

CROCODILE

2022-2023

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 Ngok, Peter
Lam Kin Hong, Matthew

Non-executive Directors

Chow Bing Chiu
Lam Suk Ying, Diana

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
MinterEllison LLP
Deacons
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

Registered Office

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 consolidated results of the Company and its subsidiaries (“Group”) for the six months ended 31 January 2023 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2023

	Notes	Six months ended 31 January	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Revenue	3	42,000	64,211
Cost of sales		(7,145)	(20,389)
Gross profit		34,855	43,822
Fair value losses on investment properties	12	(69,707)	(97)
Other income	4	5,572	8,688
Selling and distribution expenses		(22,289)	(24,476)
Administrative expenses		(23,569)	(23,339)
Other gains/(losses), net	5	10,435	(1,113)
Interest income	6	3,550	645
Finance costs	6	(16,765)	(5,296)
Share of (loss)/profit of an associate		(1,829)	1,774
(Loss)/profit before income tax	7	(79,747)	608
Income tax expenses	8	—	—
(Loss)/profit for the period attributable to owners of the Company		(79,747)	608
Other comprehensive (expense)/income			
<i>Item that will not be subsequently reclassified to profit or loss:</i>			
Gain arising on transfer of property, plant and equipment to investment properties at fair value		84,715	—
Income tax effect		(21,179)	—
		63,536	—
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences arising on translation of foreign operations		(81)	1,365
Other comprehensive income for the period attributable to owners of the Company		63,455	1,365
Total comprehensive (expense)/income for the period attributable to owners of the Company		(16,292)	1,973
(Loss)/earning per share		HK Cents	(Restated) HK Cents
Basic	10	(6.65)	0.06
Diluted		(6.65)	0.06

Condensed Consolidated Statement of Financial Position

As at 31 January 2023

		31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
	Notes		
Non-current assets			
Property, plant and equipment	11	34,063	84,527
Investment properties	12	1,753,257	1,673,478
Right-of-use assets		72,182	80,542
Financial assets at fair value through profit or loss ("FVTPL")		38,963	27,568
Amount due from an associate		8,151	7,941
Interest in an associate		49,988	51,817
Rental and utility deposits	13	1,212	3,009
		1,957,816	1,928,882
Current assets			
Inventories		12,250	12,484
Trade and other receivables, deposits and prepayments	13	22,665	29,344
Financial assets at FVTPL		134,984	164,000
Pledged bank deposits		4,007	2,924
Bank balances and cash		274,236	277,756
		448,142	486,508
Current liabilities			
Bank borrowings	14	229,392	249,447
Margin loans payable		6,213	28,523
Trade and other payables and deposits received	15	26,088	36,288
Amount due to a related company	18(b)	158	—
Lease liabilities		12,298	15,332
Tax payable		20,645	20,645
		294,794	350,235
Net current assets		153,348	136,273
Total assets less current liabilities		2,111,164	2,065,155
Non-current liabilities			
Bank borrowings	14	554,620	559,960
Deposits received	15	8,470	6,571
Provision for long service payments		814	1,057
Lease liabilities		6,633	4,140
Deferred tax liabilities		21,179	—
		591,716	571,728
Net assets		1,519,448	1,493,427
Capital and reserves			
Share capital	16	374,636	332,323
Reserves		1,144,812	1,161,104
Total equity		1,519,448	1,493,427

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2023

	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 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)
Other comprehensive (expense)/ income:					
Exchange differences arising on translation of foreign operations	—	(81)	—	—	(81)
Gain arising on transfer of property, plant and equipment to investment properties at fair value, net of tax	—	—	63,536	—	63,536
Total comprehensive (expense)/income 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
At 31 July 2021 (Audited) and 1 August 2021	332,323	21,549	109,689	1,067,960	1,531,521
Profit for the period	—	—	—	608	608
Other comprehensive income:					
Exchange differences arising on translation of foreign operations	—	1,365	—	—	1,365
Total comprehensive income for the period	—	1,365	—	608	1,973
At 31 January 2022 (Unaudited)	332,323	22,914	109,689	1,068,568	1,533,494

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2023

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Operating activities		
Net cash from operating activities	12,484	32,471
Investing activities		
Interest received	3,340	440
Purchase of property, plant and equipment	(4,767)	(970)
Placement of pledged bank deposits	(1,083)	(3,753)
Net cash used in investing activities	(2,510)	(4,283)
Financing activities		
Proceeds from issue of new shares	47,377	—
Expenses on issue of shares	(5,064)	—
New bank loans raised	3,000	11,000
Repayments of bank loans	(28,395)	(35,919)
Repayment of lease liabilities	(8,018)	(11,466)
(Repayments of)/advances from margin loans	(22,310)	9,029
Net cash used in financing activities	(13,410)	(27,356)
Net (decrease)/increase in cash and cash equivalents	(3,436)	832
Cash and cash equivalents at the beginning of the period	277,756	40,953
Effect of foreign exchange rate changes	(84)	184
Cash and cash equivalents at the end of the period represented by bank balances and cash	274,236	41,969

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 31 January 2023

(1) BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 31 January 2023 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 which have been measured at fair values.

These financial statements are presented in Hong Kong dollars (“HK\$”) except otherwise indicated.

The financial information relating to the year ended 31 July 2022 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 2022 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 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 statements have not been audited by the Company’s independent auditor but have been reviewed by the Company’s audit committee.

(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 2023 are the same as those followed in the preparation of the Group’s audited consolidated financial statements for the year ended 31 July 2022.

In the current interim period, the Group has applied, for the first time, the following amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) issued by the HKICPA that is relevant for the preparation of the Group’s condensed consolidated financial statements.

Amendments to HKFRS 3	Reference to the Conceptual Framework
Amendments to HKAS 16	Property, Plant and Equipment: Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts — Cost of Fulfilling a Contract
Annual Improvements to HKFRSs 2018-2020	Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16

The application of the amendments to 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.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2023

(3) SEGMENT INFORMATION

Information reported to the management of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses in types of goods or services delivered or provided and nature of operations.

The Group has three operating segments, namely i) garment and related accessories business, ii) property investment and letting business, and iii) treasury management. The operating segments are managed separately as each business line offers different products and services and requires different business strategies.

Segment revenues and results

The following is an analysis of the Group's revenues and results by reportable segments:

For the six months ended 31 January

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Revenue from external customers	18,494	37,388	23,506	26,823	-	-	42,000	64,211
Other income from external customers (note)	5,572	8,688	210	205	-	-	5,782	8,893
Group's total revenue and other income	24,066	46,076	23,716	27,028	-	-	47,782	73,104
Reportable segment (loss)/profit before property revaluation and share of an associate's results	(7,988)	1,056	17,545	22,355	10,173	(5,565)	19,730	17,846
Fair value losses on investment properties	-	-	(69,707)	(97)	-	-	(69,707)	(97)
Share of (loss)/profit of an associate	-	-	(1,829)	1,774	-	-	(1,829)	1,774
Reportable segment (loss)/profit	(7,988)	1,056	(53,991)	24,032	10,173	(5,565)	(51,806)	19,523
Unallocated corporate income							3,340	440
Unallocated corporate expenses							(14,516)	(14,059)
Finance costs							(16,765)	(5,296)
(Loss)/profit before tax							(79,747)	608

Note: The income includes interest income on amount due from an associate.

Segment profit/(loss) represents the profit earned by/(loss from) each segment without allocation of bank interest income, interest income on advances to independent third parties, finance costs and corporate expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2023

(4) OTHER INCOME

	Six months ended 31 January	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Royalty income	5,497	5,777
COVID-19-related rent concessions	—	2,894
Others	75	17
	5,572	8,688

(5) OTHER GAINS/(LOSSES), NET

	Six months ended 31 January	
	2023	2022
	(Unaudited) HK\$'000	(Unaudited) HK\$'000
Net gains/(losses) on financial assets at FVTPL	10,173	(7,326)
Gain on early termination of leases	214	62
Exchange gains/(losses), net	10	(256)
Written off of other payables	—	6,185
Net reversal of provision for impairment on trade and other receivables	—	130
Others	38	92
	10,435	(1,113)

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

For the six months ended 31 January 2023

(6) INTEREST INCOME AND FINANCE COSTS, NET

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest income:		
Bank interest income	3,340	20
Interest income on amount due from an associate	210	205
Interest income on advance to independent third parties	—	420
	3,550	645
Finance costs:		
Bank borrowings	(16,475)	(4,784)
Lease liabilities	(290)	(512)
	(16,765)	(5,296)
Net finance costs	(13,215)	(4,651)

(7) (LOSS)/PROFIT BEFORE TAX

The Group's (loss)/profit before tax has been arrived at after charging:

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	1,701	3,200
Depreciation of right-of-use assets	4,933	2,305
Cost of inventories recognised as an expense (including reversal of provision for slow-moving inventories)	6,720	20,137

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)**For the six months ended 31 January 2023***(8) INCOME TAX EXPENSES**

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Current tax	—	—
Deferred tax	—	—
	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>

No current tax has been provided for the six months ended 31 January 2023 (2022: 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.

Under the two-tiered profits tax rates regime of Hong Kong Profits Tax, the first HK\$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK\$2 million will be taxed at 16.5%. Hong Kong profits tax of the qualified entity of the Group is calculated in accordance with the two-tiered profits tax rates regime. The profits of other Group entities in Hong Kong not qualifying for the two-tiered profits tax rates regime will continue to be taxed at the flat rate of 16.5%.

Under the Law of the People's Republic of China ("PRC") on Enterprise Income Tax ("EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the Group's PRC subsidiaries is 25% from 1 January 2008 onwards.

10**(9) DIVIDEND**

No dividend was paid, declared or proposed during the six months ended 31 January 2023. The Directors do not recommend the payment of an interim dividend (2022: nil).

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2023

(10) (LOSS)/EARNING PER SHARE

The calculation of the basic and diluted (loss)/earning per share attributable to owners of the Company for the periods is based on the following data:

	Six months ended 31 January	
	2023	2022
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
(Loss)/earning		
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic and diluted (loss)/earning per share	(79,747)	608
		(Restated)
Number of shares		
Weighted average number of ordinary shares for the purpose of basic and diluted (loss)/earning per share	1,198,775,195	1,082,907,080

The weighted average number of ordinary shares in issue for both periods used in the above basic and diluted loss per share calculation has been adjusted to reflect the effect of the rights issue completed during the period ended 31 January 2023 as set out in note 16.

For the periods ended 31 January 2023 and 2022, diluted (loss)/earning per share were same as basic (loss)/earning per share as the Company had no dilutive potential ordinary shares in issue.

(11) PROPERTY, PLANT AND EQUIPMENT

	31 January 2023	31 July 2022
	(Unaudited)	(Audited)
	HK\$'000	HK\$'000
At the beginning of the period/year	84,527	67,944
Additions	4,767	5,680
Depreciation provided for the period/year	(1,701)	(6,563)
Transfer from investment properties	—	24,868
Transfer to investment properties	(53,527)	(5,243)
Eliminated on disposals/write-off	(3)	(341)
Exchange realignment	—	(1,818)
At the end of the period/year	34,063	84,527

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)**For the six months ended 31 January 2023***(12) INVESTMENT PROPERTIES**

	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
At the beginning of the period/year	1,673,478	1,725,948
Decrease in fair value recognised in profit or loss	(69,707)	(47,588)
Increase in fair value recognised in other comprehensive income	84,715	43,076
Transfer from property, plant and equipment	53,527	5,243
Transfer to property, plant and equipment	—	(24,868)
Transfer from right-of-use assets	11,260	31,681
Transfer to right-of-use assets	—	(59,292)
Exchange realignment	(16)	(722)
	1,753,257	1,673,478

All of the Group's properties 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 fair values of the Group's investment properties as at 31 January 2023 and 31 July 2022 were principally estimated by the Directors with reference to the property valuation conducted on the respective dates by Messrs Savills Valuation and Professional Services Limited, an independent qualified professional valuers not connected to the Group.

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As at 31 January 2023, certain investment properties of approximately HK\$1,556,652,000 (31 July 2022: HK\$1,624,470,000) 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 2023

(13) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Notes	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Trade receivables	(i), (ii)	10,131	16,209
Less: Allowance for impairment		(8,001)	(12,048)
		2,130	4,161
Other receivables		45,515	46,216
Less: Allowance for impairment		(34,816)	(34,816)
		10,699	11,400
Deposits and prepayments		11,048	16,792
		23,877	32,353
Less: Rental and utility deposits shown under non-current assets		(1,212)	(3,009)
		22,665	29,344

Notes:

- (i) For the retail business, other than cash sales made at retail shops of the Group, the Group allows 30 to 60 days credit period 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 are 7 days. For the property investment and letting business, monthly rentals are payable in advance by tenants in accordance with the leases. The Group does not hold any collateral over these balances.

The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are regularly reviewed by the management.

- (ii) The following is an aging analysis of trade receivables (net of allowance for impairment), presented based on the invoice date which approximated the respective revenue recognition date as at the end of the reporting periods:

	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
0 to 90 days	522	1,368
91 to 180 days	536	2,333
181 to 365 days	1,072	460
	2,130	4,161

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2023

(14) BANK BORROWINGS

	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Bank loans, secured	784,012	809,407
Carrying amount repayable:		
On demand or within one year	229,392	249,447
Beyond one year, but not exceeding two years	19,878	23,631
Beyond two years, but not exceeding five years	65,228	74,421
Beyond five years	469,514	461,908
Less: Amounts shown under current liabilities	(229,392)	(249,447)
Amounts shown under non-current liabilities	554,620	559,960

(15) TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

The following is an aging analysis of trade payables as at the end of the reporting periods, based on the date of receipt of goods, and the details of balances of deposits received, other payables and accruals:

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	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Trade payables:		
0 to 90 days	1,617	700
91 to 180 days	1,366	165
181 to 365 days	134	270
Over 365 days	263	2,388
Deposits received	17,374	17,957
Other payables and accruals	13,804	21,379
Less: Deposits received shown under non-current liabilities	(8,470)	(6,571)
	26,088	36,288

The credit period for purchase of goods is between 30 and 90 days.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)**For the six months ended 31 January 2023***(16) SHARE CAPITAL**

	31 January 2023 (Unaudited)		31 July 2022 (Audited)	
	Number of shares	HK\$'000	Number of shares	HK\$'000
Issued and fully paid ordinary shares	1,421,315,542	374,636	947,543,695	332,323

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

	Number of Shares in issue	HK\$'000
At 1 August 2021, 31 July 2022 (Audited) and 1 August 2022	947,543,695	332,323
Rights issue (<i>Note</i>)	473,771,847	47,377
Share issue expenses	—	(5,064)
At 31 January 2023 (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.

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(17) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS**Financial assets carried at fair value**

This note provides information about how the Group determines fair values of various financial assets.

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The fair values of the Group's investments in listed securities have been determined by reference to their quoted bid prices at the end of the reporting periods. The fair value of unlisted investments was based on the value quoted by the financial institutions and an independent valuer at the end of the reporting periods.

There were no transfers between the three levels during both period/year.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS (continued)

For the six months ended 31 January 2023

(17) FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Financial assets carried at fair value (continued)

Fair value hierarchy as at 31 January 2023 and 31 July 2022

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 January 2023 (Unaudited)				
Listed investments				
— Equity securities listed in Hong Kong	76,330	—	—	76,330
— Equity securities listed outside Hong Kong	22,482	—	—	22,482
— Debt securities listed in Hong Kong	15,598	—	—	15,598
— Debt securities listed outside Hong Kong	2,974	—	—	2,974
— Perpetual securities listed in Hong Kong	4,020	—	—	4,020
— Perpetual securities listed outside Hong Kong	4,291	—	—	4,291
Unlisted investments				
— Equity securities	—	9,289	31,943	41,232
— Keyman insurance contract	—	—	7,020	7,020
	125,695	9,289	38,963	173,947
As at 31 July 2022 (Audited)				
Listed investments				
— Equity securities listed in Hong Kong	65,600	—	—	65,600
— Equity securities listed outside Hong Kong	4,841	—	—	4,841
— Debt securities listed in Hong Kong	37,650	—	—	37,650
— Debt securities listed outside Hong Kong	13,695	—	—	13,695
— Perpetual securities listed in Hong Kong	2,622	—	—	2,622
— Perpetual securities listed outside Hong Kong	1,518	—	—	1,518
Unlisted investments				
— Equity securities	—	7,699	27,568	35,267
— Debt securities	—	30,375	—	30,375
	125,926	38,074	27,568	191,568

The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

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

For the six months ended 31 January 2023

(18) RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

In addition to the transactions and balances as detailed elsewhere in these unaudited condensed consolidated interim financial statements, the Group had the following material transactions with related parties during the period:

	Notes	Six months ended 31 January	
		2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Interest income received or receivable from an associate		210	205
Short-term lease payments and building management fees paid or payable to related companies	(i)	82	70
Lease payment and interest expense on lease liabilities paid or payable to related companies	(i)	1,625	2,221
Company secretarial fee charged by a related company	(ii)	–	353
Rental income and building management fee income received or receivable from related companies	(i)	678	1,130

Notes:

- (i) *The members of the key management personnel of the related companies are director and/or substantial shareholder(s) of the Company.*
- (ii) *The related company is controlled by a director of the Company.*
- (iii) *These transactions were entered into based on terms stated in the respective agreements or contracts and were charged on basis mutually agreed by the respective parties.*

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS *(continued)**For the six months ended 31 January 2023***(18) RELATED PARTY TRANSACTIONS** *(continued)***(b) Amount due to a related company**

	31 January 2023 (Unaudited) HK\$'000	31 July 2022 (Audited) HK\$'000
Lai Sun Textiles Company Limited	158	—

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

(c) Compensation of key management personnel of the Group

	Six months ended 31 January	
	2023 (Unaudited) HK\$'000	2022 (Unaudited) HK\$'000
Short-term employee benefits	5,189	4,677
Post-employment benefits	45	45
	5,234	4,722

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 31 January 2023 (2022: nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the period under review, the turnover of the Group slid to HK\$42 million (2022: HK\$64 million), and the gross profit declined by 20%, to HK\$35 million (2022: HK\$44 million). However, gross profit margin improved from 68% to 83% during the period.

The “Garment and Related Accessories Business” segment experienced a slow rate of recovery in the PRC and Hong Kong with the emergence of new COVID-19 variants in the beginning of the period. However, long-awaited border reopening with the PRC in January 2023 has fueled the retail market, which logged a double-digit growth in a single monthly revenue under same brand and shop basis. Overall, in the absence of “Lacoste” brand revenue after the termination of its distribution agreement in February 2022, the revenue of this segment, including the Mainland of China (“**Mainland**”), dropped by about 51% to HK\$18 million (2022: HK\$37 million). In spite of improvement of gross profit margin for this segment increasing from 47% to 64%, the segment result still recorded a loss of HK\$8 million (2022: profit of HK\$1 million), suffered by the negative impacts of COVID-19 for much of the period. The loss is expected to narrow down in the second half.

The “Property Investment and Letting Business” segment recorded a mild drop of rental income to HK\$24 million for the six months ended 31 January 2023 (2022: HK\$27 million). The revaluation of the investment properties held by the Group notched fair value losses of HK\$70 million during the period (2022: HK\$0.1 million).

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Inflation has been escalating throughout the year 2022, owing to rising energy and food prices, supply chain disruption and rebounding global market demand. In response to consequential rising wages and prices, the Federal Reserve of the United States and other central banks tightened financial conditions with the introduction of the fastest and steepest interest rate hike cycle over the past few decades. This led to a higher net finance costs incurred of HK\$13 million for the period (2022: HK\$5 million). However, the gradual removal of quarantine restrictions has boosted the capital equity market in December 2022 and January 2023. As a result, the “Treasury Management” segment of the Group experienced a strong rebound and recorded a gain of HK\$10 million in the six months ended 31 January 2023 (2022: loss of HK\$6 million).

Taking into account the performances of the above three business segments with gain arising on transfer of property, plant and equipment to investment properties at fair value, net of tax of HK\$64 million (2022: nil), the total comprehensive expense attributable to the owners of the Company was HK\$16 million for the six months ended 31 January 2023 (2022: income of HK\$2 million).

“Garment and Related Accessories Business” Segment

Hong Kong and Macau

Hong Kong retail market has been shaky for much of the period, under the negative impact of the COVID-19 pandemic. The slow rate of recovering in customer spending power has led to the Group to take steps to negotiate with landlords for rent concession and to reduce inventory levels for our traditional brand, “Crocodile”. As at 31 January 2023, the Group operated 10 (31 July 2022: 10) “Crocodile” shops.

To achieve long-term sustainable growth and enlarge the customer base, the Group has deployed efforts in building another brand, “CROCO”, with a different brand image and unique brand identity. After the opening of one more new “CROCO” shop in Tsuen Wan in December 2022, the Group operated 2 “CROCO” shops as at 31 January 2023 (31 July 2022: 1).

Thanks to another batch of consumption vouchers in October 2022 and Mainland’s re-opening in January 2023, Hong Kong consumption market finally shook off the lingering effects of the pandemic. Excluding the revenue from “Lacoste” sales of HK\$18 million in last corresponding period after the termination of its distribution agreement, the retail revenue in Hong Kong and Macau increased by 16% to HK\$17 million (2022: HK\$15 million).

The Mainland

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Being threatened by the persistent COVID-19 pandemic in China, the operations of the Group’s retail stores in Mainland were severely impacted by strict lockdown measures in most of the period. Since December 2022, the mobility in major Mainland cities has been recovering after attaining the peak infections. This led to a sizable rebound in retail sales in January 2023. The overall retail revenue in the Mainland during the period dropped by 69% to HK\$1.3 million (2022: HK\$4 million). On the other hand, benefitting from the licensing of the prestige brand “Crocodile” in the Mainland, same level of royalty income of around HK\$5 million (2022: HK\$5 million) was still maintained for the period ended 31 January 2023 and was the major other income.

To cope with the harsh operating conditions, the Group monitored its own sales channels cautiously and remained prudent in extending its presence in new areas. As at 31 January 2023, there was a total of 12 shops in the Mainland, including self-operated shops of 6 and those operated by the Group’s consignees of 6, with the same shop portfolio as at 31 July 2022.

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.

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

“Property Investment and Letting Business” Segment

The Group’s investment property portfolio remained intact since 31 July 2022 save for change of own-used manufacturing plant in the Mainland to investment property for the purpose of earning rental income since August 2022.

The investment properties of the Group in Hong Kong and the Mainland generated rental revenue for the six months ended 31 January 2023 of HK\$24 million (2022: HK\$27 million). The increasing supply of new office premises in Kowloon East and decreasing demand from office tenants in response to a more popular work-from-home model caused a drop in rental income of HK\$3 million or 12%, as compared to last corresponding period. As such, the revaluation of the investment properties held by the Group ticked fair value losses of HK\$70 million (2022: loss of HK\$0.1 million).

“Treasury Management” Segment

Albeit global economic uncertainty, high interest rates and increasing tight liquidity conditions have weighed on investment activity during much of the period, conditions improved with global stock markets starting to pick up since November 2022. The gradual removal of quarantine restrictions globally has boosted investor confidence. It is expected that further relaxation of pandemic related restrictions on China would remove a distinct hurdle for both China and the global economy.

Mindful of the above circumstances and the increasing downside risk, the Group took a cautious approach to managing its portfolios of financial assets at fair value through profit and loss (“FVTPL”) in order to generate favourable returns for the Shareholders. The Group’s “Treasury Management” segment recorded a profit of HK\$10 million for the six months ended 31 January 2023 (2022: loss of HK\$6 million).

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Prospects

Looking ahead, the continued return of economy activity to normalcy and a further rebound in the number of tourists coming to Hong Kong would benefit the retail sector. In response to this, the Group equipped itself with a timely and robust funding through Rights Issue (“Rights Issue”) in November 2022 to secure favourable opportunities, including obtaining new retail shop leases during the period.

The Group will continue to gear up its efforts to improve its merchandise mix under both “Crocodile” and “CROCO”, catering for local customer preferences and maintaining higher gross margins, which has already been happening in the period.

As a landlord of investment properties, the “Property Investment and Letting Business” segment contributes stable rental income and cashflow to support the Group’s operations. It is expected there would be a solid year for office leasing demand driven by the recovery in Hong Kong and the Mainland; however, rental growth will be mild and take time to resume pre-pandemic level.

In view of an increase in supply of office premises in Kowloon East, the Group is repositioning the investment properties to attract new tenants in different industries both to improve the rental yield and minimise the vacancy rate.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

Prospects *(continued)*

For treasury management, until there is firm evidence that interest rates have peaked, which is likely to emerge in mid of year 2023, the Group is adopting a prudent investment strategy to assess and make necessary adjustments to the portfolio in order to enjoy a favourable return with a relatively low risk.

Facing a combination of rising financing costs and global economic uncertainty, the Group intends to impose less reliance on debt financing under the prevailing market conditions and to reduce its current borrowings, if possible until such time as interest rates revert to more reasonable levels. The net proceeds from the Rights Issue would help cushion against increases in interest expenses and expected funding needs in short term.

With all the above factors in play, the Group is always mindful in preparation for the next 12 months of uncertainties, whilst is confident that the recovery road of our core business is on the right track.

Contingent Liabilities

As at 31 January 2023, the Group had no material contingent liabilities.

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.

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The Group maintains a conservative approach in financial management by constantly monitoring its interest rate and foreign exchange exposures. Except for financial assets at FVTPL, the Group has not employed other financial instruments as of 31 January 2023.

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.

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 was completed in November 2022. The total net proceeds of the Rights Issue, after deduction of rights issue expenses, was approximately HK\$42.3 million. As at 31 January 2023, the net proceeds from the Rights Issue were used as (i) HK\$3 million for repayment of the principals of the bank borrowings; and (ii) HK\$5 million for opening two new retail shops and day-to-day operations of the Group. The remaining net proceeds of HK\$34 million will be used according to the intended use.

Cash and cash equivalents held by the Group amounted to HK\$274 million as at 31 January 2023 (31 July 2022: HK\$278 million) and were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. The pledged bank deposits of approximately HK\$4 million (31 July 2022: HK\$3 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 2023 were equivalent to HK\$4 million (31 July 2022: 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.

MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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

As at 31 January 2023, the total outstanding borrowings including margin loans of the Group amounted to HK\$790 million (31 July 2022: HK\$838 million). The total outstanding borrowings comprised secured margin loans of HK\$6 million, secured bank term loan of HK\$574 million of which HK\$19 million was short-term, and secured short-term bank revolving loans of HK\$210 million.

Interests on bank borrowings are charged at floating rates. The bank borrowings 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 as of 31 January 2023.

Charges on Assets

As at 31 January 2023, the Group has charged certain of its assets, including own-use properties, financial assets at FVTPL, investment properties and right-of-use assets with total carrying values of HK\$1,777 million, to its bankers to secure the borrowings, margin loans payable and banking facilities granted to the Group.

Gearing

After the Rights Issue, 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 2023 dropped to 52% from 56% as at 31 July 2022. 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.

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Capital Commitments

The Group had no material capital commitments as at 31 January 2023.

Major Investments, Acquisitions and Disposals

The Group had no major investments, acquisitions or disposals during the six months ended 31 January 2023.

Employees and Remuneration Policies

The total number of employees of the Group, including part-time sales staff, was 113 as at 31 January 2023 (31 July 2022: 124). 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.

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 (“**CG Code**”) contained in 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 2023 (“**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 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 announced in October 2022, the Company offered rights issue to the shareholders of the Company (“**Shareholder(s)**”) on the basis of one rights share for every two existing shares of the Company (“**Shares**”) held on a record date (i.e. 4 November 2022) at a subscription price of HK\$0.1 per rights share (“**Rights Issue**”). Details of the Rights Issue were contained in the prospectus dated 7 November 2022.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

OTHER INFORMATION *(continued)*

Share Capital *(continued)*

As a result, a total of 473,771,847 Shares had been allotted and issued in fully paid form at the issue price of HK\$0.1 per Share on 29 November 2022. The total number of issued Shares, immediately after completion of the Rights Issue, increased to 1,421,315,542 Shares. Details of the share capital information of the Company are set out in Note 16 to the Condensed Consolidated Interim Financial Statements.

Share Option Scheme

On 15 December 2015, the Shareholders approved the adoption of a share option scheme (“**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 2023, no share options have been granted or outstanding under the 2015 Scheme.

CORPORATE GOVERNANCE AND OTHER INFORMATION (continued)

OTHER INFORMATION (continued)

Director's and Chief Executive's Interests

As at 31 January 2023, the following Director 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 Director	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			
Lam Wai Shan, Vanessa	Beneficial owner and interest in controlled corporations	17,713,402	739,054,500	–	756,767,902	53.24% <small>(Note 2)</small>	

Notes:

1. The total number of issued Shares as at 31 January 2023 (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 Chief Executive Officer) (“**Ms. Vanessa Lam**”) was personally interested in 17,713,402 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 (“**Novel Voyage**”). 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)*

Director's and Chief Executive's Interests *(continued)*

(2) Interests in the Associated Corporations

Long position in the ordinary shares of associated corporations						
Name of Director	Name of associated corporations	Capacity	Personal interests	Corporate interests	Total	Percentage of total issued shares
Lam Wai Shan, Vanessa	Honorman ^(Note 1)	Beneficial owner	51	–	51	51%
Lam Wai Shan, Vanessa	Rich Promise ^(Note 2)	Interest in controlled corporation	–	9,999	9,999	99.99%

Notes:

1. Honorman was owned as to 51% by Ms. Vanessa Lam and 49% by Mr. Lam Howard.
2. Rich Promise was owned as to 99.99% by Honorman, which in turn is owned as to 51% by Ms. Vanessa Lam. Another 0.01% share interest of Rich Promise was held by the late Dr. Lam Kin Ming.
3. Ms. Vanessa Lam is a director of both Honorman and Rich Promise.

Save as disclosed above, as at 31 January 2023, 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 2023, 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	Capacity and nature of interest	Number of Shares and underlying Shares held	Approximate percentage of total issued Shares (Note 1)
Substantial Shareholders			
Honorman	Beneficial owner and interest in controlled corporation	736,804,500 (Note 2)	51.84%
Rich Promise	Beneficial owner	708,300,000 (Note 2)	49.83%
Lam Howard	Interest in controlled corporations	736,804,500 (Note 3)	51.84%

Notes:

1. The total number of issued Shares as at 31 January 2023 (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 99.99% owned subsidiary Rich Promise. Another 0.01% share interest of Rich Promise was held by the late Dr. Lam Kin Ming. Ms. Vanessa Lam was deemed to be interested in 28,504,500 Shares and 708,300,000 Shares held through Honorman and Rich Promise, her controlled corporations.
3. Mr. Lam Howard was deemed to be interested in 736,804,500 Shares held through Honorman and Rich Promise, his controlled corporations.

Save as disclosed above, the Directors are not aware of any other corporation or individual which/who, as at 31 January 2023, 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.

Update on Directors' Information

Pursuant to Rule 13.51B(1) of the Listing Rules, updates on the Directors' information since the disclosure made in the Company's 2021-2022 Annual Report are set out as follows:

Mr. Wan Edward Yee Hwa ("**Mr. Edward Wan**") retired as an executive Director and ceased as a member of the Executive Committee of the Company ("**Executive Committee**") with effect from 17 December 2022.

Mr. Chow Bing Chiu, a non-executive Director, has been appointed as a member of the Executive Committee in place of Mr. Edward Wan with effect from 17 December 2022.

Change of Authorised Representatives

Ms. Chan Yin Yi, Annie, the Company Secretary, has been appointed as the Authorised Representative of the Company with the Stock Exchange pursuant to Rule 3.05 of the Listing Rules in place of Mr. Edward Wan with effect from 17 December 2022.

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Terms of Reference of Executive Committee

The terms of reference of the Executive Committee in respect of the composition of the committee has been updated on 17 December 2022.

Change of Independent Auditors

Ernst & Young, Certified Public Accountants, have been appointed as independent auditor of the Company for the year ending 31 July 2023 at the Company's annual general meeting on 16 December 2022 in place of SHINEWING (HK) CPA Limited which retired as an independent auditor of the Company upon expiration of its term of office at the conclusion of the same meeting.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(continued)*

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.

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, 28 March 2023

CROCODILE

