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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

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 30 June 2025 together with the comparative figures for the six months ended 30 June 2024 as follows:

Condensed Consolidated Statement of Profit or Loss For the six months ended 30 June 2025

		Six months ended 30 June 2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
	Notes		
Revenue	3	49,461	48,775
Cost of sales		(10,442)	(8,739)
Gross profit		39,019	40,036
Other income	4	6,374	8,354
Selling and distribution expenses		(17,684)	(24,774)
Administrative expenses		(25,222)	(27,326)
Fair value losses on investment properties		(2,849)	(7,869)
Other gains, net	5	4,042	6,833
Finance costs	6	(16,145)	(22,395)
Share of profit of an associate		101	99
Loss before tax	7	(12,364)	(27,042)
Income tax credit	8	712	19,291
Loss for the period attributable to owners of the Company		(11,652)	(7,751)
		HK cents	(Restated) HK cents
Loss per share attributable to owners of the Company	10		
– Basic		(16.40)	(10.91)
– Diluted		(16.40)	(10.91)

Condensed Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2025

	Six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Loss for the period	<u>(11,652)</u>	<u>(7,751)</u>
Other comprehensive income/(expenses)		
<i>Other comprehensive income/(expenses) that may be reclassified to profit or loss in subsequent periods:</i>		
Exchange differences on translation of foreign operations	4,550	(2,285)
Reclassification adjustments of foreign operations deregistered during the period	<u>–</u>	<u>(1,029)</u>
Other comprehensive income/(expenses) for the period	<u>4,550</u>	<u>(3,314)</u>
Total comprehensive expenses for the period attributable to the owners of the Company	<u><u>(7,102)</u></u>	<u><u>(11,065)</u></u>

Condensed Consolidated Statement of Financial Position
As at 30 June 2025

		30 June 2025	31 December 2024
		(Unaudited)	(Audited)
	<i>Notes</i>	HK\$'000	HK\$'000
Non-current assets			
Property, plant and equipment		43,187	44,608
Investment properties		1,679,756	1,678,512
Right-of-use assets		81,190	87,893
Financial assets at fair value through profit or loss		53,487	52,987
Interest in an associate		49,212	49,111
Amount due from an associate		8,136	7,935
Deposits and prepayments	<i>11</i>	2,049	3,335
Total non-current assets		1,917,017	1,924,381
Current assets			
Inventories		13,223	16,111
Trade and other receivables, deposits and prepayments	<i>11</i>	14,169	11,337
Financial assets at fair value through profit or loss		108,611	82,746
Pledged bank deposits		757	1,434
Cash and cash equivalents		109,238	155,897
Total current assets		245,998	267,525
Current liabilities			
Trade payables, other payables and deposits received	<i>13</i>	23,789	21,162
Financial liabilities at fair value through profit or loss		28	4,062
Interest-bearing bank borrowings	<i>12</i>	171,244	166,792
Margin loans payable		3,872	3,491
Lease liabilities		10,453	13,577
Total current liabilities		209,386	209,084
Net current assets		36,612	58,441
Total assets less current liabilities		1,953,629	1,982,822

		30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>		
Non-current liabilities			
Other payables and deposits received	13	11,003	10,609
Interest-bearing bank borrowings	12	504,916	523,305
Provision		800	800
Lease liabilities		1,240	4,607
Deferred tax liabilities		18,825	19,554
		<hr/>	<hr/>
Total non-current liabilities		536,784	558,875
		<hr/>	<hr/>
Net assets		1,416,845	1,423,947
		<hr/>	<hr/>
Equity			
Equity attributable to owners of the Company			
Share capital		374,636	374,636
Reserves		1,042,209	1,049,311
		<hr/>	<hr/>
Total equity		1,416,845	1,423,947
		<hr/>	<hr/>

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2025

(1) BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2025 has been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

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

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

Change of financial year end date

On 27 March 2024, the Company resolved to change the financial year end date of the Company from 31 July to 31 December commencing from the financial period covering a period of seventeen months from 1 August 2023 to 31 December 2024. Accordingly, the accompanying unaudited condensed consolidated interim financial statements for the current financial period covers a period of six months from 1 January 2025 to 30 June 2025 while the comparison period covers a period of six months from 1 January 2024 to 30 June 2024.

Other information

The financial information relating to the seventeen months period ended 31 December 2024 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 period 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 Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the seventeen months period ended 31 December 2024 to the Registrar of Companies in accordance with section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s independent auditor has reported on those financial statements for the seventeen months period ended 31 December 2024. 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 Hong Kong Companies Ordinance.

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

(2) CHANGES IN 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 30 June 2025 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the seventeen months ended 31 December 2024.

In the current interim period, the Group has applied, for the first time, the following amended HKFRS Accounting Standard as issued by the HKICPA for the preparation of the Group's condensed consolidated interim financial statements.

Amendments to HKAS 21

Lack of Exchangeability

The application of the amended HKFRS Accounting Standard 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. The adjusted loss before tax is measured consistently with the Group's loss before tax except that finance costs, certain other income and corporate expenses are excluded from such measurement.

(3) OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Revenue from external customers	20,729	21,168	28,732	27,607	–	–	49,461	48,775
Other income from external customers	3,745	3,794	205	313	–	–	3,950	4,107
Group's total revenue and other income	<u>24,474</u>	<u>24,962</u>	<u>28,937</u>	<u>27,920</u>	<u>–</u>	<u>–</u>	<u>53,411</u>	<u>52,882</u>
Reportable segment profit/(loss) before loss on non-current financial instruments at FVTPL, property revaluation and share of profit of an associate	(4,924)	(8,689)	24,270	22,106	4,348	5,478	23,694	18,895
Loss on non-current financial instruments at FVTPL	–	–	(895)	–	–	–	(895)	–
Fair value losses on investment properties	–	–	(2,849)	(7,869)	–	–	(2,849)	(7,869)
Share of profit of an associate	–	–	101	99	–	–	101	99
Reportable segment profit/(loss)	<u>(4,924)</u>	<u>(8,689)</u>	<u>20,627</u>	<u>14,336</u>	<u>4,348</u>	<u>5,478</u>	<u>20,051</u>	<u>11,125</u>
Unallocated corporate income							2,424	4,247
Unallocated corporate expenses							(18,694)	(20,019)
Finance costs							(16,145)	(22,395)
Loss before tax							<u>(12,364)</u>	<u>(27,042)</u>

(4) OTHER INCOME

An analysis of other income is as follows:

	Six months ended 30 June	
	2025 (Unaudited) HK\$'000	2024 (Unaudited) HK\$'000
Royalty income	3,732	3,781
Bank interest income	1,372	3,102
Interest income on amount due from an associate	201	237
Interest income on finance lease	7	–
Others	<u>1,062</u>	<u>1,234</u>
	<u>6,374</u>	<u>8,354</u>

(5) OTHER GAINS, NET

An analysis of other gains, net is as follows:

	Six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Net gains on financial instruments at FVTPL	3,453	5,478
Net gain on deregistration of foreign operations	–	1,357
Gain on finance lease arrangement	605	–
Foreign exchange differences, net	(15)	12
Others	(1)	(14)
	4,042	6,833

(6) FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Interest on bank borrowings	15,751	21,755
Interest on lease liabilities	394	640
	16,145	22,395

(7) LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

	Six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Cost of inventories sold	9,816	8,136
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	928	1,342
Provision for slow-moving inventories	168	199
Depreciation of property, plant and equipment	2,658	3,117
Depreciation of right-of-use assets	7,133	8,629
	<u>7,133</u>	<u>8,629</u>

(8) INCOME TAX

No current tax has been provided for the six months ended 30 June 2025 and 2024 as the Group either has unused tax losses available to offset against assessable profits or there was no estimated assessable profit for both periods.

	Six months ended	
	30 June	
	2025	2024
	(Unaudited)	(Unaudited)
	HK\$'000	HK\$'000
Current tax – Mainland China		
Overprovision in prior periods	–	(19,291)
Deferred	(712)	–
	<u>(712)</u>	<u>–</u>
Total tax credit for the period	<u>(712)</u>	<u>(19,291)</u>

(9) DIVIDEND

The Board does not recommend the payment of any dividend in respect of the six months ended 30 June 2025 (2024: 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 71,065,777 (2024: 71,065,777 (restated)) outstanding during the period.

The weighted average number of ordinary shares outstanding has taken into account the effect of share consolidation on the basis that every twenty (20) ordinary shares were consolidated into one (1) ordinary share as if the consolidation had occurred at 1 January 2024, the beginning of the earliest period reported.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2025 and 2024 in respect of a dilution as the Company had no dilutive potential ordinary shares in issue.

(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
<i>Note</i>		
Trade receivables	10,852	9,149
Impairment	(7,276)	(7,089)
	3,576	2,060
Other receivables	35,698	34,917
Impairment	(31,097)	(30,434)
	4,601	4,483
Deposits and prepayments	8,041	8,129
	16,218	14,672
Analysed into:		
Non-current portion	2,049	3,335
Current portion	14,169	11,337
	16,218	14,672

(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS (Continued)

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:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 90 days	2,054	1,052
91 to 180 days	698	444
181 to 365 days	688	562
Over 365 days	136	2
	3,576	2,060

(12) INTEREST-BEARING BANK BORROWINGS

	30 June 2025 (Unaudited)			31 December 2024 (Audited)		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
Current						
Bank loans – secured	1.73-2.05	On demand/ 2025-2026	171,244	5.53-6.08	On demand/ 2025	166,792
Non-current						
Bank loans – secured	2.03	2026-2042	504,916	6.03	2026-2042	523,305
			676,160			690,097

(12) INTEREST-BEARING BANK BORROWINGS (Continued)

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	171,244	166,792
In the second year	26,986	19,108
In the third to fifth years, inclusive	84,321	64,729
Beyond five years	393,609	439,468
	676,160	690,097

(13) TRADE PAYABLES, OTHER PAYABLES AND DEPOSITS RECEIVED

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
	<i>Notes</i>	
Trade payables	<i>(a)</i> 138	2,180
Other payables and accruals	<i>(b)</i> 19,317	14,914
Deposits received	15,337	14,677
	34,792	31,771
Less: Non-current portion	(11,003)	(10,609)
Current portion	23,789	21,162

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:

	30 June 2025 (Unaudited) HK\$'000	31 December 2024 (Audited) HK\$'000
0 to 90 days	138	2,180

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.

INTERIM DIVIDEND

The Board has resolved not to declare an interim dividend for the six months ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months period ended 30 June 2025, the Group has recorded a revenue of HK\$49 million, at a similar level of last corresponding period, at a gross profit margin of 79% (2024: 82%). As such, the Group's gross profit recorded HK\$39 million during the period, a slight decrease from HK\$40 million in last corresponding period.

In the first half of 2025, Hong Kong's retail sector has been navigating a period of uncertainty with decline in tourist spending. Despite an overall decline in retail sales of approximately 2% due to subdued local consumption and heightened cross-border competition, there were indicators of stabilisation, with slight increases observed in May and June 2025. The revenue of the "Garment and Related Accessories Business" remained a similar level of HK\$21 million during the first half of 2025 as last corresponding period. Notably, the segment loss narrowed down significantly, decreasing from HK\$9 million in 2024 to HK\$5 million during the period, thanks to effective shop network optimisation and cost-saving measures implemented in the retail back office.

For the six months ended 30 June 2025, the "Property Investment and Letting Business" segment achieved a 4% increase in rental income, reaching HK\$29 million, up from HK\$28 million in 2024. This growth was attributed to a higher occupancy rate for core properties. As a result, the revaluation of the investment properties held by the Group reflected a reduced fair value loss of HK\$3 million, compared to a fair value loss of HK\$8 million for the last corresponding period.

In the first half of 2025, United States ("U.S.") markets rebounded significantly after a challenging first quarter, with the S&P 500 and Nasdaq Composite reaching record highs due to U.S. President Trump's relaxed position on tariffs. However, uncertainty remains with tariffs exceeding 10% and signs of weakened consumer spending, leading to revised earnings projections. While the initial economic impact has been milder than expected, Trump's tariff policies continue to create uncertainty.

In response to high interest rates constraining consumer spending, the Group adopted a cautious and strategic investment approach in its treasury management, achieving a steady profit of HK\$4 million (2024: HK\$5 million) for the six months period ended 30 June 2025.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Performance (Continued)

The one-month HIBOR declined during the first half of 2025, driven by a stronger financial market and increased fund inflows, providing temporary relief from the finance costs burden on the Group. Consequently, the Group's finance costs decreased to HK\$16 million for the period (2024: HK\$22 million).

Combining the results of the three business segments and finance costs mentioned above with the net unallocated expenses of HK\$16 million (2024: HK\$16 million), the loss before tax of the Group for the six months ended 30 June 2025 narrowed down by 54% to HK\$12 million as compared to that for the last corresponding period. Despite the above, due to the absence of an one-off reversal of income tax payable upon deregistration of a branch of the Group in Mainland China in the amount of about HK\$19 million recorded in the Last Corresponding Period, the loss attributable to the owners of the Company was HK\$12 million (2024: loss of HK\$8 million) for the six months ended 30 June 2025.

“Garment and Related Accessories Business” Segment

Hong Kong and Macau

During the reporting period, the apparel retail markets in Hong Kong and Macau faced ongoing challenges due to subdued consumer sentiment, influenced by macroeconomic uncertainties and evolving consumer behaviors. Notably, despite a significant surge in visitor numbers during the Labour Day Holiday in May 2025, there was no corresponding increase in retail earnings. This trend indicates a marked shift in consumer preferences, with mainland tourists increasingly favoring short, cost-effective experiential trips. Furthermore, competitive pricing strategies employed by nearby regions, such as Shenzhen, have further diverted purchasing power from Hong Kong's retail sector.

Additionally, the persistently high rental costs for retail spaces remain a pressing issue, despite declining sales and a rise in shop closures during this economically challenging period. The Group has undertaken proactive negotiations with landlords to secure favorable terms. For stores that are consistently unprofitable, the Group will proceed with closures. In contrast, efforts are being directed towards identifying emerging districts in Hong Kong with high foot traffic as potential sites for new store openings.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

“Garment and Related Accessories Business” Segment (Continued)

Hong Kong and Macau (Continued)

As of 30 June 2025, the Group operated a total of 11 (31 December 2024: 12) retail shops. In August 2025, two new shops are anticipated to open. By emphasising product features and brand legacy, retail revenue in Hong Kong and Macau experienced a modest increase of 2% to HK\$19.3 million during the six months ended 30 June 2025 (2024: HK\$18.9 million).

The Mainland

During the first half of 2025, China’s overall retail sales increased by 5% year-on-year, reflecting the positive impact of a series of policy measures designed to boost domestic consumption. However, the Group has strategically focused its retail income primarily on royalty income from franchisees, maintaining a limited number of self-operated shops at just 4 as of 30 June 2025. These locations serve as essential showrooms for franchisees. Consequently, retail revenue from self-operated shops in the Mainland represented 7% (2024: 11%) of segment turnover in the first half of 2025.

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\$4 million for the period (2024: HK\$4 million).

“Property Investment and Letting Business” Segment

The Group’s investment property portfolio has remained stable throughout the period. Given the ongoing economic and geopolitical uncertainties, corporate sentiment continues to be cautious, making a significant improvement in office leasing demand unlikely. Nevertheless, the Group successfully enhanced monthly rental income by optimising the use of available spaces, which increased occupancy rates and elevated the proportion of service retail tenants with higher unit rates within its investment properties. As a result, rental revenue for the period increased to HK\$29 million (2024: HK\$28 million). Consequently, the revaluation of the Group’s investment properties recorded a lower level of fair value losses of HK\$3 million during the period, as compared to the HK\$8 million in fair value losses from the last corresponding period.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

“Treasury Management” Segment

In the first half of 2025, the global market experienced significant changes due to sharp shifts in U.S. policy and increasing uncertainty. U.S. equities rebounded strongly in second quarter, with the S&P 500 and Nasdaq Composite reaching record highs after a sell-off, largely driven by Trump’s softened tariff stance. However, uncertainty remains, as tariffs exceed 10% and weakened consumer spending have led to downgraded earnings projections. Additionally, the U.S. dollar fell over 10% against a basket of major currencies, benefiting international markets, particularly Asian and European stocks.

Amid this uncertain environment, the Group’s prudent treasury management strategy focused on risk diversification by allocating a larger portion of its investment portfolio to global funds. As such, the “Treasury Management” segment recorded a profit of HK\$4 million (2024: HK\$5 million) during the first half of 2025.

Prospects

Looking ahead, Hong Kong weak economy and persistent trade tensions have introduced uncertainty into the fashion apparel market, resulting in a challenging business environment. In response, the Group will take a cautious approach to business development, prioritising efficient resource utilisation while strengthening its existing customer base and targeting potential new clients. To successfully navigate this uncertain landscape, it is crucial to enhance operational efficiency and tightly control costs, particularly given the high operating expenses in Hong Kong’s retail sector. The Group is well-positioned for future initiatives, supported by a healthy cash flow.

Hong Kong’s ongoing evolution presents both challenges and opportunities. The implementation of population inflow policies is expected to broaden our customer base, while positioning Hong Kong as a “city of events” will facilitate the recovery of inbound tourism, supported by a robust schedule of events. In response to these developments, the Group intends to explore new sites to capitalise on emerging opportunities. With “Crocodile” boasting over 70 years of prestige, the Group strengthens its identity as a “Hong Kong brand” through targeted product investment and strategic visual marketing initiatives. The Group is confident that by remaining responsive to market trends and adapting swiftly, it can effectively transform challenges into opportunities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Prospects (Continued)

Hong Kong's office market has faced significant challenges due to a global shift towards flexible working and economic uncertainty stemming from China's slower growth and geopolitical risks. These factors have reduced demand, leading to record-high vacancy rates and oversupply, as many industries downsize and return office space. Although there is a desire for higher-quality environments, relocations often involve downsizing, failing to alleviate the surplus. Consequently, the Group must reassess space utilisation and revise asset management strategies to enhance occupancy rates.

In the second half of 2025, the Group anticipates a key tenant in our core property will move out upon lease expiry. While a temporary decrease in rental income is expected, the Group takes this as an opportunity to explore alternative options, specifically targeting healthcare tenants. This strategy aligns with the growing demand for medical services and positions the move as a long-term and sustainable solution. Compared to typical office tenants, clinics and healthcare centers often sign longer leases, offering a more secure way to generate stable rental income and cash flow.

The remainder of 2025 presents notable challenges, including Trump's trade deal deadline, tax legislation in Congress, the upcoming earnings season, and Federal Reserve policy decisions. While markets have demonstrated resilience, persistent policy uncertainty and structural fiscal issues suggest ongoing volatility.

To address these conditions, the Group will balance optimism about recovery with concerns regarding debt sustainability, trade policy effectiveness, and long-term competitiveness. The strategy will focus on defensive positioning, particularly through investments in global funds.

While HIBOR remained low in the second quarter of 2025, a drop of the HKD to the weak side of the Hong Kong Monetary Authority's Convertibility Zone could eventually trigger a rebound in HIBOR. In response to this and the prevailing global economic uncertainty, the Group will focus on decreasing its reliance on debt financing and explore equity fundraising opportunities to strengthen its future operations.

Contingent Liabilities

As at 30 June 2025, the Group had no material contingent liabilities.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

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 (including interest rate swap), the Group has not employed other financial instruments as of 30 June 2025.

The Group earns revenue and incurs cost mainly in HKD, 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\$109 million as at 30 June 2025 (31 December 2024: HK\$156 million) and were mainly denominated in Hong Kong dollars, Renminbi and United States dollars. Decrease was mainly due to the principal repayment of bank and margin loans with the aggregated amount of HK\$14 million and net investment in global funds and debt securities of HK\$23 million during the period. The pledged bank deposits of approximately HK\$1 million (31 December 2024: HK\$1 million) represent deposits pledged to banks to secure margin loans and are therefore classified as current assets. The cash and cash equivalents denominated in Renminbi as at 30 June 2025 were equivalent to HK\$12 million (31 December 2024: HK\$8 million) which is not freely convertible into other currencies. However, under the regulations on foreign exchange controls of the Mainland, the Group is permitted to exchange Renminbi for other currencies in respect of approved transactions through banks authorised to conduct foreign exchange business.

As at 30 June 2025, the total outstanding borrowings including margin loans of the Group amounted to HK\$680 million (31 December 2024: HK\$694 million). The total outstanding borrowings comprised secured bank term loan of HK\$531 million of which HK\$26 million was short-term and secured short-term bank revolving loans of HK\$145 million.

As at 30 June 2025, 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 Japanese Yen. The Group has entered into interest rate swap arrangements to secure a marginally lower interest rate, reducing the overall finance costs burden.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Charges on Assets

As at 30 June 2025, 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\$1,677 million (31 December 2024: HK\$1,660 million), to its bankers to secure the borrowings, margin loans payable and banking facilities granted to the Group.

Gearing

The Group's gearing revealed by the debt-to-equity ratio (expressed as a percentage of total bank borrowings and margin loans payable to total net assets) as at 30 June 2025 was approximately 48% (31 December 2024: 49%). 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 30 June 2025.

Major Investments, Acquisitions and Disposals

The Group had no major investments, acquisitions or disposals during the six months period ended 30 June 2025.

Employees and Remuneration Policy

The total number of employees of the Group, including part-time sales staff, was 90 as at 30 June 2025 (31 December 2024: 94). 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 30 June 2025, there were no share options which had been granted under the 2015 Scheme that remained outstanding (31 December 2024: Nil). Apart from the 2015 Scheme, the Company does not operate any other share incentive schemes.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2025 (“**Period**”), neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

CORPORATE GOVERNANCE

The Company has complied with all applicable code provisions set out from time to time in the Corporate Governance Code contained in Part 2 of Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited throughout the 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.

REVIEW OF INTERIM RESULTS

The Audit Committee of the Company, currently comprises three Independent Non-executive Directors, namely Mr. Leung Shu Yin, William (Chairman), Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang, has reviewed the unaudited interim results (including 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.

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

Hong Kong, 27 August 2025

As at the date of this announcement, the Board comprises two Executive Directors, namely Ms. Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer) and Mr. Lam Kin Hong, Matthew; three Non-executive Directors, namely Mr. Chow Bing Chiu, Ms. Lam Suk Ying, Diana and Mr. Lam Howard; and three Independent Non-executive Directors, namely Mr. Leung Shu Yin, William (Deputy Chairman), Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang.