities	1,211	649
	46,389	36,550

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the twelve months ended 31 July 2024

(8) LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting):

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Cost of inventories sold	15,511	15,973
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	3,384	3,571
Provision/(reversal of provision) for slow-moving inventories	598	(3,014)
Depreciation of property, plant and equipment	6,175	3,701
Depreciation of right-of-use assets	16,479	11,184
	16,479	11,184

(9) INCOME TAX

No current tax has been provided for the twelve months ended 31 July 2024 (2023: Nil) as the Group either has unused tax loss available to offset against assessable profits or there was no estimated assessable profit for both periods.

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Current tax – Mainland China		
Over provision in prior periods	(19,291)	–
Deferred	(680)	(852)
	(19,971)	(852)

(10) DIVIDEND

The Board does not recommend the payment of any dividend in respect of the twelve months ended 31 July 2024 (2023: Nil).

(11) LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic loss per share amount is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of approximately 1,421,315,542 (2023: 1,309,130,819) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the twelve months ended 31 July 2024 and 2023 in respect of a dilution as the Company had no dilutive potential ordinary shares in issue.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(12) PROPERTY, PLANT AND EQUIPMENT

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
At the beginning of the period	47,301	84,527
Additions	6,662	9,508
Disposals	–	(3)
Depreciation provided during the period	(6,175)	(3,701)
Surplus on revaluation	–	24,223
Transfer from investment properties	–	11,022
Transfer to investment properties	–	(77,751)
Impairment	(1,158)	(524)
	46,630	47,301

(13) INVESTMENT PROPERTIES

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
At the beginning of the period	1,705,884	1,673,478
Net loss from a fair value adjustment recognised in profit or loss	(14,740)	(73,408)
Transfer from property, plant and equipment	–	77,751
Transfer from right-of-use assets	–	71,752
Transfer to property, plant and equipment	–	(11,022)
Transfer to right-of-use assets	–	(22,474)
Exchange realignment	(2,808)	(10,193)
	1,688,336	1,705,884

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The Group's investment properties were principally estimated by the Directors on 31 July 2024 based on valuations performed by Vincorn Consulting and Appraisal Limited and Zhongshan Xiangshan Zhi Qin Asset Appraisal Firm (31 July 2023: Savills Valuation and Professional Services Limited and Zhongshan Xiangshan Zhi Qin Asset Appraisal Firm), independent professionally qualified valuers, at HK\$1,688,336,000 (31 July 2023: HK\$1,705,884,000).

At 31 July 2024, certain investment properties of approximately HK\$1,477,256,000 (31 July 2023: HK\$1,523,156,000) of the Group were pledged to banks to secure the bank loans granted to the Group.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(14) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
	<i>Note</i>	
Trade receivables	8,825	9,053
Impairment	(6,707)	(6,946)
	2,118	2,107
Other receivables	35,390	38,334
Impairment	(30,655)	(33,134)
	4,735	5,200
Deposits and prepayments	9,628	18,736
	16,481	26,043
Analysed into:		
Non-current portion	4,025	5,756
Current portion	12,456	20,287
	16,481	26,043

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Note:

- (a) For the retail business, other than cash sales made at retail shops of the Group, the Group allows credit periods of 30 to 60 days for receivables from department stores in which sales counters are located while the average credit period on credit cards sales and sales by other electronic payment methods is 7 days. For the property investment and letting business, monthly rentals are payable in advance by tenants in accordance with the leases. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral over these balances. Trade receivables are non-interest-bearing. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk.

An ageing analysis of trade receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
0 to 90 days	729	1,073
91 to 180 days	305	224
181 to 365 days	759	507
Over 365 days	325	303
	2,118	2,107

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(15) FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Non-current assets		
Unlisted investments in Hong Kong	43,632	45,963
Current assets		
Listed investments		
Equity investments listed in Hong Kong	30,846	41,054
Equity investments listed outside Hong Kong	6,810	19,003
Debt investments listed in Hong Kong	185	149
Debt investments listed outside Hong Kong	3,024	2,717
Perpetual securities listed in Hong Kong	7,434	4,860
Perpetual securities listed outside Hong Kong	6,361	4,446
Fund investments listed outside Hong Kong	2,906	–
	57,566	72,229
Unlisted investments		
Fund investments	27,710	15,044
Debt investments	12,551	34,386
	40,261	49,430
Derivative financial instruments		
Structured products	126	191
Total financial assets at fair value through profit or loss classified as current assets	97,953	121,850
Total financial assets at fair value through profit or loss	141,585	167,813
Current liabilities		
Derivative financial instruments		
Structured products	(1,975)	(8,565)
Total financial liabilities at fair value through profit or loss	(1,975)	(8,565)

The above unlisted investments classified as non-current assets were mainly comprised of investment in preference shares issued by a private limited liability company established in the BVI with a fair value as at 31 July 2024 of HK\$31,612,000 (31 July 2023: HK\$33,943,000). The investee is principally engaged in the property investment business. There is no fixed maturity period of the preference shares and the fair value of the investment was determined with reference to the fair value to the underlying assets and liabilities of the investee company. The preference shares entitled the holders a fixed cumulative dividend of 8% per annum and preferential rights over the ordinary shareholders in the event of liquidation. The unlisted investments classified as non-current assets were mandatorily classified as financial assets at fair value through profit or loss as their contractual cash flows are not solely payments of principal and interest.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(15) FINANCIAL ASSETS/(LIABILITIES) AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

The above investments classified as current assets were classified as financial assets at fair value through profit or loss as they are held for trading.

The structured products were a series of forward contracts for the Group to accumulate and decumulate, respectively, specific units of certain securities listed on The Stock Exchange of Hong Kong Limited and The New York Stock Exchange according to the contracts at predetermined prices on every trading day. The structured products would be terminated automatically if the closing prices of the underlying securities on any specified trading day during the contract periods are at or above, and at or below, respectively, the predetermined knock-out prices.

(16) INTEREST-BEARING BANK BORROWINGS

	31 July 2024 (Unaudited)			31 July 2023 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans - secured	5.60-6.25	On demand/ 2024-2025	170,180	6.03-6.77	On demand/ 2023-2024	201,133
Non-current						
Bank loans - secured	6.13	2025-2042	531,341	6.72	2024-2042	549,368
			701,521			750,501
				31 July 2024 (Unaudited) HK\$'000		31 July 2023 (Audited) HK\$'000
Analysed into:						
Bank loans repayable:						
Within one year or on demand			170,180			201,133
In the second year			18,476			16,396
In the third to fifth years, inclusive			62,716			56,328
Beyond five years			450,149			476,644
			701,521			750,501

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the twelve months ended 31 July 2024

(17) TRADE PAYABLES, OTHER PAYABLES AND DEPOSITS RECEIVED

		31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
	<i>Notes</i>		
Trade payables	<i>(a)</i>	6,374	4,359
Other payables and accruals	<i>(b)</i>	18,318	24,513
Deposits received		14,734	12,908
		39,426	41,780
Less: Non-current portion		(10,391)	(10,699)
Current portion		29,035	31,081

Notes:

- (a) An ageing analysis of the trade payables as at the end of the reporting period, based on the invoice date, is as follows:

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
0 to 90 days	2,846	2,875
91 to 180 days	2,015	–
181 to 365 days	1,250	1,221
Over 365 days	263	263
	6,374	4,359

Trade payables are non-interest-bearing and are normally settled on terms between 30 and 90 days.

- (b) Other payables are non-interest-bearing and have an average term of three months.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(18) SHARE CAPITAL

Shares

	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Issued and fully paid:		
1,421,315,542 (31 July 2023: 1,421,315,542) ordinary shares	374,636	374,636

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK\$'000
At 1 August 2022	947,543,695	332,323
Rights issue (note)	473,771,847	47,377
Share issue expenses	–	(5,064)
At 31 July 2023 (Audited), 1 August 2023 and 31 July 2024 (Unaudited)	1,421,315,542	374,636

Note:

A rights issue of one rights share for every two existing shares held by members on the register of members on 29 November 2022 was made, at an issue price of HK\$0.1 per rights share, resulting in the issue of 473,771,847 shares for a total cash consideration, before expenses, of HK\$47,377,000.

(19) FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000	31 July 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
Financial assets				
Financial assets at fair value through profit or loss	141,585	167,813	141,585	167,813
Financial liabilities				
Financial liabilities at fair value through profit or loss	1,975	8,565	1,975	8,565

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION (continued)

For the twelve months ended 31 July 2024

(19) FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 July 2024 (Unaudited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	57,566	52,407	31,612	141,585

As at 31 July 2023 (Audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial assets at fair value through profit or loss	72,229	61,641	33,943	167,813

Liabilities measured at fair value:

As at 31 July 2024 (Unaudited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial liabilities at fair value through profit or loss	-	1,975	-	1,975

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the twelve months ended 31 July 2024

(19) FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

Liabilities measured at fair value: *(continued)*

As at 31 July 2023 (Audited)

	Fair value measurement using			Total HK\$'000
	Quoted prices in active markets (Level 1) HK\$'000	Significant observable inputs (Level 2) HK\$'000	Significant unobservable inputs (Level 3) HK\$'000	
Financial liabilities at fair value through profit or loss	–	8,565	–	8,565

(20) RELATED PARTY TRANSACTIONS

(a) **The Group had the following transactions with related parties during the period:**

	Notes	Twelve months ended 31 July	
		2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Short-term lease payments and building management fees paid or payable to related companies	(i), (ii)	129	140
Lease payment and interest expense on lease liabilities paid or payable to related companies	(i), (ii)	2,947	3,161
Rental income, building management fee income and management fee income received or receivable from a related company	(i), (ii)	2,569	2,014
Interest income received or receivable from an associate	(iii)	474	435

Notes:

- (i) The members of the key management personnel of the related companies are director(s) and/or substantial shareholder(s) of the Company.
- (ii) These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on the basis mutually agreed by the respective parties.
- (iii) The interest income was charged at 5.875% (2023: 5.875%) per annum on the amount due from an associate.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION *(continued)*

For the twelve months ended 31 July 2024

(20) RELATED PARTY TRANSACTIONS *(continued)*

(b) Outstanding balance with a related party:

		Maximum amount outstanding during the period	At 31 July 2023 (Audited) and at 1 August 2023	Maximum amount outstanding during the period	At 1 August 2022
Note	At 31 July 2024 (Unaudited) HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
HVC Limited	(i)	<u>100</u>	<u>708</u>	<u>503</u>	<u>503</u>
					–

The amount due from a related company is trade in nature, unsecured, interest-free and repayable on demand.

Note:

- (i) Ms. Lam Wai Shan, Vanessa and Mr. Howard Lam have certain shareholding interests in this company and are directors of this company.

(c) Compensation of key management personnel of the Group:

	Twelve months ended 31 July	
	2024 (Unaudited) HK\$'000	2023 (Audited) HK\$'000
Short-term employee benefits	10,348	8,908
Post-employment benefits	90	90
Total compensation paid to key management personnel	<u>10,438</u>	<u>8,998</u>

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the twelve months ended 31 July 2024 (2023: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the period under review, the turnover of the Group improved by 10% to HK\$95 million (2023: HK\$87 million). While maintaining a high gross margin of 82% (2023: 84%), the gross profit increased to HK\$78 million (2023: HK\$73 million).

During the first six months of review period, the Group experienced a double-digit percentage growth on same-store “Crocodile” sales with the help of return of tourism post COVID-19 pandemic. However, the strengthening of the Hong Kong dollar against Renminbi, and the continued trend of northbound consumption created a huge challenge on the entire Hong Kong retail market in early 2024. The slowdown of the recovery momentum resulted in a slight improvement of 4% on the revenue of “Garment and Related Accessories Business” to HK\$41 million during the twelve months ended 31 July 2024 (2023: HK\$40 million). After the Group’s efforts on improving shop profitability, the segment loss for the period narrowed down by 22% to HK\$12 million as compared to last period (2023: loss of HK\$16 million).

For the twelve months ended 31 July 2024, “Property Investment and Letting Business” segment recorded an increase in rental income to HK\$54 million (2023: HK\$47 million). The growth was attributable by enhancing the occupancy rate, as well as by exploring alternative uses for the properties that align with market demand to increase the unit rent rate. The revaluation of the investment properties held by the Group notched fair value losses of HK\$15 million during the period (2023: loss of HK\$73 million).

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During the review period, the global economy faced both positive developments and significant challenges shaping investment strategies. The Chinese property sector continued to struggle despite government support, leading to reduced consumer confidence. Persistent inflation triggered aggressive monetary tightening by the U.S. Federal Reserve, resulting in a strong U.S. dollar and complicating China’s economic support measures due to concerns over Renminbi depreciation.

As the U.S. presidential election approaches, markets anticipate that neither candidate will pursue fiscal tightening, potentially leading to long-term deficit challenges. Rising global tensions may affect key commodity markets, but the impact on living costs could be mitigated by strategic reserves. The delicate U.S.-China relationship remains a concern, with additional investment restrictions imposed. In view of this complex environment, the Group took a cautious approach to portfolio management, recording a gain of HK\$8 million in its “Treasury Management” segment for the twelve months ended 31 July 2024, which is at the similar level of last corresponding period (2023: HK\$8 million).

Under the interest rate hike cycle, the Group faced higher finance costs of HK\$46 million over the past 12 months (2023: HK\$37 million).

Combining the results of the three business segments and finance costs mentioned above with the net unallocated expenses of HK\$30 million (2023: HK\$29 million) and a reversal of income tax payable upon deregistration of a Mainland China branch with the amount of HK\$19 million, the total comprehensive expenses attributable to the owners of the Company was HK\$40 million for the twelve months ended 31 July 2024 (2023: HK\$54 million).

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

“Garment and Related Accessories Business” Segment

Hong Kong and Macau

During the period, the Hong Kong and Macau retail sector encountered a series of unique and complex challenges. Consumer behavior was significantly affected by various external factors, such as geopolitical tensions, rising interest rates due to the U.S. rate hike cycle, and declines in the financial and property markets. As the COVID-19 pandemic subsided and daily life returned to normal, a surge in outbound travel emerged after the full reopening of boundary control points. Consequently, many residents began traveling abroad during weekends and public holidays, leading to a decline in local consumption. Additionally, evening foot traffic and spending levels have yet to recover to pre-pandemic standards, indicating that Hong Kong citizens have likely adjusted to the lifestyle changes resulting from the pandemic. In response to these challenges, the Group has worked diligently to optimise its shop network and improve the profitability of each shop. As of 31 July 2024, the Group operated a total of 11 retail shops, unchanged from 31 July 2023. During the period, two new shops were opened, while two existing shops were closed. Considering the gradual recovery of customer spending power after the pandemic and the ongoing offset from northbound consumption, overall retail revenue in Hong Kong and Macau saw a slight increase from HK\$37 million in 2023 to HK\$38 million in 2024.

The Mainland

In response to the evolving post-COVID-19 landscape, the Group has implemented strategic measures to optimise its operations, including the deliberate closure of unprofitable shops in the Mainland. As of 31 July 2024, the Group’s presence in the Mainland consists of 4 self-operated shops, reflecting a significant reduction from the prior corresponding period, which included 6 self-operated shops and 6 consignee shops at most. Notably, despite operating a smaller number of locations, overall retail revenue in the Mainland experienced a modest increase to HK\$3.4 million, compared to HK\$3.3 million in 2023. The remaining shops also serve a critical function as “showrooms” for other franchisees, contributing to the maintenance of royalty income, which is the key stream of other income sourced in the Mainland.

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Royalty Income

The Group’s licensing business for the “Crocodile” brand in Hong Kong, Macau, and the Mainland generated royalty income of HK\$9 million for the period, compared to HK\$8 million in 2023. This increase in royalty income indicates a positive response to the strategic measures implemented in the Mainland.

“Property Investment and Letting Business” Segment

The Group’s investment property portfolio has remained stable since 31 July 2023. For the twelve months ended 31 July 2024, the Group’s investment properties in Hong Kong and the Mainland generated rental revenue of HK\$54 million, reflecting a significant 15% increase from the previous period’s revenue of HK\$47 million. This was contributed by enhancing utilisation of available spaces to improve the occupancy rates and increasing the proportion of service retail tenants within its investment properties to increase in the rental unit rates. As such, the revaluation of the investment properties held by the Group recorded a lower level of fair value losses of HK\$15 million, as compared to the fair value losses of HK\$73 million in last corresponding period.

“Treasury Management” Segment

During the period, the global economy experienced a blend of favorable developments and challenges that influenced investment strategies worldwide. Notably, the Chinese property sector faced persistent difficulties despite government support measures, leading to a decline in consumer confidence and exerting pressure on the broader economy.

Macroeconomically, the global landscape was marked by enduring inflationary pressures, triggering one of the most rapid and robust monetary tightening cycles in recent memory. The U.S. Federal Reserve adopted an assertive stance in tightening monetary policy, resulting in a significant appreciation of the U.S. dollar. Consequently, China faced limitations in providing further economic support due to concerns over potential depreciation of the Renminbi currency.

Moreover, the relationship between China and the U.S. remained delicate, with the U.S. imposing additional investment restrictions on China. Mindful of this dynamic and complex global economic environment, the Group took a cautious approach to managing its portfolios of financial instruments at FVTPL to generate favorable returns for shareholders. As a result of this prudent strategy, the Group’s “Treasury Management” segment achieved a gain of HK\$8 million for the twelve months ended 31 July 2024, with the same level of gain as the previous period.

Prospects

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Looking ahead, given the ongoing slowdown in global economic growth, various sectors are poised to face considerable uncertainties. To effectively navigate these challenges, the Group will undertake regular assessments and adjustments of its business strategies. Also, the Group remains committed to implementing internal reforms that will help preserve its competitive advantage in the marketplace.

For the retail business, the Group has been committed to maintaining an optimal scale within its shop network and managing inventory levels effectively. However, in light of the permanent shifts in customer behavior, it is essential for the Group to reassess its retail back-office operations and marketing expenses amid the current downturn in the retail environment.

Striking a balance among the size of the shop network, inventory levels and corporate expenses will be critical for enhancing overall profitability in our retail business.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Prospects *(continued)*

As a landlord of investment properties, the “Property Investment and Letting Business” segment plays a vital role in generating stable rental income and cash flow to support the Group’s operations. Following the successful introduction of a travel floor in our core investment property, we are actively exploring other potential alternatives for leased units approaching expiration, aiming to identify opportunities that could yield higher returns.

In addition, the Group is strategically capitalising on the opportunity to dispose of certain non-core properties. By divesting these assets, the Group aims to generate additional cash inflow that can be utilised to strengthen our overall financial position. This decision aligns with our ongoing efforts to streamline our portfolio by focusing on properties that enhance our core business objectives and support sustainable growth. During this period, the Group successfully generated cash inflow and a net profit of HK\$4 million through the disposal of a non-core loading and unloading space.

The Group’s approach to treasury management emphasises caution and prudence, maintaining this stance until there is clear evidence of improved market conditions. This strategy involves a thorough evaluation of the investment portfolio, facilitating necessary adjustments to optimise returns while minimising risk. Rather than focusing on debt or equity securities from a single company, the Group opts to invest a larger proportion of its investment portfolio in global funds, which offer diversified risks across various geographies and industries. This strategy aims to secure a safer yet potentially higher investment return.

In view of high financing costs and global economic uncertainty, the Group seeks to diminish its reliance on debt financing in the current market. While awaiting the stabilisation of interest rates at more reasonable levels, the Group will explore opportunities for equity fund-raising, if feasible, to support its future development and operations. Additionally, the Group is considering entering into interest rate swap arrangements for hedging purposes to mitigate the burden of financing costs.

Despite the uncertainties mentioned, the Group remains optimistic about the recovery of its core business, supported by effective cash and cost management during these challenging times.

Contingent Liabilities

As at 31 July 2024, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

Rights Issue

The rights issue announced by the Company in October 2022 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$0.1 each (the “Rights Issue”) was completed in November 2022. Upon completion of the Rights Issue, the Company received net proceeds (after deduction of rights issue expenses) of approximately HK\$42.3 million (“Net Proceeds”). The Company intended to apply the Net Proceeds as to: (i) approximately 50% (i.e. about HK\$21.15 million) for repayment of principals of bank loans with committed repayment schedule; and (ii) approximately 50% (i.e. about HK\$21.15 million) for business development of opening new retail shops and general working capital for day-to-day operations of the Group. As of 31 January 2024 and 31 July 2024, the entire Net Proceeds had been used in accordance with the intended uses, including the purposes and timeline as disclosed in the Rights Issue prospectus of the Company dated 7 November 2022. The intended and actual uses of the Net Proceeds under the Rights Issue up to 31 July 2024 are set out below:

	Intended use of the Net Proceeds as disclosed in the prospectus dated 7 November 2022 HK\$' million	Actual use of the Net Proceeds up to year end date of 31 July 2023 HK\$' million	Actual use of the Net Proceeds during the twelve months ended 31 July 2024 HK\$' million	Unutilised Net Proceeds as of 31 July 2024 HK\$' million	Intended and actual timeline for the use of the Net Proceeds
Repayment of principals of bank loans	Approximately 21.15	Approximately 11.70	Approximately 9.45	Nil	From December 2022 to November 2023
Business development of opening new retail shops and general working capital for day-to-day operations of the Group	Approximately 21.15	Approximately 16.80	Approximately 4.35	Nil	From December 2022 to November 2023

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Liquidity, Financial Resources and Foreign Exchange Risk Exposure

The Group’s financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to restrain the financial risks effectively. The Group maintains a conservative approach in financial management by constantly monitoring its interest rate and foreign exchange exposures. Except for financial assets and liabilities at FVTPL, the Group has not employed other financial instruments as of 31 July 2024.

The Group earns revenue and incurs cost mainly in Hong Kong dollars, Renminbi and United States dollars. The Group considers the foreign exchange risk is not high as the Group will consider the foreign exchange effect of the terms of purchase and sale contracts dealt with foreign enterprises and trading of overseas securities.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Liquidity, Financial Resources and Foreign Exchange Risk Exposure *(continued)*

Cash and cash equivalents held by the Group amounted to HK\$165 million as at 31 July 2024 (31 July 2023: HK\$229 million) and were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. Decrease was mainly due to the principal repayment of bank and margin loans with the aggregated amount of HK\$60 million. The pledged bank deposits of approximately HK\$2 million (31 July 2023: HK\$1 million) represent deposits pledged to banks to secure margin loans and are therefore classified as current assets. The cash and cash equivalents denominated in Renminbi as at 31 July 2024 were equivalent to HK\$9 million (31 July 2023: HK\$6 million) which is not freely convertible into other currencies. However, under the regulations on foreign exchange controls of the Mainland, the Group is permitted to exchange Renminbi for other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business.

As at 31 July 2024, the total outstanding borrowings including margin loans of the Group amounted to HK\$702 million (31 July 2023: HK\$754 million). The total outstanding borrowings comprised secured bank term loan of HK\$549 million of which HK\$17 million was short-term, and secured short-term bank revolving loans of HK\$153 million.

As at 31 July 2024, interests on bank borrowings are charged at floating rates. The bank borrowings and margin loans payable of the Group are denominated principally in Hong Kong dollars. No financial instruments for interest rate hedging purposes were employed by the Group during the twelve months ended 31 July 2024.

Charges on Assets

As at 31 July 2024, the Group has charged certain of its assets, including own-use properties, investment properties, right-of-use assets, financial assets at FVTPL and pledged bank deposits, with total carrying values of HK\$1,672 million (31 July 2023: HK\$1,740 million), to its bankers to secure the borrowings, margin loans payable and banking facilities granted to the Group.

Gearing

The Group's gearing revealed by the debt to equity ratio (expressed as a percentage of total bank borrowings and margin loans payable of total net assets) as at 31 July 2024 was approximately 49% (31 July 2023: 51%). In view of the volatile worldwide economic and financial landscapes, the Group continues to be prudent for business development to contain its gearing within a suitable range for controlling its risk exposure and finance costs.

Capital Commitments

The Group had no material capital commitments as at 31 July 2024.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Major Investments, Acquisitions and Disposals

The Group had no major investments, acquisitions or disposals during the twelve months ended 31 July 2024.

Employees and Remuneration Policies

The total number of employees of the Group, including part-time sales staff, was 105 as at 31 July 2024 (31 July 2023: 108). Pay rates of the employees are largely based on industry practice and the performance of individual employee. In addition to salary and bonus payments, other staff benefits include share option scheme, subsidised medical care, free hospitalisation insurance plans, provident fund benefits, subsidised meals, staff discount on purchases, internal training for sales staff and external training program subsidies.

The Company currently operates a share option scheme (the “**2015 Scheme**”) that was adopted on 15 December 2015, under which share options may be granted to employees, directors, officers or consultants of the Group. As at 31 July 2024, there were no share options which had been granted under the 2015 Scheme that remained outstanding (31 July 2023: Nil).

Apart from the 2015 Scheme, the Company does not operate any other share incentive schemes. The Company does not have and in the past did not have any share award scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION

CORPORATE GOVERNANCE

Compliance with Corporate Governance Code

The Company has complied with all applicable code provisions set out from time to time in the Corporate Governance Code contained in Appendix C1 (formerly Appendix 14) to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**” and “**Stock Exchange**”, respectively) throughout the twelve months ended 31 July 2024 (“**Period**”) save for the deviation disclosed below:

Code provision C.2.1 in respect of the roles of chairman and chief executive should be separate and should not be performed by the same individual.

The Board is collectively responsible for the management and operations of the Company. Ms. Lam Wai Shan, Vanessa was appointed the Chairman of the Board (“**Board Chairman**”) and the chief executive officer of the Company (“**CEO**”) since January 2021. As the Board Chairman, Ms. Lam provides leadership to the Board to ensure the Board works effectively and performs its responsibilities. As the CEO, Ms. Lam has in-depth experience in the garment and retail industry. Coupled with her extensive business network and connections and numerous awards in the industry, she is responsible for leading the development and execution of long-term strategies for the Company’s business. Hence, the Board believes that it is in the best interest of the Company for Ms. Lam to assume the roles of both the Board Chairman and the CEO.

Securities Transactions by Directors and Designated Employees

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The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix C3 (formerly Appendix 10) to the Listing Rules. The Company has made specific enquiry of all Directors (including the Director retired during the Period) and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the Period.

OTHER INFORMATION

Share Capital

As at 31 July 2024, the total number of issued shares of the Company (“**Share(s)**”) was 1,421,315,542 Shares. Details of the share capital information of the Company are set out in Note 18 to the Condensed Consolidated Interim Financial Information.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

OTHER INFORMATION *(continued)*

Share Option Scheme

On 15 December 2015, the shareholders of the Company (“**Shareholder(s)**”) approved the adoption of the 2015 Scheme.

The 2015 Scheme which became effective on 18 December 2015 remains in force for a period of ten years commencing on its adoption date. The maximum number of the Shares issuable pursuant to the 2015 Scheme is 94,754,369 Shares, being 10% of the total issued Shares on the date of the approval of the 2015 Scheme. Details of the 2015 Scheme are set out in the circular of the Company dated 13 November 2015.

Pursuant to the terms of the 2015 Scheme, all share options of the Company not exercised (i.e. 5,800,000 underlying Shares) have lapsed upon the expiry of the exercise periods (i.e. 16 January 2020 and 27 March 2021). Since then and as at 31 July 2024, no share options have been granted or outstanding under the 2015 Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

OTHER INFORMATION (continued)

Directors' and Chief Executive's Interests

As at 31 July 2024, the following Directors and chief executive of the Company who held office as of that day and their respective close associates (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")) on that date (a) as required to be notified to the Stock Exchange and the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO ("**Register of Directors and Chief Executives**"); or (c) as notified to the Stock Exchange and the Company pursuant to the Securities Code; or (d) as otherwise known by the Directors:

(1) Interests in the Company

Long positions in the Shares and underlying Shares						
Name of Directors	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares <small>(Note 1)</small>
		Personal interests	Corporate interests	Personal interests		
Ms. Lam Wai Shan, Vanessa	Beneficial owner and interest in controlled corporations	27,034,402	739,054,500	–	766,088,902 <small>(Note 2)</small>	53.90%
Mr. Lam Howard	Interest in controlled corporations	–	736,804,500	–	736,804,500 <small>(Note 3)</small>	51.84%

Notes:

1. The total number of issued Shares as at 31 July 2024 (that is 1,421,315,542 Shares) has been used for the calculation of the approximate percentage.
2. Ms. Lam Wai Shan, Vanessa (Board Chairman, Executive Director and CEO) ("**Ms. Vanessa Lam**") was personally interested in 27,034,402 Shares and was deemed to be interested in 739,054,500 Shares through the corporations controlled by her, namely Honorman Limited ("**Honorman**"), Rich Promise Limited ("**Rich Promise**") and Novel Voyage Development Limited. Please also read notes under sections headed "Interests in the Associated Corporations" and "Substantial Shareholders' Interests", in this Second Interim Report for details.
3. Mr. Lam Howard (Non-executive Director) ("**Mr. Howard Lam**") was deemed to be interested in 736,804,500 Shares through the corporations controlled by him, namely Honorman and Rich Promise. Please also read notes under sections headed "Interests in the Associated Corporations" and "Substantial Shareholders' Interests", in this Second Interim Report for details.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

OTHER INFORMATION (continued)

Directors' and Chief Executive's Interests (continued)

(2) Interests in the Associated Corporations

Long position in the shares of associated corporations						
Name of Directors	Name of associated corporations	Capacity	Personal interests	Corporate interests	Total	Percentage of total issued shares
Ms. Vanessa Lam	Honorman ^(Notes 1 & 3)	Beneficial owner	51 Class A	–	51 Class A	51%
	Rich Promise ^(Notes 2 & 3)	Interest in controlled corporation	–	10,000 [#]	10,000 [#]	100%
Mr. Howard Lam	Honorman ^(Notes 1 & 3)	Beneficial owner	49 Class B	–	49 Class B	49%
	Rich Promise ^(Notes 2 & 3)	Interest in controlled corporation	–	10,000 [#]	10,000 [#]	100%

Notes:

As at 31 July 2024:

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1. The total share capital of Honorman was HK\$100 made up by 51 Class A shares and 49 Class B shares. Ms. Vanessa Lam owned 51 Class A shares of Honorman and Mr. Howard Lam owned 49 Class B shares of Honorman.
 2. The total issued share of Rich Promise was 10,000 ordinary shares, which was owned as to 100% by Honorman, which in turn was owned as to 51% by Ms. Vanessa Lam and 49% by Mr. Howard Lam.
 3. Ms. Vanessa Lam and Mr. Howard Lam are the directors of both Honorman and Rich Promise.
- [#] Duplication of Shareholdings occurred between parties shown in the table here.

Save as disclosed above, as at 31 July 2024, none of the Directors and the chief executive of the Company and their respective close associates had, or was deemed to have, any interest in the long and short positions in the Shares, underlying Shares and/or debentures of the Company or any of its associated corporations, which was required to be notified to the Stock Exchange and the Company pursuant to the SFO, or recorded in the Register of Directors and Chief Executives or notified to the Stock Exchange and the Company under the Securities Code or otherwise known by the Directors.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

OTHER INFORMATION (continued)

Substantial Shareholders' Interests

As at 31 July 2024, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporation or individual who had 5% or more interests in the following long positions in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (“**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares and underlying Shares				
Name of substantial Shareholders	Capacity	Nature of interest	Number of Shares and underlying Shares held	Approximate percentage of total issued Shares ^(Note 1)
Honorman	Beneficial owner and interest in controlled corporation	Corporate	736,804,500 ^(Note 2)	51.84%
Rich Promise	Beneficial owner	Corporate	708,300,000 ^(Note 2)	49.83%

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Notes:

1. The total number of issued Shares as at 31 July 2024 (that is 1,421,315,542 Shares) has been used for the calculation of the approximate percentage.
2. Honorman was interested in 28,504,500 Shares directly and was deemed to be interested in 708,300,000 Shares indirectly held through its 100% owned subsidiary – Rich Promise. Ms. Vanessa Lam and Mr. Howard Lam were deemed to be interested in 28,504,500 Shares and 708,300,000 Shares held through their controlled corporations, Honorman and Rich Promise.

Save as disclosed above, the Directors are not aware of any other corporation or individual which/who, as at 31 July 2024, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

Purchase, Sale or Redemption of the Company's Listed Securities

During the Period, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

OTHER INFORMATION *(continued)*

Directors' Information

1. Change of Directors
 - 1.1 Mr. Howard Lam has been appointed as a Non-executive Director of the Company (“**NED**”) with effect from 13 December 2023.
 - 1.2 Dr. Lam Kin Ngok, Peter retired as an executive Director of the Company (“**ED**”) with effect from 14 December 2023.

2. Pursuant to Rule 13.51B(1) of the Listing Rules, updates on the Directors' information since the disclosure made in the Company's 2022-2023 Annual Report are set out as follows:

Subsequent disclosure on the relationships with Directors and substantial Shareholders after the above change of Directors:

- 2.1 Ms. Vanessa Lam is a niece of Ms. Lam Suk Ying, Diana (“**Ms. Diana Lam**”) and Mr. Lam Kin Hong, Matthew (“**Mr. Matthew Lam**”), and an elder sister of Mr. Howard Lam.
- 2.2 Mr. Matthew Lam is the younger brother of Ms. Diana Lam, and an uncle of Ms. Vanessa Lam and Mr. Howard Lam.
- 2.3 Ms. Diana Lam is the elder sister of Mr. Matthew Lam, and an aunt of Ms. Vanessa Lam and Mr. Howard Lam.
- 2.4 Mr. Howard Lam is the younger brother of Ms. Vanessa Lam, and a nephew of Ms. Diana Lam and Mr. Matthew Lam.
- 2.5 Ms. Vanessa Lam and Mr. Howard Lam are directors of Honorman and Rich Promise, both are substantial Shareholders.

Note: Ms. Vanessa Lam is the Board Chairman, ED and CEO; Mr. Matthew Lam is the ED; Ms. Diana Lam and Mr. Howard Lam are the NED.

Change in Director's information

- 2.6 Mr. Leung Shu Yin, William has been resigned as an independent non-executive director of Mainland Headwear Holdings Limited, a company listed on the Main Board of the Stock Exchange, with effect from 1 September 2023.
- 2.7 Mr. Howard Lam has been appointed as a director of Honorman, a substantial Shareholder with effect from 1 February 2024.
- 2.8 Mr. Woo King Hang has been resigned as the vice chairman of the board of directors and a non-executive director of Centenary United Holdings Limited, a company listed on the Main Board of the Stock Exchange, with effect from 31 May 2024.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

OTHER INFORMATION *(continued)*

Constitutional Document

The Shareholders approved the adoption of the Amended and Restated Articles of Association of the Company at its annual general meeting on 13 December 2023 (“**2023 AGM**”). The Company published an up-to-date version of its Articles of Association of the Company on the website of the Company at www.crocodile.com.hk and the website of the Stock Exchange at www.hkexnews.hk.

Change of Financial Year End Date

The Board resolved to change the financial year end date of the Company from 31 July to 31 December at its meeting on 27 March 2024. The reasons for the change and other details were disclosed in the Company’s announcement of “Change of Financial Year End Date” dated 27 March 2024.

Proposed Share Consolidation and Change in Board Lot Size

The Board proposed to implement the share consolidation on the basis that every twenty (20) issued Existing Shares (“**Existing Shares**”) be consolidated into one (1) Consolidated Share (“**Consolidated Share**” and “**Share Consolidation**”, respectively). An extraordinary general meeting will be convened and held for the Shareholders to consider, and if thought fit, approve the Share Consolidation. Details of the Share Consolidation are contained in the Company’s announcement of “Proposed Share Consolidation and Change In Board Lot Size” dated 25 September 2024.

The Board also proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 1,000 Existing Shares to 2,000 Consolidation Shares. Details of the proposed change in board lot size are also contained in the Company’s announcement of “Proposed Share Consolidation and Change In Board Lot Size” dated 25 September 2024.

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2024 Annual General Meeting

The forthcoming 2024 annual general meeting (“**2024 AGM**”) of the Company will be held in October 2024 to consider the following matters.

Re-election of Directors

In accordance with Article 100 of the Company’s Articles of Association, Ms. Lam Wai Shan, Vanessa (Board Chairman, ED and CEO) and Mr. Fung Cheuk Nang, Clement (Independent Non-executive Director) are due to retire from office as Directors at 2024 AGM.

Details of retiring Directors who will stand for re-election at 2024 AGM, required to be disclosed under Rule 13.51(2) of the Listing Rules, are set out in the Company’s circular to be issued in early October 2024.

Re-appointment of Independent Auditor

Ernst & Young (“**EY**”), was re-appointed as independent auditor of the Company at 2023 AGM. EY will retire and hold office until the conclusion of 2024 AGM.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

OTHER INFORMATION *(continued)*

2024 Annual General Meeting *(continued)*

Re-appointment of Independent Auditor *(continued)*

The Board and the Audit Committee of the Company (“**Audit Committee**”) recommended the re-appointment of EY as independent auditor of the Company and to authorise the Board to fix their remuneration for Shareholders’ approval at 2024 AGM.

Granting General Mandates to Buy Back Shares and to Issue Shares

It is proposed to grant the Directors the general mandates to buy back Shares and to issue, allot and deal with additional Shares, and to extend the general mandate granted to the Directors to issue Shares by adding the number of Shares to be bought back at 2024 AGM.

Adjournment of 2024 AGM

With reference to the Company’s announcement of “Change of Financial Year End Date” dated 27 March 2024, the financial year end date of the Company has been changed from 31 July to 31 December. Accordingly, the forthcoming financial year end date of the Company will be 31 December 2024, and therefore no audited financial statements of the Company for the 12 months period ended 31 July 2024 had yet been prepared for laying before the Company at 2024 AGM. The Directors consider that it will be in the best interests of the Company and the Shareholders as a whole to adjourn the part of 2024 AGM for receiving and adopting the audited financial statements of the Company and reports of the directors and the independent auditor for the 17 months ending 31 December 2024 to a date no later than 30 June 2025 to be determined by the Board.

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Review of Second Interim Report by Audit Committee

The Audit Committee (comprising three Independent Non-executive Directors, namely Mr. Leung Shu Yin, William (Chairman), Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang) has reviewed this Second Interim Report (including the unaudited condensed consolidated interim financial information) of the Group for the Period, the accounting principles and practices adopted by the Company as well as the financial reporting matters.

Appreciation

On behalf of the Board, I would like to thank all members of staff and management for their dedication and continuous support and look forward to sharing the prosperous future of Crocodile with them and all the Shareholders and customers.

By order of the Board
Lam Wai Shan, Vanessa
Chairman, Executive Director and
Chief Executive Officer

Hong Kong, 25 September 2024

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