CROCODILE

Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

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 2026 together with the comparative figures for the six months ended 30 June 2025 as follows:

Condensed Consolidated Statement of Profit or Loss
For the six months ended 30 June 2026

		Six months ended 30 June	
		2026	2025
		(Unaudited)	(Unaudited)
	Notes	***HK$'000***	*HK$'000*
Revenue	*4*	**44,909**	49,461
Cost of sales		**(9,520)**	(10,442)
Gross profit		**35,389**	39,019
Other income	*4*	**5,176**	6,374
Selling and distribution expenses		**(19,694)**	(17,684)
Administrative expenses		**(24,453)**	(25,222)
Fair value losses on investment properties		**(5,811)**	(2,849)
Other gains, net	*5*	**4,518**	4,042
Finance costs	*6*	**(13,197)**	(16,145)
Share of profit of an associate		**135**	101
Loss before tax	*7*	**(17,937)**	(12,364)
Income tax credit	*8*	**431**	712
Loss for the period attributable to owners of the Company		**(17,506)**	(11,652)
			(Restated)
Loss per share attributable to owners of the Company	*10*		
– Basic *(HK cents)*		**(16.91)**	(16.40)
– Diluted *(HK cents)*		**(16.91)**	(16.40)

Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2026

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Loss for the period	**(17,506)**	(11,652)
Other comprehensive income		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**7,139**	4,550
Total comprehensive expenses for the period attributable to the owners of the Company	**(10,367)**	(7,102)

Condensed Consolidated Statement of Financial Position

As at 30 June 2026

	Notes	**30 June 2026 (Unaudited) *HK$'000***	31 December 2025 (Audited) *HK$'000*
Non-current assets			
Property, plant and equipment		**39,122**	41,469
Investment properties		**1,623,519**	1,622,977
Right-of-use assets		**78,855**	76,107
Financial assets at fair value through profit or loss		**57,166**	55,260
Interest in an associate		**46,460**	46,325
Amount due from an associate		**6,756**	7,476
Deposits and prepayments	*11*	**3,457**	2,113
Total non-current assets		**1,855,335**	1,851,727
Current assets			
Inventories		**16,394**	17,787
Trade and other receivables, deposits and prepayments	*11*	**14,872**	14,184
Financial assets at fair value through profit or loss		**85,301**	107,558
Pledged bank deposits		**27**	2,742
Cash and cash equivalents		**116,244**	124,598
Total current assets		**232,838**	266,869
Current liabilities			
Trade payables, other payables and deposits received	*13*	**25,488**	27,895
Financial liabilities at fair value through profit or loss		**222**	354
Interest-bearing bank borrowings	*12*	**162,122**	166,365
Margin loans payable		**3,406**	5,523
Lease liabilities		**8,182**	7,683
Total current liabilities		**199,420**	207,820
Net current assets		**33,418**	59,049
Total assets less current liabilities		**1,888,753**	1,910,776

	Notes	30 June 2026 (Unaudited) *HK$'000*	31 December 2025 (Audited) *HK$'000*
Non-current liabilities			
Other payables and deposits received	*13*	**13,337**	11,250
Financial liabilities at fair value through profit or loss		**309**	4,421
Interest-bearing bank borrowings	*12*	**486,531**	498,511
Provision		**753**	753
Lease liabilities		**7,832**	4,982
Deferred tax liabilities		**17,528**	18,029
Total non-current liabilities		**526,290**	537,946
Net assets		**1,362,463**	1,372,830
Equity			
Equity attributable to owners of the Company			
Share capital		**421,614**	421,614
Reserves		**940,849**	951,216
Total equity		**1,362,463**	1,372,830

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the six months ended 30 June 2026

(1) BASIS OF PREPARATION

The unaudited condensed consolidated interim financial statements of the Group for the six months ended 30 June 2026 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.

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

Other information

The financial information relating to the year ended 31 December 2025 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 Hong Kong Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 December 2025 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 year ended 31 December 2025. 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 2026 are the same as those followed in the preparation of the Group's audited consolidated financial statements for the year ended 31 December 2025.

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

Amendments to HKFRS 9 and HKFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*
Amendments to HKFRS 9 and HKFRS 7	*Contracts Referencing Nature-dependent Electricity*
Annual Improvements to HKFRS Accounting Standards – Volume 11	Amendments to HKFRS 1, HKFRS 7, HKFRS 9, HKFRS 10 and HKAS 7

The application of the amended HKFRS Accounting Standards 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 revenue and results

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment results, which is a measure of adjusted loss before tax. During the six months ended 30 June 2026, 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 depreciation of property, plant and equipment for corporate use, 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) OPERATING SEGMENT INFORMATION (Continued)

For the six months ended 30 June

	Garment and related accessories business		Property investment and letting business		Treasury management		Total	
	2026	2025	**2026**	2025	**2026**	2025	**2026**	2025
	(Unaudited)	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)	**(Unaudited)**	(Unaudited)
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**20,043**	20,729	**24,866**	28,732	**–**	–	**44,909**	49,461
Other income from external customers	**4,053**	3,745	**180**	205	**–**	–	**4,233**	3,950
Group's total revenue and other income	**24,096**	24,474	**25,046**	28,937	**–**	–	**49,142**	53,411
Reportable segment profit/(loss) before loss on investment in preference shares, property revaluation and share of profit of an associate	**(5,006)**	(3,818)	**18,448**	24,270	**7,007**	4,348	**20,449**	24,800
Loss on investment in preference shares	**–**	–	**(2,097)**	(895)	**–**	–	**(2,097)**	(895)
Fair value losses on investment properties	**–**	–	**(5,811)**	(2,849)	**–**	–	**(5,811)**	(2,849)
Share of profit of an associate	**–**	–	**135**	101	**–**	–	**135**	101
Reportable segment profit/(loss)	**(5,006)**	(3,818)	**10,675**	20,627	**7,007**	4,348	**12,676**	21,157
Unallocated corporate income							**943**	2,424
Unallocated corporate expenses							**(15,399)**	(16,700)
Depreciation of property, plant and equipment for corporate use							**(2,960)**	(3,100)
Finance costs							**(13,197)**	(16,145)
Loss before tax							**(17,937)**	(12,364)

(4) REVENUE AND OTHER INCOME

An analysis of revenue is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Revenue from contracts with customers		
Sales of goods transferred at a point of time	**20,043**	20,729
Revenue from other sources		
Gross rental income	**24,866**	28,732
Total	**44,909**	49,461

(4) REVENUE AND OTHER INCOME (Continued)

An analysis of other income is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Royalty income	**4,045**	3,732
Bank interest income	**699**	1,372
Interest income on amount due from an associate	**180**	201
Interest income on finance lease	**2**	7
Others	**250**	1,062
Total other income	**5,176**	6,374

(5) OTHER GAINS, NET

An analysis of other gains, net is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Impairment of trade and other receivables	**(407)**	–
Loss on disposal of items of property, plant and equipment	**(3)**	–
Net gains/(losses) on financial instruments at FVTPL		
– interest rate swaps	**4,369**	(73)
– investment in preference shares	**(2,097)**	(895)
– others	**2,638**	4,421
Gain on a finance lease arrangement	**–**	605
Foreign exchange differences, net	**18**	(15)
Others	**–**	(1)
Total other gains, net	**4,518**	4,042

(6) FINANCE COSTS

An analysis of finance costs is as follows:

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Interest on bank borrowings	**12,943**	15,751
Interest on lease liabilities	**254**	394
Total	**13,197**	16,145

(7) LOSS BEFORE TAX

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

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Cost of inventories sold	**8,910**	9,816
Direct operating expenses (including repairs and maintenance) arising from rental-earning investment properties	**2,046**	928
Provision for slow-moving inventories	**–**	168
Depreciation of property, plant and equipment	**3,019**	2,658
Depreciation of right-of-use assets	**6,913**	7,133

(8) INCOME TAX

No Hong Kong current tax has been provided for the six months ended 30 June 2026 and 2025 as the Group either has unused tax losses available to offset against assessable profits or there was no estimated assessable profit for both periods.

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.

	Six months ended 30 June	
	2026	2025
	(Unaudited)	(Unaudited)
	HK$'000	*HK$'000*
Current tax – Mainland China		
Charge for the period	**58**	–
Deferred	**(489)**	(712)
Total tax credit for the period	**(431)**	(712)

(9) DIVIDENDS

The Board does not recommend the payment of any dividend in respect of the six months ended 30 June 2026 (2025: 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 103,517,513 (2025: 71,065,777 (restated)) outstanding during the period, as adjusted to reflect the rights issue on 5 December 2025.

No adjustment has been made to the basic loss per share amounts presented for the six months ended 30 June 2026 and 2025 in respect of a dilution as the Company had no dilutive potential ordinary shares in issue.

(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	Note	**30 June 2026 (Unaudited)** ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Trade receivables		**11,432**	11,214
Impairment		**(8,009)**	(7,696)
Net carrying amount	*(a)*	**3,423**	3,518
Other receivables		**37,533**	35,596
Impairment		**(32,645)**	(31,539)
Net carrying amount		**4,888**	4,057
Finance lease receivable		**–**	221
Deposits and prepayments		**10,018**	8,501
Total		**18,329**	16,297
Analysed into:			
Non-current portion		**3,457**	2,113
Current portion		**14,872**	14,184
Total		**18,329**	16,297

(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 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
0 to 90 days	**1,740**	1,952
91 to 180 days	**535**	470
181 to 365 days	**744**	867
Over 365 days	**404**	229
	3,423	3,518

(12) INTEREST-BEARING BANK BORROWINGS

	30 June 2026 (Unaudited)			31 December 2025 (Audited)		
	Effective interest rate *(%)*	***Maturity***	***HK$'000***	Effective interest rate *(%)*	*Maturity*	*HK$'000*
Current						
Bank loans – secured	**3.94-4.45**	**On demand/ 2026-2027**	**162,122**	4.08-4.60	On demand/ 2026	166,365
Non-current						
Bank loans – secured	**4.45**	**2027-2042**	**486,531**	4.60	2027-2042	498,511
Total			**648,653**			664,876

	30 June 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**162,122**	166,365
In the second year	**23,336**	22,578
In the third to fifth years, inclusive	**76,561**	74,302
Beyond five years	**386,634**	401,631
Total	**648,653**	664,876

(13) TRADE PAYABLES, OTHER PAYABLES AND DEPOSITS RECEIVED

	Notes	**30 June 2026 (Unaudited)** ***HK$'000***	31 December 2025 (Audited) *HK$'000*
Trade payables	*(a)*	**644**	1,718
Other payables and accruals	*(b)*	**22,304**	21,909
Deposits received		**15,877**	15,518
Subtotal		**38,825**	39,145
Less: Non-current portion		**(13,337)**	(11,250)
Current portion		**25,488**	27,895

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 2026 (Unaudited) ***HK$'000***	31 December 2025 (Audited) *HK$'000*
0 to 90 days	**644**	1,718

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 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the six months ended 30 June 2026 ("**Period**"), the Group recorded a loss attributable to owners of the Company of HK$18 million (2025: loss of HK$12 million). The increase in loss was mainly attributable to the transitional drop of rental income of HK$4 million throughout the process of filling the core property's vacant units during the Period. Despite the loss recorded, the Group's overall business fundamentals and financial position remained stable, as discussed further below.

The Group recorded revenue of HK$45 million for the Period (2025: HK$49 million) at an overall gross profit margin of approximately 79% (2025: approximately 79%). Accordingly, gross profit amounted to HK$35 million during the Period (2025: HK$39 million).

Revenue from the "Garment and Related Accessories Business" decreased by 3% to HK$20 million during the Period (2025: HK$21 million). Nevertheless, cost of inventories sold decreased to HK$9 million from HK$10 million. Accordingly, the gross profit margin of the garment business improved by approximately 2.9 percentage points to 55.5% from 52.6%, mainly driven by an improved product mix with a higher proportion of higher-margin products. This improvement was achieved despite the strengthening of the Renminbi against the Hong Kong dollar during the Period, which increased cost pressure as the Group principally sources its products from Mainland China. The segment recorded a reportable segment loss of HK$5 million during the Period (2025: HK$4 million), partly due to additional expenses incurred in connection with the closure of three retail shops during the Period, including dismantling and other related closure costs.

For the Period, the "Property Investment and Letting Business" segment recorded a lower rental income to HK$25 million (2025: HK$29 million). The decline was mainly attributable to the continuing impact of the departure of a key tenant from the Group's core property upon lease expiry in the second half of 2025. While the relevant premises remained vacant, the Group as landlord was required to absorb additional building management fees and related costs that would normally be borne by tenants. Reflecting the lower rental income and higher fair value losses on both investment properties and investment in preference shares, reportable segment profit decreased to HK$11 million for the Period (2025: HK$21 million).

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Financial Performance (Continued)

Global investment markets experienced volatility during the Period amid uncertainty over the future path of interest rates and heightened geopolitical tensions, including the conflict involving Iran. Adopting a prudent approach to portfolio management, the Group recorded reportable segment profit of HK$7 million in its "Treasury Management" segment (2025: HK$4 million). This result included a fair value gain of HK$4 million on interest rate swap arrangements established to mitigate interest rate risk during the Period (2025: loss of HK$0.1 million). Finance costs decreased by 18% to HK$13 million from HK$16 million, reflecting the Group's active reduction of debt following the completion of the Rights Issue in December 2025.

Total reportable segment profit amounted to HK$13 million for the Period (2025: HK$21 million). After taking into account net unallocated corporate expenses and depreciation of property, plant and equipment for corporate use totaling HK$17 million (2025: HK$17 million) and finance costs of HK$13 million (2025: HK$16 million), the Group recorded a loss before tax and a loss attributable to owners of the Company amounted to HK$18 million for the Period (2025: HK$12 million).

"Garment and Related Accessories Business" Segment

Hong Kong and Macau

During the Period, Hong Kong's retail market showed signs of recovery, but consumer demand remained selective and competition remained intense. According to the latest available figures published by the Census and Statistics Department, the value of total retail sales in Hong Kong rose by 9.6% year on year in the first six months of 2026. However, wearing apparel lagged, increasing by only 4.9% year-on-year, and in June 2026 alone the figure grew just 0.8% year-on-year. The figures further show that the apparel market remains under pressure from structural changes in consumer behaviour, including shoppers travelling to nearby mainland cities and a longer-term shift in tourist spending away from non-essential fashion purchases toward experiences.

Against this backdrop, retail revenue in Hong Kong and Macau recorded a similar level of HK$19 million as last corresponding period (2025: HK$19 million). The Group continued to improve retail-shop profitability by containing costs and rental expenses, maintaining an optimal inventory level and product mix, implementing targeted promotions and rationalising underperforming locations. The Group also continued to negotiate actively with landlords to secure more favourable terms. As of 30 June 2026, the Group operated 11 retail shops in Hong Kong and Macau (31 December 2025: 14), following the closure of three retail shops during the Period.

"Garment and Related Accessories Business" Segment (Continued)

The Mainland

The Group continued to focus its Mainland business primarily on royalty income from franchisees, while maintaining only five self-operated shops as of 30 June 2026. These locations serve as essential showrooms for franchisees. Consequently, retail revenue from self-operated shops in the Mainland represented 8% (2025: 7%) of segment turnover for the six months ended 30 June 2026.

Royalty Income

The Group's licensing of the "Crocodile" brand in Hong Kong, Macau and the Mainland contributed a steady royalty income of approximately HK$4 million for the Period (2025: HK$4 million).

"Property Investment and Letting Business" Segment

Hong Kong's commercial property market remained challenging during the Period, with subdued demand for conventional office space, elevated vacancy and an oversupply of premises. To offset the reduction in office rental demand, the Group continued to improve its tenant mix by introducing more service-retail uses and tenants from the non-profit, medical and healthcare sectors. For tenancy renewals completed during the Period, rental adjustments were generally limited to single-digit decreases, reflecting the downturn in the office rental market. That said, the shift in tenant mix may help partially ease downward pressure on rents from the existing office segment.

Total rental income for the Period was HK$25 million (2025: HK$29 million), mainly attributable to the transitional impact of the departure of a key tenant from the Group's core property upon lease expiry in late 2025. During periods of vacancy, the Group was required to absorb building management fees and government rent and rates that would normally be borne by tenants, leading to increase in direct operating expenses from property leasing segment increased to HK$2 million (2025: HK$1 million). Before property revaluation, loss on investment in preference shares and share of profit of an associate, reportable segment profit decreased to HK$18 million (2025: HK$24 million). Also, the Group's non-core investment properties, mainly industrial buildings, were revalued downward after taking account into the deterioration in comparable sales prices (including certain forced-sales value), resulting in a total of fair value loss on investment properties and preference shares of HK$8 million (2025: HK$4 million).

"Treasury Management" Segment

Amid uncertainty over the future path of interest rates and heightened geopolitical tensions, the Group maintained a cautious and liquidity-focused investment approach. Its investment portfolio comprised mainly private investments and funds diversified across industries, and was therefore not concentrated in any single industry. During the Period, management realised a portion of the portfolio and retained the proceeds in cash, prioritising liquidity while monitoring market developments. This led to a decrease in investment gains to HK$3 million (2025: HK$4 million).

The Group's cautious and liquidity-focused investment approach was also supported by positive contributions from its interest rate hedging arrangements. The mark-to-market valuation of interest rate swap arrangements previously established to mitigate interest rate risk resulted in a fair value gain of HK$4 million during the Period (2025: loss of HK$0.1 million). Overall, the Group's prudent treasury management strategy generated a reportable segment profit of HK$7 million for the Period (2025: HK$4 million).

Prospects

Looking ahead, the Group is dedicated to maintaining adaptability in the face of ongoing global and local economic uncertainties. The retail landscape continues to undergo structural changes, including changing consumer preferences and increasing competition. Retail operations are being managed shop by shop. In response to these challenges, the Group will continue to streamline its cost structure while strengthening its core competitiveness through efficient inventory management, operational enhancements and product development.

To enhance its market position, the Group will continue to maintain the market presence and brand recognition of the "Crocodile" brand by improving its product mix, enhancing its brand image and exploring opportunities to introduce products designed exclusively for the Hong Kong market. The Group is also enhancing its customer relationship management system. During the first half of 2026, the Group successfully launched its own membership application, which helps it to better understand customers' purchasing patterns and preferences and to support future product development and marketing initiatives. With its 75th anniversary approaching in 2027, "Crocodile" will continue to reinforce its identity as a Hong Kong heritage brand.

Prospects (Continued)

As a landlord of investment properties, the property investment and letting business provides rental income and cash flow that support the Group's operations. In response to softer demand for conventional office space, the Group is gradually repositioning portions of its properties toward service-retail uses and improving its tenant mix by introducing non-profit, medical and healthcare tenants for its commitment to social responsibility. The Group will continue to review opportunities to improve the utilisation and value of its property portfolio and may, where appropriate, consider disposing of or otherwise reducing its exposure to non-core properties.

For treasury management, the Group will continue to adopt a cautious investment strategy in view of persistent policy, market and geopolitical uncertainties. Should interest rates remain elevated or increase, the Group will continue to make use of appropriate hedging arrangements, including interest rate swaps, to mitigate interest rate risk and maintain the stability of its treasury portfolio. The Group will also maintain a diversified investment approach while preserving adequate cash resources and liquidity so that it can respond promptly to changes in market conditions and suitable investment opportunities.

Contingent Liabilities

As at 30 June 2026, the Group had no material contingent liabilities.

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 million ("**Net Proceeds**"). The Company intended to apply the Net Proceeds for repayment of bank borrowings and interest payments of the Group.

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

Rights Issue (Continued)

As of 30 June 2026, 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*	Actual use of the Net Proceeds during the six months ended 30 June 2026 *HK$' million*	Unutilised Net Proceeds as of 30 June 2026 *HK$' 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 29.3	Approximately 15.9	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 30 June 2026.

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.

Liquidity, Financial Resources and Foreign Exchange Risk Exposure (Continued)

Cash and cash equivalents held by the Group amounted to HK$116 million as at 30 June 2026 (31 December 2025: HK$125 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$16 million and interest payments of HK$13 million, which was replenished by the disposal of certain financial instruments at FVTPL of HK$22 million during the Period. The pledged bank deposits of approximately HK$0.1 million (31 December 2025: HK$3 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 2026 were equivalent to HK$12 million (31 December 2025: HK$11 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 2026, the total outstanding borrowings including margin loans of the Group amounted to HK$652 million (31 December 2025: HK$670 million). The total outstanding borrowings comprised secured bank term loan of HK$509 million of which HK$22 million was short-term and secured short-term bank revolving loans of HK$140 million.

As at 30 June 2026, 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 30 June 2026, 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$1,559 million (31 December 2025: HK$1,587 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 2026 was approximately 48% (31 December 2025: 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 2026.

Major Investments, Acquisitions and Disposals

The Group had no major investments, acquisitions or disposals during the Period.

Employees and Remuneration Policy

The total number of employees of the Group, including part-time sales staff, was 90 as at 30 June 2026 (31 December 2025: 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 subsidised medical care, free hospitalisation insurance plans, provident fund benefits, subsidised meals, staff discount on purchases, internal staff training and external training program subsidies.

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

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

CORPORATE GOVERNANCE

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, 26 August 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. Tsang Wing Pong; four Non-executive Directors, namely Mr. Chow Bing Chiu, Ms. Lam Suk Ying, Diana, Mr. Lam Howard and Ms. Lam Wai Kei, Vicky; three Independent Non-executive Directors, namely Mr. Leung Shu Yin, William (Deputy Chairman), Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang.