

# CROCODILE

## 2023-2024

Crocodile Garments Limited Interim Report | 鱷魚恤有限公司中期報告



## 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](http://www.crocodile.com.hk)

## RESULTS

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

### Condensed Consolidated Statement of Profit or Loss

For the six months ended 31 January 2024

	Notes	Six months ended 31 January	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Revenue</b>	4	<b>48,916</b>	42,000
Cost of sales		<b>(8,852)</b>	(7,145)
Gross profit		<b>40,064</b>	34,855
Other income	4	<b>9,483</b>	9,122
Selling and distribution expenses		<b>(24,122)</b>	(22,289)
Administrative expenses		<b>(27,350)</b>	(23,569)
Fair value losses on investment properties	12	<b>(7,867)</b>	(69,707)
Other gains, net	5	<b>1,156</b>	10,435
Finance costs	6	<b>(24,693)</b>	(16,765)
Share of profit/(loss) of an associate		<b>58</b>	(1,829)
<b>Loss before tax</b>	7	<b>(33,271)</b>	(79,747)
Income tax credit	8	<b>19,291</b>	–
<b>Loss for the period attributable to owners of the Company</b>		<b>(13,980)</b>	(79,747)
		<b>HK cents</b>	HK cents
<b>Loss per share attributable to owners of the Company</b>	10		
– Basic		<b>(0.98)</b>	(6.65)
– Diluted		<b>(0.98)</b>	(6.65)

## Condensed Consolidated Statement of Comprehensive Income

For the six months ended 31 January 2024

	Six months ended	
	31 January	
	2024	2023
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
<b>Loss for the period</b>	<b>(13,980)</b>	<b>(79,747)</b>
<b>Other comprehensive income/(expenses)</b>		
<i>Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	193	(81)
Reclassification adjustments of exchange differences to profit or loss on deregistration of a mainland China branch	(1,029)	–
	<b>(836)</b>	<b>(81)</b>
<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
<b>Other comprehensive income/(expenses) for the period, net of tax</b>	<b>(836)</b>	<b>63,455</b>
<b>Total comprehensive expenses for the period attributable to owners of the Company</b>	<b>(14,816)</b>	<b>(16,292)</b>

## Condensed Consolidated Statement of Financial Position

As at 31 January 2024

	Notes	31 January 2024 (Unaudited) HK\$'000	31 July 2023 (Audited) HK\$'000
<b>Non-current assets</b>			
Property, plant and equipment	11	50,199	47,301
Investment properties	12	1,698,012	1,705,884
Right-of-use assets		100,019	93,496
Financial assets at fair value through profit or loss ("FVTPL")	14	48,305	45,963
Interest in an associate		50,195	50,137
Amount due from an associate		8,366	8,126
Deposits and prepayments	13	3,252	5,756
<b>Total non-current assets</b>		<b>1,958,348</b>	<b>1,956,663</b>
<b>Current assets</b>			
Inventories		18,507	14,537
Trade and other receivables, deposits and prepayments	13	15,876	20,287
Amount due from a related company		–	503
Financial assets at fair value through profit or loss	14	105,523	121,850
Pledged bank deposits		1,806	579
Cash and cash equivalents		207,023	229,445
<b>Total current assets</b>		<b>348,735</b>	<b>387,201</b>
<b>Current liabilities</b>			
Trade payables, other payables and deposits received	16	34,494	31,081
Financial liabilities at fair value through profit or loss	14	1,737	8,565
Interest-bearing bank borrowings	15	199,438	201,133
Margin loans payable		5,508	3,544
Lease liabilities		12,417	8,923
Tax payable		–	19,303
<b>Total current liabilities</b>		<b>253,594</b>	<b>272,549</b>
<b>Net current assets</b>		<b>95,141</b>	<b>114,652</b>
<b>Total assets less current liabilities</b>		<b>2,053,489</b>	<b>2,071,315</b>
<b>Non-current liabilities</b>			
Other payables and deposits received	16	11,514	10,699
Interest-bearing bank borrowings	15	540,601	549,368
Provision		1,135	1,135
Lease liabilities		13,151	8,209
Deferred tax liabilities		20,327	20,327
<b>Total non-current liabilities</b>		<b>586,728</b>	<b>589,738</b>
<b>Net assets</b>		<b>1,466,761</b>	<b>1,481,577</b>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	17	374,636	374,636
Reserves		1,092,125	1,106,941
<b>Total equity</b>		<b>1,466,761</b>	<b>1,481,577</b>

## Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2024

	Attributable to owners of the Company				
	Share capital HK\$'000	Translation reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Total equity HK\$'000
At 31 July 2023 (Audited) and 1 August 2023	374,636	9,851	216,301	880,789	1,481,577
Loss for the period	–	–	–	(13,980)	(13,980)
<b>Other comprehensive income/ (expenses) for the period:</b>					
Exchange differences arising on translation of foreign operations	–	193	–	–	193
Reclassification adjustments of exchange differences to profit or loss on deregistration of a mainland China branch	–	(1,029)	–	–	(1,029)
Total comprehensive expenses for the period	–	(836)	–	(13,980)	(14,816)
<b>At 31 January 2024 (Unaudited)</b>	<b>374,636</b>	<b>9,015</b>	<b>216,301</b>	<b>866,809</b>	<b>1,466,761</b>
At 31 July 2022 (Audited) and 1 August 2022	332,323	18,764	152,765	989,575	1,493,427
Loss for the period	–	–	–	(79,747)	(79,747)
<b>Other comprehensive income/ (expenses) for the period:</b>					
Gain on property revaluation, net of tax	–	–	63,536	–	63,536
Exchange differences arising on translation of foreign operations	–	(81)	–	–	(81)
Total comprehensive expenses for the period	–	(81)	63,536	(79,747)	(16,292)
Issue of shares	47,377	–	–	–	47,377
Share issue expenses	(5,064)	–	–	–	(5,064)
At 31 January 2023 (Unaudited)	374,636	18,683	216,301	909,828	1,519,448

## Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2024

	Six months ended 31 January	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
<b>Operating activities</b>		
Net cash from/(used in) operating activities	<b>(4,519)</b>	12,484
<b>Investing activities</b>		
Interest received	<b>4,126</b>	3,340
Purchase of items of property, plant and equipment	<b>(6,037)</b>	(4,767)
Placement of pledged bank deposits	<b>(1,227)</b>	(1,083)
Net cash used in investing activities	<b>(3,138)</b>	(2,510)
<b>Financing activities</b>		
Proceeds from issue of shares	–	47,377
Share issue expenses	–	(5,064)
New bank borrowings	<b>3,000</b>	3,000
Repayment of bank borrowings	<b>(13,462)</b>	(28,395)
Repayment of lease liabilities	<b>(6,452)</b>	(8,018)
Advances from/(repayments of) margin loans	<b>1,964</b>	(22,310)
Net cash used in financing activities	<b>(14,950)</b>	(13,410)
Net decrease in cash and cash equivalents	<b>(22,607)</b>	(3,436)
Cash and cash equivalents at beginning of period	<b>229,445</b>	277,756
Effect of foreign exchange rate changes, net	<b>185</b>	(84)
<b>Cash and cash equivalents at end of period, represented by cash and bank balances</b>	<b>207,023</b>	274,236

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 January 2024

### (1) BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2024 have been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”). In addition, the unaudited condensed consolidated interim financial statements also comply with the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (“Companies Ordinance”) and 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 instruments at FVTPL 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 statements 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. The independent auditor’s report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis of matter without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)*

For the six months ended 31 January 2024

### (2) PRINCIPAL ACCOUNTING POLICIES

Except as described below, the accounting policies and methods of computation used in the condensed consolidated interim financial statements for the six months ended 31 January 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 statements.

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>

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 statements.

### (3) 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.

During the six months ended 31 January 2024, the directors have reassessed the basis of adjusted loss before tax for reportable operating segments and considered that it is more appropriate to be measured consistently with the Group's loss before tax except that bank interest income, finance costs, certain other income and corporate expenses are excluded from such measurement. The directors believe that the current presentation could provide a better understanding to the users of the interim financial statements to evaluate the Group's operating performance. Accordingly, the comparative figures in segment results have been restated.

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

For the six months ended 31 January 2024

**(3) OPERATING SEGMENT INFORMATION** *(continued)*

**For the six months ended 31 January**

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Revenue from external customers	22,649	18,494	26,267	23,506	-	-	48,916	42,000
Other income from external customers	4,730	5,572	241	210	-	-	4,971	5,782
Group's total revenue and other income	<b>27,379</b>	24,066	<b>26,508</b>	23,716	-	-	<b>53,887</b>	47,782
Reportable segment profit/(loss) before gain on disposal of a property, property revaluation and share of an associate's results	(7,193)	(6,949)	20,605	18,582	(4,235)	10,173	9,177	21,806
Gain on disposal of a property	-	-	4,050	-	-	-	4,050	-
Fair value losses on investment properties	-	-	(7,867)	(69,707)	-	-	(7,867)	(69,707)
Share of profit/(loss) of an associate	-	-	58	(1,829)	-	-	58	(1,829)
Reportable segment profit/(loss)	<b>(7,193)</b>	(6,949)	<b>16,846</b>	(52,954)	<b>(4,235)</b>	10,173	<b>5,418</b>	(49,730)
Unallocated corporate income							4,512	3,340
Unallocated corporate expenses							(18,508)	(16,592)
Finance costs							(24,693)	(16,765)
Loss before tax							<b>(33,271)</b>	(79,747)

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS** *(continued)**For the six months ended 31 January 2024***(4) REVENUE AND OTHER INCOME**

An analysis of revenue is as follows:

	<b>Six months ended 31 January</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Unaudited) HK\$'000</b>
<i>Revenue from contracts with customers</i>		
Sales of goods transferred at a point of time	<b>22,649</b>	18,494
<i>Revenue from other sources</i>		
Gross rental income	<b>26,267</b>	23,506
	<b>48,916</b>	42,000

(i) Disaggregated revenue information

During the six months ended 31 January 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:

	<b>Six months ended 31 January</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Unaudited) HK\$'000</b>
Royalty income	<b>4,686</b>	5,497
Bank interest income	<b>3,970</b>	3,340
Interest income on amount due from an associate	<b>240</b>	210
Others	<b>587</b>	75
	<b>9,483</b>	9,122

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS** *(continued)**For the six months ended 31 January 2024***(5) OTHER GAINS, NET**

An analysis of other gains, net is as follows:

	<b>Six months ended 31 January</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Gain on disposal of a property	<b>4,050</b>	–
Net gains/(losses) on financial instruments at FVTPL	<b>(4,235)</b>	10,173
Net gain on deregistration of a mainland China branch	<b>1,357</b>	–
Foreign exchange differences, net	<b>(20)</b>	10
Gain on early termination of leases	–	214
Others	<b>4</b>	38
	<b>1,156</b>	10,435

**(6) FINANCE COSTS**

An analysis of finance costs is as follows:

	<b>Six months ended 31 January</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Interest on bank borrowings	<b>24,116</b>	16,475
Interest on lease liabilities	<b>577</b>	290
	<b>24,693</b>	16,765

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

For the six months ended 31 January 2024

**(7) LOSS BEFORE TAX**

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

	<b>Six months ended 31 January</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Unaudited) HK\$'000</b>
Cost of inventories sold	8,215	8,623
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	1,732	2,044
Provision/(reversal of provision) for slow-moving inventories	197	(1,903)
Depreciation of property, plant and equipment	3,139	1,701
Depreciation of right-of-use assets	8,366	4,933
	<b>8,366</b>	<b>4,933</b>

**(8) INCOME TAX**

No current tax has been provided for the six months ended 31 January 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.

	<b>Six months ended 31 January</b>	
	<b>2024 (Unaudited) HK\$'000</b>	<b>2023 (Unaudited) HK\$'000</b>
Current – Hong Kong	–	–
Current – Mainland China		
Charge for the period	–	–
Over provision in prior periods	(19,291)	–
Deferred	–	–
	<b>(19,291)</b>	<b>–</b>

**(9) DIVIDEND**

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

**(10) 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: 1,198,775,195) in issue during the period.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 31 January 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 STATEMENTS** (continued)

For the six months ended 31 January 2024

**(11) PROPERTY, PLANT AND EQUIPMENT**

	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
At the beginning of the period/year	<b>47,301</b>	84,527
Additions	<b>6,037</b>	9,508
Disposals	–	(3)
Depreciation provided for the period/year	<b>(3,139)</b>	(3,701)
Surplus on revaluation	–	24,223
Transfer from investment properties	–	11,022
Transfer to investment properties	–	(77,751)
Impairment	–	(524)
	<b>50,199</b>	47,301

**(12) INVESTMENT PROPERTIES**

	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
At the beginning of the period/year	<b>1,705,884</b>	1,673,478
Net loss from a fair value adjustment recognised in profit or loss	<b>(7,867)</b>	(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	<b>(5)</b>	(10,193)
	<b>1,698,012</b>	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 January 2024 based on valuations performed by Vincorn Consulting and Appraisal Limited (31 July 2023: Savills Valuation and Professional Services Limited and Zhongshan Xiangshan Zhi Qin Asset Appraisal Firm), independent professionally qualified valuers, at HK\$1,698,012,000 (31 July 2023: HK\$1,705,884,000).

At 31 January 2024, certain investment properties of approximately HK\$1,521,356,000 (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 STATEMENTS** (continued)

For the six months ended 31 January 2024

**(13) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
	<i>Note</i>	
Trade receivables	<b>10,608</b>	9,053
Impairment	<b>(6,946)</b>	(6,946)
	<b>3,662</b>	2,107
	<i>(a)</i>	
Other receivables	<b>35,186</b>	38,334
Impairment	<b>(31,097)</b>	(33,134)
	<b>4,089</b>	5,200
Deposits and prepayments	<b>11,377</b>	18,736
	<b>19,128</b>	26,043
Analysed into:		
Non-current portion	<b>3,252</b>	5,756
Current portion	<b>15,876</b>	20,287
	<b>19,128</b>	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:

	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
0 to 90 days	<b>2,246</b>	1,073
91 to 180 days	<b>333</b>	224
181 to 365 days	<b>891</b>	507
Over 365 days	<b>192</b>	303
	<b>3,662</b>	2,107

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

For the six months ended 31 January 2024

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

	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
<b>Non-current assets</b>		
Unlisted investments in Hong Kong	<b>48,305</b>	45,963
<b>Current assets</b>		
Listed investments		
Equity investments listed in Hong Kong	<b>50,886</b>	41,054
Equity investments listed outside Hong Kong	<b>3,967</b>	19,003
Debt investments listed in Hong Kong	<b>157</b>	149
Debt investments listed outside Hong Kong	<b>2,948</b>	2,717
Perpetual securities listed in Hong Kong	<b>7,658</b>	4,860
Perpetual securities listed outside Hong Kong	<b>6,058</b>	4,446
	<b>71,674</b>	72,229
Unlisted investments		
Fund investments	<b>18,275</b>	15,044
Debt investments	<b>15,437</b>	34,386
	<b>33,712</b>	49,430
Derivative financial instruments		
Structured products	<b>137</b>	191
Total financial assets at fair value through profit or loss classified as current assets	<b>105,523</b>	121,850
<b>Total financial assets at fair value through profit or loss</b>	<b>153,828</b>	167,813
<b>Current liabilities</b>		
Derivative financial instruments		
Structured products	<b>(1,737)</b>	(8,565)
<b>Total financial liabilities at fair value through profit or loss</b>	<b>(1,737)</b>	(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 British Virgin Islands with a fair value as at 31 January 2024 of HK\$36,285,000 (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 FVTPL as their contractual cash flows are not solely payments of principal and interest.

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

For the six months ended 31 January 2024

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

The above investments classified as current assets were classified as financial assets at FVTPL 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.

**(15) INTEREST-BEARING BANK BORROWINGS**

	31 January 2024 (Unaudited)			31 July 2023 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank loans – secured	5.53–6.77	On demand/ 2024–2025	199,438	6.03–6.77	On demand/ 2023–2024	201,133
<b>Non-current</b>						
Bank loans – secured	6.26	2025–2042	540,601	6.72	2024–2042	549,368
			<b>740,039</b>			<b>750,501</b>
				<b>31 January 2024 (Unaudited)</b>		<b>31 July 2023 (Audited)</b>
				<b>HK\$'000</b>		<b>HK\$'000</b>

Analysed into:

Bank loans repayable:		
Within one year or on demand	199,438	201,133
In the second year	17,710	16,396
In the third to fifth years, inclusive	60,274	56,328
Beyond five years	462,617	476,644
	<b>740,039</b>	<b>750,501</b>

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

*For the six months ended 31 January 2024*

**(16) TRADE PAYABLES, OTHER PAYABLES AND DEPOSITS RECEIVED**

	<i>Notes</i>	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
Trade payables	<i>(a)</i>	<b>9,806</b>	4,359
Other payables and accruals	<i>(b)</i>	<b>21,579</b>	24,513
Deposits received		<b>14,623</b>	12,908
		<b>46,008</b>	41,780
Less: Non-current portion		<b>(11,514)</b>	(10,699)
Current portion		<b>34,494</b>	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:

	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
0 to 90 days	<b>1,741</b>	2,875
91 to 180 days	<b>4,545</b>	-
181 to 365 days	<b>2,038</b>	1,221
Over 365 days	<b>1,482</b>	263
	<b>9,806</b>	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 STATEMENTS** (continued)

For the six months ended 31 January 2024

**(17) SHARE CAPITAL**

**Shares**

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

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

	<b>Number of Shares in issue</b>	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 January 2024 (Unaudited)	<b>1,421,315,542</b>	<b>374,636</b>

*Note:*

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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.

**(18) 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:

	<b>Carrying amounts</b>		<b>Fair values</b>	
	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000	<b>31 January 2024 (Unaudited) HK\$'000</b>	31 July 2023 (Audited) HK\$'000
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	<b>153,828</b>	167,813	<b>153,828</b>	167,813
<b>Financial liabilities</b>				
Financial liabilities at fair value through profit or loss	<b>1,737</b>	8,565	<b>1,737</b>	8,565

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2024

(18) 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 January 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	71,674	45,869	36,285	153,828

**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 January 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	–	1,737	–	1,737

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2024

(18) 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

(19) RELATED PARTY TRANSACTIONS

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

	Notes	Six months ended 31 January	
		2024 (Unaudited) HK\$'000	2023 (Unaudited) HK\$'000
Short-term lease payments and building management fees paid or payable to related companies	(i), (ii)	66	82
Lease payment and interest expense on lease liabilities paid or payable to related companies	(i), (ii)	1,539	1,625
Rental income and management fee income received or receivable from a related company	(i), (ii)	1,285	678
Interest income received or receivable from an associate		240	210

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.

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

*For the six months ended 31 January 2024*

**(19) RELATED PARTY TRANSACTIONS** *(continued)*

**(b) Outstanding balance with a related party:**

		At 31 January 2024 (Unaudited) HK\$'000	Maximum amount outstanding during the period HK\$'000	At 31 July 2023 (Audited) and at 1 August 2023 HK\$'000	Maximum amount outstanding during the year HK\$'000	At 1 August 2022 HK\$'000
HVC Limited	(i)	–	708	503	503	–

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:**

	<b>Six months ended 31 January</b>	
	<b>2024</b>	2023
	<b>(Unaudited)</b>	(Unaudited)
	<b>HK\$'000</b>	HK\$'000
Short-term employee benefits	<b>5,381</b>	5,189
Post-employment benefits	<b>45</b>	45
Total compensation paid to key management personnel	<b>5,426</b>	5,234

**(20) COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current period's presentation. These reclassifications have no impact on the Group's total equity as at 31 January 2024 and 31 July 2023, or on the Group's loss for the six months ended 31 January 2024 and 2023.

## INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 31 January 2024 (2023: nil).

## MANAGEMENT DISCUSSION AND ANALYSIS

### Financial Performance

For the period under review, the turnover of the Group improved by 16% to HK\$49 million (2023: HK\$42 million). While maintaining a high gross margin of 82% (2023: 83%), the gross profit increased to HK\$40 million (2023: HK\$35 million).

Following the relaxation of anti-epidemic measures and cross-border controls pertaining to the COVID-19 pandemic in Hong Kong, Macau and Mainland China in early 2023, the overall retail sentiments in Hong Kong and Macau showed an improvement with the return of tourism. Driven by this, the Group recorded a double-digit growth of about +23% in same-store “Crocodile” sales during the six months ended 31 January 2024. The revenue of the “Garment and Related Accessories Business” experienced an improvement of HK\$4 million (or 22%) to HK\$23 million (2023: HK\$19 million). However, the heightened uncertainty surrounding global economic growth under interest rate hike, the strengthening of the Hong Kong dollar against Renminbi, and the changes in the retail landscape due to competition from neighboring cities in the Greater Bay Area have brought challenges to Hong Kong retailers. Overall, the retail business growth lagged the initial expectation.

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In addition, certain lease payments of HK\$4 million, which was fully impaired from right-of-use assets in previous fiscal years, were not reflected as an expense in last period’s segment performance. Despite the notable advancements observed in revenue and gross profit within the garment segment, the segment result for the period still suffered a similar level of loss in the region of HK\$7 million as last period.

For the six months ended 31 January 2024, “Property Investment and Letting Business” segment recorded an increase in rental income to HK\$26 million (2023: HK\$24 million), after the Group’s effort to improve the occupancy rate. The revaluation of the investment properties held by the Group notched fair value losses of HK\$8 million during the period (2023: loss of HK\$70 million).

After an aggressive series of interest rate hikes in the later part of 2022 and early 2023, the US Federal Reserve has taken a pause in its rate hike cycle, indicating that the policy rate has likely reached or approached its peak during the period. This shift in monetary policy, coupled with the resilience of the US economy, has resulted in a more positive investor sentiment overall.

However, geopolitical tensions still continue to pose challenges and uncertainties in the investment market. The ongoing Russia-Ukraine conflict and the outbreak of conflicts in the Middle East have introduced additional turbulence, causing fluctuations and potential risks in global financial markets. These geopolitical factors have the potential to impact investor confidence and influence market dynamics.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Performance *(continued)*

Despite the generally optimistic global outlook driven by the pause in rate hikes and the strength of the US economy, it is important for the Group to remain vigilant and closely monitor the evolving geopolitical landscape. As such, the Group adopted a relative cautious approach in managing its portfolios of financial assets and liabilities at FVTPL and a mild loss of HK\$4 million was recorded in “Treasury Management” segment during the period (2023: profit of HK\$10 million).

Given the borrowing rate climbing to the highest level since 2001, the Group incurred a higher finance costs in the amount of HK\$25 million (2023: HK\$17 million).

Combining the results of the three business segments and finance costs mentioned above with the net unallocated expenses of HK\$14 million (2023: HK\$13 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\$15 million for the six months ended 31 January 2024 (2023: HK\$16 million).

### “Garment and Related Accessories Business” Segment

#### Hong Kong and Macau

During the period, the Hong Kong economy encountered a range of challenges despite the waning impact of the COVID-19 pandemic and the resumption of normalcy in the lives of its citizens. Regrettably, the Hong Kong retail did not experience a strong rebound as expected, as revenge travelling and cross-border spending behaviour were being adopted among residents after the uplift of travel restrictions in Hong Kong. The unintended consequence of this trend severely affected local consumption.

In light of these circumstances, the Group has made diligent efforts to maintain an optimised size of its shop network. Management has carefully evaluated the performance of each shop, along with the prevailing market rental rates, in order to make informed decisions regarding lease renewals. As of 31 January 2024, the Group operated 9 (31 July 2023: 9) “Crocodile” shops.

Coupled with continuous contribution from the another brand from 2 (31 July 2023: 2) “CROCO” shops as of 31 January 2024, the overall retail revenue in Hong Kong and Macau increased by 23% to HK\$21 million (2023: HK\$17 million).

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### **“Garment and Related Accessories Business” Segment** *(continued)*

#### The Mainland

In response to the post-COVID-19 landscape, the Group has made concerted efforts to optimise its operations by strategically closing unprofitable shops in the Mainland. As of 31 January 2024, the Group’s presence in the Mainland consisted of 4 self-operated shops, a significant reduction compared to the previous corresponding period, which included 6 self-operated shops and 6 consignee shops.

Thanks to the gradual recovery of mobility in major Mainland cities after the COVID-19 pandemic, the overall retail revenue in the Mainland experienced a slight increase to HK\$1.4 million (compared to HK\$1.3 million in 2023), despite operating a smaller number of shops. These remaining shops now serve a crucial role as “showrooms” to maintain royalty income, which is included in the category of “Other income.”

#### Seasonality

As its track record shows, the sales and performances of the “Garment and Related Accessories Business” segment bear heavy correlation with seasonality. In general, more than 50% of this segment’s annual sales are derived from the first half of the financial year in which fall/winter collections of higher values and margins are rolled out, coupling with festive holidays – Christmas, New Year and occasionally, Lunar New Year.

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#### Royalty Income

The Group’s licensing business of the brand “**Crocodile**” in Hong Kong, Macau, and the Mainland contributed a steady royalty income of HK\$5 million for the period (2023: HK\$5 million).

### **“Property Investment and Letting Business” Segment**

The Group’s investment property portfolio remained intact since 31 July 2023.

For the six months ended 31 January 2024, the Group’s investment properties in Hong Kong and the Mainland generated rental revenue of HK\$26 million, indicating a notable 12% increase compared to the previous period’s figure of HK\$24 million. This growth can be attributed to the Group’s proactive measures aimed at enhancing occupancy rates and diversifying the tenant mix within its investment properties.

Through strategic initiatives, the Group successfully improved the occupancy rates of its properties, ensuring a higher utilisation of available spaces. Additionally, the Group focused on diversifying the tenant mix by increasing the proportion of service retail tenants. This deliberate shift contributed to the overall revenue growth observed during the period under review. As such, the revaluation of the investment properties held by the Group recorded a relative mild fair value losses of HK\$8 million (2023: loss of HK\$70 million).

### “Treasury Management” Segment

During the period, the global economy experienced a blend of favorable developments and hurdles that influenced investment strategies worldwide. Notably, the Chinese property sector faced persistent challenges, 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 US Federal Reserve took an assertive stance in tightening monetary policy, resulting in a significant appreciation of the US dollar. Consequently, China faced limitations in providing further economic support due to concerns over potential depreciation of the Renminbi currency. In addition, the relationship between China and the US remained delicate, with the US imposing additional investment restrictions on China.

Mindful of the dynamic and complex global economic environment, the Group took a cautious approach to managing its portfolios of financial instruments at FVTPL in order to generate favourable returns for the Shareholders. The Group’s “Treasury Management” segment recorded a mild loss of HK\$4 million for the six months ended 31 January 2024 (2023: gain of HK\$10 million).

### Prospects

Looking towards the future, it is evident that the path to a full recovery in the retail sector and the global economy before the pandemic is still a long and challenging journey. The retail industry, in particular, has faced significant disruptions and transformations as consumer behavior and preferences shifted during the crisis.

In this challenging market environment, it is crucial for the Group to exert greater effort to improve our operational efficiency, implement stringent measures to control expenses across various areas, and as well as to maintain a healthy balance sheet.

For the retail business, the Group remains committed to maintaining an optimal scale in terms of shop network building and inventory management. Our primary focus is on improving shop profitability to drive sustainable growth. To achieve this, management carefully evaluates the performance of each shop and takes into account current market rental rates when making decisions to renew leases, and explores the chance to collaborate with different wholesalers and consignors to expand its market presence.

Furthermore, the Group is dedicated to enhancing our product portfolio for the “Crocodile” and “CROCO” brands. By offering a more compelling and diverse range of products, we aim to attract and satisfy our customers’ preferences. These efforts are expected to contribute to higher gross profit margins, reflecting our commitment to delivering value to our customers while maximising profitability.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Prospects *(continued)*

Striking a balance between shop network optimisation, inventory management, and product portfolio enhancement would form a solid foundation for our retail business.

Being a landlord of investment properties, the “Property Investment and Letting Business” segment can deliver a stable rental income and cashflow to support the Group’s operations. Building on the successful experience of leasing our investment properties to a group of travel agency tenants during the period, we are taking proactive measures to strategically reposition those properties with their leases near expiration.

Considering the current heightened availability of office spaces in the Kowloon East district, the Group recognises an opportunity to generate additional value from our real estate portfolio. We aim to capitalise on this by exploring alternative uses for the properties that align with market demand and offer potential for increased returns.

Our proactive approach to strategic repositioning demonstrates our commitment to staying ahead of market trends and leveraging opportunities to optimise the performance of our investment properties.

For treasury management, the Group’s approach is focused on being cautious and prudent until there is solid evidence of improved market conditions. This involves adopting an investment strategy that carefully evaluates the portfolio and makes necessary adjustments to achieve a favorable return while keeping the risk relatively low.

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In response to the rising financing costs and global economic uncertainty, the Group aims to decrease its reliance on debt financing under the current market. This means seeking ways to decrease its current borrowings, if possible, until interest rates return to more reasonable levels.

Despite the uncertainties mentioned above, the Group remains confident in the recovery of its core business and understands the belief of “cash is king” would be more relevant until the borrowing costs become more favorable. Although there are no immediate large investment plans, the Group will continue to focus on consolidating the retail network and improving the product mix, maximising the monetary potential of the investment properties, and adopting a cautious investment strategy to navigate the uncertainties and enhance its financial position.

### Contingent Liabilities

As at 31 January 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, 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 January 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 six months ended 31 January 2024 HK\$' million	Unutilised Net Proceeds as of 31 January 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

### 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 January 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.

Cash and cash equivalents held by the Group amounted to HK\$207 million as at 31 January 2024 (31 July 2023: HK\$229 million) and were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. 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 equivalent denominated in Renminbi as at 31 January 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.

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As at 31 January 2024, the total outstanding borrowings including margin loans of the Group amounted to HK\$746 million (31 July 2023: HK\$754 million). The total outstanding borrowings comprised secured margin loans of HK\$6 million, secured bank term loan of HK\$557 million of which HK\$16 million was short-term, and secured short-term bank revolving loans of HK\$183 million.

As at 31 January 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 and United States dollars. No financial instruments for interest rate hedging purposes were employed by the Group during the period ended 31 January 2024.

### Charges on Assets

As at 31 January 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\$1,720 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.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### 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 January 2024 stood at 51% (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 January 2024.

### Major Investments, Acquisitions and Disposals

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

### Employees and Remuneration Policies

The total number of employees of the Group, including part-time sales staff, was 110 as at 31 January 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 January 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 six months ended 31 January 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.

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#### Securities Transactions by Directors and Designated Employees

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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

### OTHER INFORMATION

#### Share Capital

As at 31 January 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 17 to the Condensed Consolidated Interim Financial Statements.

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

#### Notes:

1. The total number of issued Shares as at 31 January 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 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 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 <sup>(Notes 1 &amp; 3)</sup>	Beneficial owner	51 Class A	–	51 Class A	51%
	Rich Promise <sup>(Notes 2 &amp; 3)</sup>	Interest in controlled corporation	–	10,000 <sup>#</sup>	10,000 <sup>#</sup>	100%
Mr. Howard Lam	Honorman <sup>(Notes 1 &amp; 3)</sup>	Beneficial owner	49 Class B	–	49 Class B	49%
	Rich Promise <sup>(Notes 2 &amp; 3)</sup>	Interest in controlled corporation	–	10,000 <sup>#</sup>	10,000 <sup>#</sup>	100%

Notes:

As at 31 January 2024:

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 is the director of both Honorman and Rich Promise. Mr. Howard Lam is the director of Rich Promise.

<sup>#</sup> Duplication of Shareholdings occurred between parties shown in the table here.

Save as disclosed above, as at 31 January 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 January 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 <sup>(Note 1)</sup>
Honorman	Beneficial owner and interest in controlled corporation	Corporate	736,804,500 <small>(Note 2)</small>	51.84%
Rich Promise	Beneficial owner	Corporate	708,300,000 <small>(Note 2)</small>	49.83%

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Notes:

1. The total number of issued Shares as at 31 January 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 January 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.

## CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

### OTHER INFORMATION *(continued)*

#### 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.

#### 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. Howard Lam has been appointed as a director of Honorman, a substantial Shareholder with effect from 1 February 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. 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](http://www.crocodile.com.hk) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk).

#### **Change of Financial Year End Date**

The Board has resolved to change the financial year end date of the Company from 31 July to 31 December. The reasons for the change and other details were disclosed in the Company's announcement dated 27 March 2024.

#### **Review of Interim Report**

The Audit Committee of the Company (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 Interim Report (containing the unaudited Condensed Consolidated Interim Financial Statements) of the Company for the Period, the accounting principles and practices adopted by the Company as well as the financial reporting matters.

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#### **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, 27 March 2024

# CROCODILE

A stylized orange crocodile illustration positioned to the right of the word 'CROCODILE'. The crocodile is facing left, with its tail curved upwards and to the right, ending in a small hook-like shape.