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**Crocodile Garments Limited**  
(Incorporated in Hong Kong with limited liability)  
(Stock Code: 122)

## ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2025

### RESULTS

The board of directors (“**Board**” and “**Directors**”, respectively) of Crocodile Garments Limited (“**Company**”) announces the consolidated results of the Company and its subsidiaries (“**Group**”) for the year ended 31 December 2025 together with the comparative figures for the 17 months period from 1 August 2023 to 31 December 2024 (“**Period**”), as follows:

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS

*For the year ended 31 December 2025*

		Year ended 31 December 2025 <i>HK\$'000</i>	Period ended 31 December 2024 <i>HK\$'000</i>
	<i>Notes</i>		
<b>Revenue</b>	3	<b>92,285</b>	137,631
Cost of sales		<u>(19,212)</u>	<u>(26,602)</u>
Gross profit		<b>73,073</b>	111,029
Other income	4	<b>13,396</b>	26,217
Selling and distribution expenses		<b>(38,120)</b>	(64,344)
Administrative expenses		<b>(52,892)</b>	(76,195)
Fair value losses on investment properties		<b>(73,128)</b>	(23,193)
Other gains, net	5	<b>426</b>	20,617
Finance costs	6	<b>(29,457)</b>	(63,076)
Share of loss of an associate		<u>(2,786)</u>	<u>(1,026)</u>
<b>Loss before tax</b>	7	<b>(109,488)</b>	(69,971)
Income tax credit	8	<u>1,488</u>	<u>20,075</u>
<b>Loss for the year/period attributable to owners of the Company</b>		<u><b>(108,000)</b></u>	<u>(49,896)</u>
			(Restated)
<b>Loss per share attributable to owners of the Company</b>	10		
– Basic ( <i>HK cents</i> )		<u><b>(147.18)</b></u>	<u>(70.21)</u>
– Diluted ( <i>HK cents</i> )		<u><b>(147.18)</b></u>	<u>(70.21)</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2025

	Year ended 31 December 2025 <i>HK\$'000</i>	Period ended 31 December 2024 <i>HK\$'000</i>
<b>Loss for the year/period</b>	<u>(108,000)</u>	<u>(49,896)</u>
<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	7,394	(4,427)
Reclassification adjustments of foreign operations deregistered during the period	<u>–</u>	<u>(3,307)</u>
	<u>7,394</u>	<u>(7,734)</u>
<i>Other comprehensive income that will not be subsequently reclassified to profit or loss:</i>		
Revaluation gain on transfer of property, plant and equipment to investment properties	<u>2,511</u>	<u>–</u>
<b>Other comprehensive income/(expenses) for the year/period</b>	<u>9,905</u>	<u>(7,734)</u>
<b>Total comprehensive expenses for the year/period attributable to owners of the Company</b>	<u><u>(98,095)</u></u>	<u><u>(57,630)</u></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
<b>Non-current assets</b>			
Property, plant and equipment		<b>41,469</b>	44,608
Investment properties		<b>1,622,977</b>	1,678,512
Right-of-use assets		<b>76,107</b>	87,893
Financial assets at fair value through profit or loss		<b>55,260</b>	52,987
Interest in an associate		<b>46,325</b>	49,111
Amount due from an associate		<b>7,476</b>	7,935
Deposits	<i>11</i>	<b>2,113</b>	3,335
<b>Total non-current assets</b>		<b>1,851,727</b>	1,924,381
<b>Current assets</b>			
Inventories		<b>17,787</b>	16,111
Trade and other receivables, deposits and prepayments	<i>11</i>	<b>14,184</b>	11,337
Financial assets at fair value through profit or loss		<b>107,558</b>	82,746
Pledged bank deposits		<b>2,742</b>	1,434
Cash and cash equivalents		<b>124,598</b>	155,897
<b>Total current assets</b>		<b>266,869</b>	267,525
<b>Current liabilities</b>			
Trade payables, other payables and deposits received	<i>13</i>	<b>27,895</b>	21,162
Financial liabilities at fair value through profit or loss		<b>354</b>	4,062
Interest-bearing bank borrowings	<i>12</i>	<b>166,365</b>	166,792
Margin loans payable		<b>5,523</b>	3,491
Lease liabilities		<b>7,683</b>	13,577
<b>Total current liabilities</b>		<b>207,820</b>	209,084
<b>Net current assets</b>		<b>59,049</b>	58,441
<b>Total assets less current liabilities</b>		<b>1,910,776</b>	1,982,822

	<i>Notes</i>	<b>2025</b> <b><i>HK\$'000</i></b>	2024 <i>HK\$'000</i>
<b>Non-current liabilities</b>			
Other payables and deposits received	<i>13</i>	<b>11,250</b>	10,609
Financial liabilities at fair value through profit or loss		<b>4,421</b>	–
Interest-bearing bank borrowings	<i>12</i>	<b>498,511</b>	523,305
Provision		<b>753</b>	800
Lease liabilities		<b>4,982</b>	4,607
Deferred tax liabilities		<b>18,029</b>	19,554
		<hr/>	<hr/>
<b>Total non-current liabilities</b>		<b>537,946</b>	558,875
		<hr/>	<hr/>
<b>Net assets</b>		<b>1,372,830</b>	1,423,947
		<hr/> <hr/>	<hr/> <hr/>
<b>Equity</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>421,614</b>	374,636
Reserves		<b>951,216</b>	1,049,311
		<hr/>	<hr/>
<b>Total equity</b>		<b>1,372,830</b>	1,423,947
		<hr/> <hr/>	<hr/> <hr/>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

*For the year ended 31 December 2025*

### (1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with HKFRS Accounting Standards (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) as issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and financial instruments at fair value through profit or loss, which have been measured at fair value. The financial statements are presented in Hong Kong dollars (“**HK\$**”) and all values are rounded to the nearest thousand except when otherwise indicated.

Following the change of the Company’s financial year end date from 31 July to 31 December for the financial period commencing on 1 August 2023, the current financial year covers a period of twelve months from 1 January 2025 to 31 December 2025 while the comparative period covers a period of seventeen months from 1 August 2023 to 31 December 2024.

The financial information relating to the year ended 31 December 2025 and the period ended 31 December 2024 included in this preliminary announcement of results for the year ended 31 December 2025 does not constitute the Company’s statutory annual consolidated financial statements for those year/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 Companies Ordinance is as follows:

The financial statements for the year ended 31 December 2025 have yet to be reported on by the Company’s auditor and will be delivered to the Registrar of Companies in due course.

The Company has delivered the financial statements for the period ended 31 December 2024 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Hong Kong Companies Ordinance.

The Company’s auditor has reported on the financial statements of the Group for the period ended 31 December 2024. The auditor’s reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

## **(2) CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES**

The Group has adopted amendments to HKAS 21 *Lack of Exchangeability* for the first time for the current year's financial statements. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective.

The application of the amendments to HKAS 21 in the current year has had no material impact on the Group's financial position and performance for the current year and prior period and/or on the disclosures set out in the consolidated financial statements.

## **(3) 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.

### **(a) 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 year ended 31 December 2025, 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 finance costs, certain other income, other gains, net, and corporate expenses are excluded from such measurement. The directors believe that the current presentation could provide better understanding to the users of the financial statements to evaluate the Group's operating performance. Accordingly, the comparative figures in segment results have been restated.

(3) SEGMENT INFORMATION (continued)

(a) Segment revenues and results (continued)

Year ended 31 December 2025

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000
Revenue from external customers	38,633	60,382	53,652	77,249	-	-	92,285	137,631
Other income from external customers	8,990	13,563	394	680	-	-	9,384	14,243
Group's total revenue and other income	<u>47,623</u>	<u>73,945</u>	<u>54,046</u>	<u>77,929</u>	<u>-</u>	<u>-</u>	<u>101,669</u>	<u>151,874</u>
Reportable segment profit/(loss) before gain on disposal of properties, property revaluation and share of loss of an associate	(11,911)	(16,833)	41,706	61,121	1,084	14,880	30,879	59,168
Gain on disposal of properties	-	-	-	8,250	-	-	-	8,250
Fair value losses on investment properties	-	-	(73,128)	(23,193)	-	-	(73,128)	(23,193)
Share of loss of an associate	-	-	(2,786)	(1,026)	-	-	(2,786)	(1,026)
Reportable segment profit/(loss)	<u>(11,911)</u>	<u>(16,833)</u>	<u>(34,208)</u>	<u>45,152</u>	<u>1,084</u>	<u>14,880</u>	<u>(45,035)</u>	<u>43,199</u>
Unallocated corporate income							4,012	11,974
Unallocated corporate expenses							(39,008)	(62,068)
Finance costs							(29,457)	(63,076)
Loss before tax							<u>(109,488)</u>	<u>(69,971)</u>

(3) SEGMENT INFORMATION (continued)

(b) Segment assets and liabilities

As at 31 December 2025

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
<b>ASSETS</b>								
Segment assets	138,310	152,247	1,690,128	1,746,595	126,665	100,063	1,955,103	1,998,905
Unallocated corporate assets							163,493	193,001
Total consolidated assets							2,118,596	2,191,906
<b>LIABILITIES</b>								
Segment liabilities	32,909	31,622	19,654	19,133	10,298	7,553	62,861	58,308
Unallocated corporate liabilities							682,905	709,651
Total consolidated liabilities							745,766	767,959

For the purpose of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable and operating segments, other than certain non-current financial assets at fair value through profit or loss (“FVTPL”), pledged bank deposits and cash and cash equivalents.
- all liabilities are allocated to reportable and operating segments, other than interest-bearing bank borrowings and deferred tax liabilities.

(3) SEGMENT INFORMATION (continued)

(c) Other segment information

Year ended 31 December 2025

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000
Amounts included in the measure of segment profit or loss or segment assets:								
Interest in an associate	-	-	46,325	49,111	-	-	46,325	49,111
Additions to property, plant and equipment	3,096	2,226	2,206	4,562	-	-	5,302	6,788
Additions of right-of-use assets	9,194	20,011	-	-	-	-	9,194	20,011
Depreciation	19,121	29,100	1,414	1,719	-	-	20,535	30,819
Impairment of trade and other receivables	1	451	295	-	-	-	296	451
Impairment of right-of-use assets	-	3,109	-	-	-	-	-	3,109
Impairment of property, plant and equipment	-	1,158	-	-	-	-	-	1,158
Fair value losses on investment properties	-	-	73,128	23,193	-	-	73,128	23,193
Provision for slow-moving inventories	653	1,724	-	-	-	-	653	1,724
Gain on disposal of items of property, plant and equipment	(149)	(7)	-	(8,250)	-	-	(149)	(8,257)
Net losses/(gains) on financial instruments at FVTPL								
- interest rate swaps	-	-	-	-	9,639	(4,588)	9,639	(4,588)
- others	-	-	-	-	(10,723)	(10,292)	(10,723)	(10,292)
Interest income from an associate	-	-	(391)	(658)	-	-	(391)	(658)

(d) Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 December 2025 HK\$'000	Period ended 31 December 2024 HK\$'000	2025 HK\$'000	2024 HK\$'000
Hong Kong and Macau	87,736	130,060	1,642,689	1,711,566
Mainland China	4,549	7,571	144,189	148,558
	<b>92,285</b>	<b>137,631</b>	<b>1,786,878</b>	<b>1,860,124</b>

The revenue information above is based on the locations of the customers, while the non-current assets information is based on the locations of the assets and exclude financial instruments.

During the year ended 31 December 2025 and the period ended 31 December 2024, none of the Group's customers contributed 10% or more of the Group's total revenue.

(4) OTHER INCOME

	Year ended 31 December 2025 <i>HK\$'000</i>	Period ended 31 December 2024 <i>HK\$'000</i>
Royalty income	8,962	13,502
Bank interest income	1,952	8,719
Interest income on amount due from an associate	391	658
Interest income on finance lease	16	–
Others	2,075	3,338
	<u>13,396</u>	<u>26,217</u>

(5) OTHER GAINS, NET

An analysis of other gains, net is as follows:

	Year ended 31 December 2025 <i>HK\$'000</i>	Period ended 31 December 2024 <i>HK\$'000</i>
Impairment of trade and other receivables	(296)	(451)
Gain on disposal of items of property, plant and equipment	149	8,257
Net gains/(losses) on financial instruments at FVTPL		
– interest rate swaps	(9,639)	4,588
– investment in preference shares	(912)	(6,316)
– others	10,723	10,292
Net gain on deregistration of foreign operations	–	8,389
Impairment of right-of-use assets	–	(3,109)
Impairment of property, plant and equipment	–	(1,158)
Gain on finance lease arrangement	605	–
Foreign exchange differences, net	(203)	107
Others	(1)	18
	<u>426</u>	<u>20,617</u>

(6) FINANCE COSTS

An analysis of finance costs is as follows:

	<b>Year ended 31 December 2025 HK\$'000</b>	Period ended 31 December 2024 HK\$'000
Interest on bank borrowings	28,785	61,367
Interest on lease liabilities	672	1,709
	<u>29,457</u>	<u>63,076</u>

(7) LOSS BEFORE TAX

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

	<b>Year ended 31 December 2025 HK\$'000</b>	Period ended 31 December 2024 HK\$'000
Cost of inventories sold	17,493	23,692
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	3,473	5,384
Provision for slow-moving inventories*	653	1,724
Depreciation of property, plant and equipment	5,654	8,323
Depreciation of right-of-use assets	14,881	22,496
	<u>14,881</u>	<u>22,496</u>

\* *The provision for slow-moving inventories for the year/period is included in "Cost of sales" in the consolidated statement of profit or loss.*

**(8) INCOME TAX**

No Hong Kong current tax has been provided for the year ended 31 December 2025 (Period ended 31 December 2024: Nil) as the Group either has unused tax losses available to offset against assessable profits or there was no estimated assessable profits for the year and the period.

Tax on the profits assessable in Mainland China has been calculated at the rates of tax prevailing in the jurisdiction in which the Group operates.

	<b>Year ended 31 December 2025 HK\$'000</b>	Period ended 31 December 2024 HK\$'000
Current – Mainland China		
Charge for the year	<b>6</b>	–
Overprovision in prior periods	–	(19,291)
Deferred	<u><b>(1,494)</b></u>	<u>(784)</u>
 Total tax credit for the year/period	 <u><b>(1,488)</b></u>	 <u>(20,075)</u>

**(9) DIVIDEND**

The Board does not recommend the payment of any dividend in respect of the year ended 31 December 2025 (Period ended 31 December 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 year/period attributable to owners of the Company, and the weighted average number of ordinary shares of approximately 73,377,408 (Period ended 31 December 2024: 71,065,777 (restated)) outstanding during the year, as adjusted to reflect the rights issue during the year.

No adjustment has been made to the basic loss per share amounts presented for the year ended 31 December 2025 and the period ended 31 December 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**

	<b>2025</b> <i>HK\$'000</i>	2024 <i>HK\$'000</i>
Trade receivables	<b>11,214</b>	9,149
Impairment	<b>(7,696)</b>	(7,089)
	<u><b>3,518</b></u>	<u>2,060</u>
Other receivables	<b>35,596</b>	34,917
Impairment	<b>(31,539)</b>	(30,434)
	<u><b>4,057</b></u>	<u>4,483</u>
Finance lease receivable	<b>221</b>	–
Deposits and prepayments	<b>8,501</b>	8,129
	<u><b>16,297</b></u>	<u>14,672</u>
Analysed into:		
Non-current portion	<b>2,113</b>	3,335
Current portion	<b>14,184</b>	11,337
	<u><b>16,297</b></u>	<u>14,672</u>

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.

**(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS** *(continued)*

Note:

(a) *(continued)*

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>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
0 to 90 days	<b>1,952</b>	1,052
91 to 180 days	<b>470</b>	444
181 to 365 days	<b>867</b>	562
Over 365 days	<b>229</b>	2
	<b>3,518</b>	2,060

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

	<b>2025</b>			<b>2024</b>		
	Effective interest rate (%)	Maturity	HK\$'000	Effective interest rate (%)	Maturity	HK\$'000
<b>Current</b>						
Bank loans – secured	4.08-4.60	On demand/ 2026	166,365	5.53-6.08	On demand/ 2025	166,792
<b>Non-current</b>						
Bank loans – secured	4.60	2027-2042	498,511	6.03	2026-2042	523,305
			<b>664,876</b>			<b>690,097</b>

	<b>2025</b>	2024
	<b>HK\$'000</b>	HK\$'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	<b>166,365</b>	166,792
In the second year	<b>22,578</b>	19,108
In the third to fifth year, inclusive	<b>74,302</b>	64,729
Beyond five years	<b>401,631</b>	439,468
	<b>664,876</b>	690,097

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

	<i>Notes</i>	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
Trade payables	<i>(a)</i>	<b>1,718</b>	2,180
Other payables and accruals	<i>(b)</i>	<b>21,909</b>	14,914
Deposits received		<b>15,518</b>	14,677
		<b>39,145</b>	31,771
Less: Non-current portion		<b>(11,250)</b>	(10,609)
Current portion		<b>27,895</b>	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:

	<b>2025</b> <b>HK\$'000</b>	2024 <i>HK\$'000</i>
0 to 90 days	<b>1,718</b>	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.

**(14) COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with current year's presentation. These reclassifications have no impact on the Group's total equity as at 31 December 2025 and 2024, or on the Group's loss for the year ended 31 December 2025 and the period ended 31 December 2024.

## **FINAL DIVIDEND**

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2025 (“**Year**”) (Period ended 31 December 2024: Nil).

No interim dividend was declared during the Year (Period ended 31 December 2024: Nil).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **Financial Performance**

The financial year end date of the Company has been changed from 31 July to 31 December since the financial period 2023/24 (for details, please refer to the Company’s announcement dated 27 March 2024). This set of results covered the period from 1 January 2025 to 31 December 2025 (“**year ended 31 December 2025**”). It should be noted that the financial data presented herein are being compared with that for the 17 months period from 1 August 2023 to 31 December 2024 (“**period ended 31 December 2024**”). The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

For the year ended 31 December 2025, the Group’s loss attributable to equity shareholders totaled HK\$108 million (Period ended 31 December 2024: loss of HK\$50 million). The loss during the year was mainly due to (i) a revaluation loss of HK\$73 million (Period ended 31 December 2024: loss of HK\$23 million) on the Group’s investment properties, which were non-cash in nature, (ii) fair value losses of interest rate swap arrangements of HK\$10 million (Period ended 31 December 2024: gain of HK\$5 million); and (iii) finance costs of HK\$29 million (Period ended 31 December 2024: HK\$63 million). Despite these losses, the Group’s overall business performance and financial positions remained healthy, as discussed further below.

The Group has recorded a revenue of HK\$92 million for the year ended 31 December 2025 (Period ended 31 December 2024: HK\$138 million) at a gross profit margin of 79% (Period ended 31 December 2024: 81%). As such, the Group’s gross profit recorded HK\$73 million during the year (Period ended 31 December 2024: HK\$111 million).

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Financial Performance *(continued)*

Throughout the year, Hong Kong's economic landscape has been shaped by both opportunities and challenges. Rising geopolitical tensions may discourage mainland Chinese tourists from traveling abroad, potentially boosting retail sales in Hong Kong and further strengthening Hong Kong's overall economy. However, simultaneous shifts in consumption patterns among both local residents and tourists, which have been diverting purchasing power from Hong Kong's retail sector over the past few years. As a result, the revenue of the "Garment and Related Accessories Business" only achieved HK\$39 million, with an average monthly retail sales figure of HK\$3.2 million (Period ended 31 December 2024: HK\$60 million with a monthly average of HK\$3.6 million).

Amid declining retail sales, the Group has put efforts in every aspect in retail shop profitability, including decreasing costs and rental expenses, closing down loss-making shops, maintaining an optimal inventory level and inventory mix, and implementing promotions. With successful shop network optimisation, the segment loss during the year recorded HK\$12 million (Period ended 31 December 2024: HK\$17 million) with the same level of monthly segment loss as last period.

For the year ended 31 December 2025, "Property Investment and Letting Business" segment maintained a steady average monthly income of HK\$4.5 million, similar to the comparable period. This led to total rental income reaching HK\$54 million for the year (Period ended 31 December 2024: HK\$77 million). However, the revaluation of the investment properties of the Group notched fair value losses of HK\$73 million (Period ended 31 December 2024: HK\$23 million) for the year ended 31 December 2025 .

2025 was a year marked by tariff-induced uncertainty that disrupted the global economic outlook. In response, the Group adopted a cautious approach to portfolio management, achieving a gain of HK\$11 million in its "Treasury Management" segment for the year ended 31 December 2025 (Period ended 31 December 2024: HK\$10 million). However, the fair value of derivative financial instruments was a net deficit of HK\$10 million during the year, mainly attributable to mark-to-market valuation of interest rate swaps entered into earlier to hedge interest rate risks (Period ended 31 December 2024: gain of HK\$5 million).

With the active management of the currency peg and the significant impact of capital market dynamics on local liquidity, the 1-month HIBOR displayed volatility and high reactivity, fluctuating from near-zero levels to nearly 4% before stabilising to a more moderate range by year-end. Benefiting from the U.S. federal funds rate cut in 2025, the average monthly financing costs decreased by one-third to HK\$2.5 million during the year, as compared to HK\$3.7 million for the period ended 31 December 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Financial Performance** *(continued)*

By combining the results of the three business segments and finance costs mentioned above with the net unallocated expenses of HK\$39 million during the year (Period ended 31 December 2024: HK\$62 million), and factoring in the lack of a reversal of income tax payable upon deregistration of a Mainland China branch with the amount of HK\$19 million in the prior comparable period, the total loss attributable to the owners of the Company was HK\$108 million (Period ended 31 December 2024: HK\$50 million) for the year ended 31 December 2025.

### **“Garment and Related Accessories Business” Segment**

#### ***Hong Kong and Macau***

During the year, the apparel market in Hong Kong and Macau continued to underperform, primarily due to subdued local consumer sentiment and structural shifts in inbound tourism patterns. In 2025, Hong Kong’s total retail sales value in the apparel segment saw a year-on-year decline of 3.5%, with a significant drop of 11.2% in December alone. This reflects weak domestic demand in the apparel retail sector and aligns with the overall trends experienced by the Group. Monthly retail revenue in Hong Kong and Macau decreased by 10% from HK\$3.3 million in last comparable period to HK\$3 million in 2025. This resulted in a total of Hong Kong and Macau retail revenue of HK\$36 million for the year ended 31 December 2025 (17 months period ended 31 December 2024: HK\$56 million).

Moreover, persistently high rents have intensified pressure on retailers. The Group has actively negotiated with landlords to secure better terms. For underperforming stores that consistently generate losses, closures have been considered. In contrast, the Group focused on identifying emerging districts in Hong Kong with high foot traffic as potential locations for new store openings. During the year, three new shops were opened, while one existing shop was closed. As of 31 December 2025, the Group operated a total of 14 (31 December 2024: 12) retail shops.

#### ***The Mainland***

During the year, China’s consumer market showed an improvement after the Mainland’s implementation of various policies to stimulate 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 5 as of 31 December 2025. These locations serve as essential showrooms for franchisees. Consequently, retail revenue from self-operated shops in the Mainland represented 6% (Period ended 31 December 2024: 7%) of segment turnover for the year ended 31 December 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

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

#### ***Royalty Income***

The Group’s licensing business of the brand “Crocodile” in Hong Kong, Macau, and the Mainland contributed a royalty income of HK\$9 million for the year, reflecting a slight decline of 6% year-on-year in average monthly royalty income, as compared to HK\$14 million for the 17 months period ended 31 December 2024.

### “Property Investment and Letting Business” Segment

Hong Kong’s office market has faced significant challenges due to a global shift toward flexible working and economic uncertainty associated with China’s slower growth and geopolitical risks. These factors have resulted in record-high vacancy rates and an oversupply of Hong Kong commercial spaces as many industries downsize and release office space. In the second half of 2025, the departure of a key tenant from our core property at lease expiry caused a temporary decline in average monthly rental income. As a result, rental revenue for the year ended 31 December 2025, totaled HK\$54 million (Period ended 31 December 2024: HK\$77 million). Additionally, the revaluation of the Group’s investment properties recorded fair value losses of HK\$73 million during the year, compared to a loss of HK\$23 million in the previous period.

### “Treasury Management” Segment

During the year, global investment markets have maintained a positive trajectory, despite the disruptions caused by U.S. President Trump’s tariff announcements and associated statements. Although the initial tariff announcement led to increased market volatility, factors such as a weaker U.S. dollar, strong momentum in AI-related investments, and growing expectations for Federal Reserve rate cuts have collectively bolstered performance across major Asian and Europe markets. Capitalising on this upward trend, the Group’s prudent treasury management strategy (by allocating a larger portion of its investment portfolio to global funds) yielded a higher average monthly profit in 2025 compared to the prior period. Consequently, this generated HK\$11 million treasury profit for the year ended 31 December 2025 (Period ended 31 December 2024: HK\$10 million). However, the fair value of derivative financial instruments showed a net deficit of HK\$10 million for the year. This decline is largely due to the mark-to-market valuation of interest rate swaps previously established to mitigate interest rate risks. In contrast, there was a gain of HK\$5 million recorded during the period ended 31 December 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

### **Prospects**

Looking ahead, the Group is dedicated to maintaining adaptability in the face of ongoing global and local economic uncertainties. The retail landscape is currently experiencing significant structural changes, including a decline in domestic demand driven by economic instability and a growing preference among consumers for experiential purchases over traditional shopping. In response to these challenges, the Group has streamlined its cost structure to minimise operating expenses while strengthening its core competitiveness through efficient inventory management, operational enhancements, and innovative product development.

Also, to enhance its market position, the Group is rationalising its sales network and adjusting inventory levels for the “Crocodile” brand, with the goal of improving its product offerings and achieving higher gross margins. With over 70 years of prestigious heritage, “Crocodile” aims to reinforce its identity as a recognised “Hong Kong brand” through strategic investments in product development and visual marketing initiatives. The Group is confident that its “Garment and Related Accessories Business” segment will continue to recover in alignment with evolving market dynamics.

As a landlord of investment properties, the property investment and letting business segment generates stable rental income and cash flow that supports the Group’s operations. Given the decline in demand for commercial properties and a global shift toward flexible work arrangements, which has increased the supply of office spaces in Kowloon East, the Group views this as an opportunity to pivot. By converting a core office building into service-retail spaces, the Group aims to enhance rental rates in the current market. With new tenants secured, including health and community pharmacy services, the occupancy rate has risen to nearly 90%. Additionally, as a socially responsible company, the Group has partnered with several non-profit organisations among its tenants, allowing them to provide essential medical and health services to the community.

For treasury management, the Group has implemented a cautious investment strategy to address ongoing market uncertainties stemming from persistent policy instability, trade and tariff uncertainties, and high valuations. This approach aims to achieve long-term value through private equity investments and funds. With the successful rights issue raising over HK\$47 million, the Group’s upcoming cash flows are considered healthy. Additionally, the anticipated interest rate reduction cycle is expected to further ease the Group’s interest rate burden, positioning it for solid and sustainable development.

### **Contingent Liabilities**

As at 31 December 2025, the Group had no material contingent liabilities.

## MANAGEMENT DISCUSSION AND ANALYSIS (continued)

### Rights Issue

The rights issue announced by the Company in October 2025 on the basis of one rights share for every two existing shares of the Company at a subscription price of HK\$1.5 each (the “**Rights Issue**”) was completed in December 2025. Upon completion of the Rights Issue, the Company received net proceeds (after deduction of rights issue expenses) of approximately HK\$47.0 million (“**Net Proceeds**”). The Company intended to apply the Net Proceeds for repayment of bank borrowings and interest payments of the Group.

As of 31 December 2025, the intended and actual uses of the Net Proceeds under the Rights Issue are set out below:

	Intended use of the Net Proceeds as disclosed in the prospectus dated 21 November 2025 HK\$' million	Actual use of the Net Proceeds up to year end date of 31 December 2025 HK\$' million	Unutilised Net Proceeds as of 31 December 2025 HK\$' million	Intended and actual timeline for the use of the Net Proceeds
Repayment of bank borrowings and interest payments of the Group	Approximately 47.0	Approximately 1.8	Approximately 45.2	From December 2025 to December 2026

### 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 31 December 2025.

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

## **MANAGEMENT DISCUSSION AND ANALYSIS** *(continued)*

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

Cash and cash equivalents held by the Group amounted to HK\$125 million as at 31 December 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 loans of HK\$35 million and interest payments of HK\$29 million during the Year, which was replenished by a successful Rights Issue fund raising of HK\$47 million in December 2025. The pledged bank deposits of approximately HK\$3 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 31 December 2025 were equivalent to HK\$11 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 31 December 2025, the total outstanding borrowings including margin loans of the Group amounted to HK\$670 million (31 December 2024: HK\$694 million). The total outstanding borrowings comprised secured bank term loan of HK\$520 million of which HK\$21 million was short-term and secured short-term bank revolving loans of HK\$145 million.

As at 31 December 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 interest rate risk.

### **Charges on Assets**

As at 31 December 2025, the Group has charged certain of its assets, including own-used properties, investment properties, right-of-use assets, certain financial assets at FVTPL and pledged bank deposits, with total carrying values of HK\$1,587 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 31 December 2025 was approximately 49% (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 31 December 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS *(continued)*

### Major Investments, Acquisitions and Disposals

The Group had no major investments, acquisitions or disposals during the year ended 31 December 2025.

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

During the Year, 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 Year 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 ANNUAL RESULTS

The Audit Committee, 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 consolidated financial statements of the Company for the Year, the accounting principles and practices adopted by the Company as well as the risk management and internal control and financial reporting matters.

## **REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss, consolidated statement of comprehensive income and the related notes thereto for the Year as set out in this preliminary results announcement have been agreed by the Group's independent auditor, Ernst & Young ("EY"), to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by EY in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no opinion or assurance conclusion has been expressed by EY on this preliminary results announcement.

## **ANNUAL GENERAL MEETING**

The 2026 annual general meeting ("2026 AGM") will be held on Wednesday, 27 May 2026. Notice of 2026 AGM together with the Company's annual report for the Year will be published on the respective websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.crocodile.com.hk](http://www.crocodile.com.hk)) and despatched to the Shareholders in April 2026.

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

Hong Kong, 25 March 2026

As at the date of this announcement, the Board comprises two Executive Directors, namely Ms. Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer) (Mr. Lee Po On as her Alternate Director) 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.