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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

SUPPLEMENTAL ANNOUNCEMENT IN RELATION TO THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2025

Reference is made to the annual report of Crocodile Garments Limited (“**Company**”, and together with its subsidiaries, “**Group**”) for the year ended 31 December 2025 (“**Annual Report**”). This announcement provides supplemental information to the Annual Report and should be read in conjunction with the Annual Report. Unless otherwise defined, capitalised terms used herein shall have the same meanings as those defined in the Annual Report.

The board (“**Board**”) of directors (“**Directors**”) of the Company would like to provide the following information to supplement the section headed “TREASURY MANAGEMENT SEGMENT” in the Chairman’s Statement on page 11 of the Annual Report.

SIGNIFICANT INVESTMENTS

As at 31 December 2025, the Group held financial assets at fair value through profit or loss (“**FVTPL**”) of HK\$162.8 million, representing approximately 7.7% of its total assets. The composition of the Group’s financial assets at FVTPL is set out below.

Nature of investment	Fair value HK\$’000	% of Total Assets %
Non-current assets		
Unlisted investments		
– Investment in preference shares	31,153	1.5
– Key-man insurance policies	19,107	0.9
– Others	5,000	0.2
	<u>55,260</u>	<u>2.6</u>
Current assets		
– Listed equity investments	12,610	0.6
– Listed debt investments	10,247	0.5
– Unlisted debt investments	9,360	0.4
– Listed perpetual securities	12,986	0.6
– Unlisted funds investments	62,340	2.9
– Interest rate swap	15	0.1
	<u>107,558</u>	<u>5.1</u>
Total	<u><u>162,818</u></u>	<u><u>7.7</u></u>

(i) Investment in preference shares

As at 31 December 2025, the carrying amount of the Group's investment in preference shares issued by a private limited company established in the British Virgin Islands was HK\$31.2 million (2024: HK\$30.7 million), representing approximately 1.5% (2024: 1.4%) of the Group's total assets. The investee is principally engaged in the property investment business. This investment is not held for trading. Instead, as the nature of business of the investee company aligns with the Group's principal activity of property investment, such investment is intended to be held for long term and is classified as a "non-current" asset. The information relating to this unlisted investment is set out on pages 136-137 of the Annual Report.

(ii) Key-man insurance policies

The Group held key-man insurance policies for certain director of the Company and directors of its subsidiaries, primarily to mitigate operational and financial risks arising from the potential loss of key management personnel, while achieving capital preservation with steady returns.

As at 31 December 2025, the aggregate carrying value of key-man insurance policies was HK\$19.1 million (2024: HK\$13.5 million), representing approximately 0.9% (2024: 0.6%) of the Group's total assets. For the year ended 31 December 2025, the Group recorded a net unrealised fair value gain of HK\$0.5 million (seventeen months ended 31 December 2024: loss of HK\$1.0 million) in the consolidated statement of profit or loss. No dividends or distributions were received from the key-man insurance policies during the year.

The Group regularly assesses the creditworthiness and financial stability of the insurers. The Group intends to hold the key-man insurance policies until maturity or the retirement/resignation of the insured personnel.

(iii) Financial assets at FVTPL (current portion)

As at 31 December 2025, there was no individual investment held by the Group of which the value accounted for more than 5% of the total assets of the Group. The details of treasury management portfolio are set out below:

Investment type	Description	Fair value <i>HK\$'000</i>	% of Total Assets %	Performance during the year ended 31 December 2025
Listed equity investments	6 equity investments listed on The Stock Exchange of Hong Kong Limited	12,610	0.6	Fair value loss of approximately HK\$0.6 million
Listed debt investments	5 debt investments listed on The Stock Exchange of Hong Kong Limited, Singapore Exchange Limited and Luxembourg Stock Exchange with the year of maturity ranging from 2027 to 2036. Majority of these debt investments are issued by leading global financial institutions and hospitality groups with coupon rates ranging from 3.48% to 6.50% per annum	10,247	0.5	Fair value gain of approximately HK\$1.5 million
Unlisted debt investments	Callable 10-Year USD Constant Maturity Swap Range Accrual Notes issued by a global financial institution	9,360	0.4	Fair value gain of approximately HK\$0.2 million
Listed perpetual securities	3 perpetual bond investments issued by leading global financial institutions, with coupon rates ranging from 6.95% to 8.00% per annum	12,986	0.6	Fair value gain of approximately HK\$1.6 million

Investment type	Description	Fair value <i>HK\$'000</i>	% of Total Assets %	Performance during the year ended 31 December 2025
Unlisted funds investments	24 unlisted funds investments	62,340	2.9	Fair value gain of approximately HK\$4.2 million
Interest rate swap	A contract with notional amount of HK\$100 million at fixed interest rate of 2.6% per annum with one year tenor	15	0.1	Fair value gain of approximately HK\$0.1 million
		<u>107,558</u>	<u>5.1</u>	

For the Group's unlisted fund investments referred to above, the Company considers the investment strategy, underlying assets, fund performance, redemption terms and credentials of the fund manager of the relevant fund before making and continuing each particular investment. The Group's individual fund investments the value of which accounted for more than 0.1% of the total assets of the Group as at 31 December 2025 are set out below:

Fund name	Underlying assets/ fund strategy	Fund manager	Fair value <i>HK\$'000</i>	Performance during the year ended 31 December 2025
1. Key Multi-Manager Alternative Fund SPC Ltd	A combination of high conviction single manager hedge funds with a focus on multi-strategy or multi-PM platforms, and institutional funds of hedge funds and strategy baskets, targeting a steady return profile with limited drawdowns and longer term capital appreciation	UBS Switzerland AG	7,353	Fair value gain of approximately HK\$0.6 million

					Performance during the year ended 31 December 2025
Fund name	Underlying assets/ fund strategy	Fund manager	Fair value HK\$'000		
2. A&Q Global Alpha Strategies Limited Q-USD-NEW-series 7	Broad based diversified fund of funds to achieve long term capital appreciation while maintaining low to moderate correlation to traditional asset classes and moderate volatility over an economic market cycle (3-5 years)	MUFG Fund Services (Cayman) Limited	4,047		Fair value gain of approximately HK\$0.1 million
3. PIMCO Funds Global Investors Series Plc-Global High Yield Bond	Seeks maximum total return consistent with prudent investment management with at least two-thirds of its total net assets in a diversified portfolio of high yield fixed income instruments that are denominated in major world currencies	PIMCO Global Advisors (Ireland) Limited	4,011		Fair value gain of approximately HK\$0.3 million
4. AQR Apex Offshore Fund, L.P.	Invests in a diversified set of both long and short opportunities across a broad range of instruments and global markets, including securities, currencies, bonds, commodities, and other derivative products	AQR Capital Management, LLC	3,986		Fair value gain of approximately HK\$0.1 million
5. Point 72 – Class H JPY	To achieve a return on capital by focusing primarily on long/short equity, systematic and global macro investment strategies.	Point72 Asset Management, L.P.	3,985		Fair value gain of approximately HK\$0.4 million

		Performance during the year ended 31 December 2025		
Fund name	Underlying assets/ fund strategy	Fund manager	Fair value HK\$'000	
6. A&Q Select SPC – A&Q Direct Access TCI SP B7	Fundamentally-driven equity long/short hedge fund with a focus on global large capitalization stocks and is largely focused on investments with a long bias toward undervalued franchises.	MUFG Fund Services (Cayman) Limited	3,892	Fair value loss of approximately HK\$0.1 million
7. JSS Special Investments FCP- SIF-Sustainable Bond	Invests mainly in contingent convertible bonds, other hybrid securities, preferred shares, structured notes, equity linked instruments and other subordinated debt of companies in the global financial services sector denominated in USD, GBP, EUR or CHF. Non-USD investments are largely hedged against the USD.	J. Safra Sarasin Fund Management (Luxembourg) S.A.	3,053	Fair value gain of approximately HK\$0.3 million

For the investments of the Group classified as current assets, there is no specific investment period and each of such investment may be realised as and when the Group considers advantageous or appropriate.

INVESTMENT POLICY AND OBJECTIVES

The Group's investment objective is to maintain a diversified and flexible investment portfolio that supports capital appreciation, optimizes returns on surplus financial resources and achieves strategic financial diversification, while ensuring sufficient liquidity to meet the operational and strategic needs of its core businesses. The permissible scope of current investments includes listed securities, investment funds, debt instruments, structured products, and interest rate swap arrangements, subject to the Group's internal approval processes, risk appetite, and prescribed investment limits.

The Group adopts a prudent investment approach and generally avoids investments in products or assets whose structures, risk profiles, or valuation methodologies cannot be reasonably understood or adequately assessed by management. Unless approved by the Board with justifiable reasons, the Group strictly prohibits investment in high-risk and strictly speculative products, including but not limited to, non-standardised off-market products, crypto assets, junk bonds and unregistered investment products.

The Group is principally engaged in garment and related accessories business, property investment and letting business and treasury management. The objective of treasury management is mainly to support the other two principal activities by ensuring that surplus cash is deployed in a prudent manner to enhance shareholder returns, while maintaining sufficient liquidity to meet operational and capital expenditure requirements. In pursuing investment returns, the Group seeks to maintain an appropriate balance between growth potential and key investment risks, including market, liquidity, counterparty, and valuation risks.

INVESTMENT HORIZON

The Company's investment activities encompass both long-term and short-term investments, depending on the Group's strategic needs and the prevailing market conditions. Long term investments focus on strategic equity investments in entities with business operations complementary to the Group's principal activities, while short term investments are managed with an emphasis on liquidity and the ability to realise holdings when needed. The Group's investment strategy is generally based on a holding period of more than one year. This target holding period is indicative only and should not be regarded as a binding commitment. The Group does not impose a maximum holding period on any investment and may realise investments earlier than planned where justified by liquidity needs, changes in market conditions, or other relevant considerations.

SOURCE OF FUNDS

The Group principally funds its financial investments from internally generated funds and cash generated through its ordinary course of business. Subject to the timing of investment transactions and settlement requirements, the Group may, where appropriate, draw upon short-term bridging facilities made available by investment banks to facilitate transaction execution or settlement.

Such facilities, if utilised, have typical outstanding periods ranging from one day to three months. The decision to use these facilities is made by the designated Investment Working Group (comprising two Executive Directors and the Investment Controller of the Company) after considering relevant factors, including the cost of funding, prevailing savings and time deposit rates, and the maturity schedule of the Group's time deposits.

RISK MANAGEMENT AND CONTROL MEASURES

The designated Investment Working Group will continuously monitor market developments to enable prompt action. This includes tracking daily price movements of all investments in the portfolio and monitoring news sources for events that could impact their value.

Other than non-current financial assets at FVTPL that are held for the Group's long-term strategic development, the Group invests only in actively traded and highly liquid assets in order to mitigate investment risk, maintain flexibility in responding to market developments, and facilitate the timely realisation of investments when necessary. In addition, the Group assesses the counterparty risk of each investment, taking into account factors including, among others, the investment's credit rating (where applicable), the issuer's size and reputation, and whether the counterparty is a licensed corporation in Hong Kong or another reputable jurisdiction.

The Group does not prescribe general numerical thresholds in relation to the risk limits or counterparty risk of the Group's investments, but has instead established internal reference levels against the defined metrics set out above, which operate as escalation triggers rather than as prohibitions. In particular, where the aggregate fair value of the entire investment portfolio would amount to more than approximately 10% of the Group's total assets, where a single investment would amount to more than approximately 5% of the Group's total assets, or where the fair value of an investment falls to approximately 50% or more below its fair value as at the end of the immediately preceding reporting period, the Investment Working Group is required to report the matter to the Board, which will consider whether the relevant position should be maintained, reduced or realised having regard to the circumstances at the time. The aforesaid reference levels are reviewed by the Board from time to time and may be varied as the Board considers appropriate

The Company operates liquidity risk management in relation to investments by considering factors including the balance requirements under the Group's bank financing and the working capital requirements of the Group for the next twelve months.

APPROVAL AND OVERSIGHT MECHANISMS

The Investment Working Group monitors the Group's investment portfolio on a daily basis and meets monthly, or more frequently as circumstances require, to discuss and review, among other matters, the composition and performance of the portfolio, proposed acquisitions and disposals, prevailing market conditions, the Group's liquidity position and the risks associated with the relevant investments.

The Investment Working Group is authorised to approve and execute any permitted investment where all applicable percentage ratios calculated pursuant to Chapter 14 of the Listing Rules are less than 5%. Any proposed investment for which any applicable percentage ratio under Chapter 14 of the Listing Rules is 5% or more must receive the Board's prior approval before being undertaken. Such investments may also be subject to the applicable announcement, reporting, circular and/or shareholders' approval requirements under the Listing Rules.

Although the Board does not make decisions in relation to individual investment execution, except for investment matters that exceed delegated authority limits or involve material changes to the Group's investment strategy, the Board will oversee the overall risk profile and compliance of investment activities to ensure alignment with the Group's risk appetite and strategic direction. The Board performs such oversight on a monthly basis through the review of management reports and financial information, which include updates on investment performance, risk conditions and compliance matters.

The above arrangements are intended to strike an appropriate balance between enabling the Group to respond to market conditions in a timely manner and maintaining effective Board oversight and risk control over investments of greater significance.

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

Hong Kong, 6 October 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.