CROCODILE

Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2014

RESULTS

The board of directors ("**Directors**" and "**Board**" respectively) of Crocodile Garments Limited ("**Company**") announces the audited consolidated results of the Company and its subsidiaries ("**Group**") for the financial year ended 31 July 2014 together with the comparative figures for the previous year as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 July 2014

	Notes	**2014** *HK$'000*	2013 *HK$'000*
REVENUE	*3*	**501,813**	499,451
Cost of sales		**(198,903)**	(196,412)
Gross profit		**302,910**	303,039
Fair value gains on investment properties		**143,008**	319,429
Other income	*4*	**62,458**	56,780
Selling and distribution expenses		**(323,786)**	(342,937)
Administrative expenses		**(61,545)**	(65,484)
Other operating expenses, net		**(6,931)**	(29,555)
Finance costs	*5*	**(10,266)**	(6,253)
Share of profit of an associate		**2,828**	5,308
PROFIT BEFORE TAX	*6*	**108,676**	240,327
Income tax expense	*7*	**(2,644)**	(3,444)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**106,032**	236,883
OTHER COMPREHENSIVE INCOME			
Item that will not be subsequently reclassified to profit or loss:			
Gain arising on transfer of property, plant and equipment to investment properties at fair value		**-**	599
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**30**	7,353
Other comprehensive income for the year		**30**	7,952
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**106,062**	244,835
		HK cents	HK cents
EARNINGS PER SHARE	*9*		
- Basic		**11.33**	25.31
- Diluted		**11.33**	N/A

Consolidated Statement of Financial Position
At 31 July 2014

	Notes	31 July 2014 HK$'000	31 July 2013 HK$'000 (restated)
Non-current assets			
Property, plant and equipment		**162,442**	162,038
Investment properties		**1,452,922**	1,294,484
Land lease prepayments		**15,046**	15,398
Interest in an associate		**31,690**	28,342
Rental and utility deposits		**14,982**	22,780
Deposits for acquisition and construction of property, plant and equipment and investment properties		**-**	19,761
Deposits for land lease prepayments	*10*	**17,416**	17,416
Available-for-sale financial asset		**25,040**	22,934
Deferred tax assets		**-**	219
		1,719,538	1,583,372
Current assets			
Inventories		**133,162**	161,534
Trade and other receivables, deposits and prepayments	*11*	**92,635**	95,933
Amounts due from related companies		**-**	178
Financial assets at fair value through profit or loss		**143,006**	118,183
Pledged bank deposits		**730**	4,344
Bank balances and cash		**57,233**	57,569
		426,766	437,741
Current liabilities			
Bank borrowings		**160,055**	132,099
Margin loans payable		**26,075**	12,009
Trade and other payables and deposits received	*12*	**68,382**	93,630
Perpetual loan		**15,000**	15,000
Amounts due to related companies		**41,439**	26,850
Tax payable		**22,522**	23,478
		333,473	303,066
Net current assets		**93,293**	134,675
Total assets less current liabilities		**1,812,831**	1,718,047
Non-current liabilities			
Bank borrowings		**301,594**	316,091
Provision for long service payments		**2,672**	2,732
Deferred tax liabilities		**2,481**	56
		306,747	318,879
Net assets		**1,506,084**	1,399,168
Capital and reserves			
Share capital		**324,685**	233,936
Reserves		**1,181,399**	1,165,232
Total Equity		**1,506,084**	1,399,168

Notes:

(1) BASIS OF PREPARATION

The financial statements have been prepared in accordance with new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The financial statements have been prepared on the historical cost basis except for certain investment properties and certain financial instruments, which are measured at fair values. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements are presented in Hong Kong dollars ("**HK$**") except otherwise indicated.

(2) APPLICATION OF NEW AND REVISED HKFRSs

In the current year, the Group has applied the following new and revised HKFRSs issued by the HKICPA.

Amendments to HKFRSs	Annual Improvements to HKFRSs 2009 - 2011 Cycle
Amendments to HKFRS 7	Disclosures - Offsetting Financial Assets and Financial Liabilities
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
HKFRS 10	Consolidated Financial Statements
HKFRS 11	Joint Arrangements
HKFRS 12	Disclosure of Interests in Other Entities
HKFRS 13	Fair Value Measurement
HKAS 19 (as revised in 2011)	Employee Benefits
HKAS 27 (as revised in 2011)	Separate Financial Statements
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
HK International Financial Reporting Interpretation Committee ("**IFRIC**") – Interpretation ("**Int**") 20	Stripping Costs in the Production Phase of a Surface Mine

Except as described below, the application of the new and revised HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in the consolidated financial statements.

New and revised standards on consolidation, joint arrangements, associates and disclosures

In the current year, the Group has applied for the first time the package of five standards on consolidation, joint arrangements, associates and disclosures comprising HKFRS 10 "*Consolidated Financial Statements*", HKFRS 11 "*Joint Arrangements*", HKFRS 12 "*Disclosure of Interests in Other Entities*", HKAS 27 (as revised in 2011) "*Separate Financial Statements*" and HKAS 28 (as revised in 2011) "*Investments in Associates and Joint Ventures*", together with the amendments to HKFRS 10, HKFRS 11 and HKFRS 12 regarding transitional guidance.

HKAS 27 (as revised in 2011) is not applicable to the Group as it deals only with separate financial statements.

Application of these standards resulted in more extensive disclosures in the consolidated financial statements in relation to the Group's interest in an associate.

(2) APPLICATION OF NEW AND REVISED HKFRSs (continued)

HKFRS 13 "Fair Value Measurement"

The Group has applied HKFRS 13 for the first time in the current year. HKFRS 13 establishes a single source of guidance for, and disclosures about, fair value measurements. The scope of HKFRS 13 is broad: the fair value measurement requirements of HKFRS 13 apply to both financial instrument items and non-financial instrument items for which other HKFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of HKFRS 2 "*Share-based Payment*" and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

HKFRS 13 defines the fair value of an asset as the price that would be received to sell an asset (or paid to transfer a liability, in the case of determining the fair value of a liability) in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under HKFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. Also, HKFRS 13 includes extensive disclosure requirements.

HKFRS 13 requires prospective application. In accordance with the transitional provisions of HKFRS 13, the Group has not made any new disclosures required by HKFRS 13 for the 2013 comparative period. Other than the additional disclosures, the application of HKFRS 13 has not had any material impact on the amounts recognised in the consolidated financial statements.

Amendments to HKFRS 7 "Disclosures - Offsetting Financial Assets and Financial Liabilities"

The Group has applied the amendments to HKFRS 7 *"Disclosures - Offsetting Financial Assets and Financial Liabilities"* for the first time in the current year. The amendments to HKFRS 7 require entities to disclose information about:

a) recognised financial instruments that are set off in accordance with HKAS 32 *"Financial Instruments: Presentation"*; and

b) recognised financial instruments that are subject to an enforceable master netting agreement or similar agreement, irrespective of whether the financial instruments are set off in accordance with HKAS 32.

The amendments to HKFRS 7 have been applied retrospectively. The application of the amendments has had no material impact on the amounts reported in the Group's consolidated financial statements but has resulted in more disclosures relating to the Group's offsetting arrangements and master netting agreements.

(2) APPLICATION OF NEW AND REVISED HKFRSs (continued)

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs, amendments to HKFRSs and interpretation that have been issued but not yet effective:

Amendments to HKFRS 10, HKFRS 12 and HKAS 27	Investment Entities[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[5]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[5]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[5]
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions[2]
Amendments to HKAS 27	Equity Method in Separate Financial Statements[5]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[1]
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets[1]
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting[1]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010 - 2012 Cycle[4]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011 - 2013 Cycle[2]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012 - 2014 Cycle[5]
HKFRS 9	Financial Instruments[3]
HKFRS 15	Revenue from Contracts with Customers[6]
HK(IFRIC) - Int 21	Levies[1]

1 Effective for annual periods beginning on or after 1 January 2014.
2 Effective for annual periods beginning on or after 1 July 2014.
3 Effective for annual periods beginning on or after 1 January 2018.
4 Effective for annual periods beginning on or after 1 July 2014, with limited exceptions.
5 Effective for annual periods beginning on or after 1 January 2016.
6 Effective for annual periods beginning on or after 1 January 2017.

The Directors anticipate that the application of the new and revised HKFRSs, amendments to HKFRSs and interpretation will have no material impact on the consolidated financial statements.

(3) SEGMENT INFORMATION

(a) Segment revenues and results

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)						(restated)
Revenue from external customers	**454,962**	471,253	**46,851**	28,198	**-**	-	**501,813**	499,451
Other income from external customers *(Note)*	**54,538**	52,759	**1,200**	1,764	**6,528**	1,692	**62,266**	56,215
Group's total revenue and other income *(Note)*	**509,500**	524,012	**48,051**	29,962	**6,528**	1,692	**564,079**	555,666
Reportable segment (loss) profit	**(34,673)**	(61,421)	**187,005**	347,134	**6,528**	1,692	**158,860**	287,405
Unallocated corporate income							**192**	565
Unallocated corporate expenses							**(40,110)**	(41,390)
Finance costs							**(10,266)**	(6,253)
Profit before income tax							**108,676**	240,327

Note: The income excludes bank interest income.

(b) Segment assets and liabilities

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**431,848**	500,917	**1,488,447**	1,316,947	**143,006**	118,183	**2,063,301**	1,936,047
Unallocated corporate assets							**83,003**	85,066
Total consolidated assets							**2,146,304**	2,021,113
LIABILITIES								
Segment liabilities	**99,269**	112,099	**13,224**	11,113	**26,075**	12,009	**138,568**	135,221
Unallocated corporate liabilities							**501,652**	486,724
Total consolidated liabilities							**640,220**	621,945

(c) Other segment information

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Amounts included in the measure of segment profit or loss or segment assets:								
Additions and transfer to non-current assets	**18,879**	26,163	**15,472**	84,163	**-**	-	**34,351**	110,326
Additions to deposits for acquisition and construction of property, plant and equipment	**5,209**	4,768	**-**	-	**-**	-	**5,209**	4,768
Additions to deposits for acquisitions of investment properties	**515**	-	**-**	14,680	**-**	-	**515**	14,680
Interest in an associate	**-**	-	**31,690**	28,342	**-**	-	**31,690**	28,342
Depreciation and amortisation	**17,644**	16,606	**435**	1,714	**-**	-	**18,079**	18,320
Provision for slow-moving inventories	**6,012**	4,160	**-**	-	**-**	-	**6,012**	4,160
Provision for doubtful debts	**4,589**	7,498	**-**	-	**-**	-	**4,589**	7,498
Bad debts write-off	**-**	856	**-**	-	**-**	-	**-**	856
Loss on disposal / write-off of property, plant and equipment	**662**	369	**-**	-	**-**	-	**662**	369
Write-off of long outstanding trade payables	**(258)**	(78)	**-**	-	**-**	-	**(258)**	(78)
Other receivables write-off	**-**	4	**-**	-	**-**	-	**-**	4
Provision for deposit for acquisition and construction of property, plant and equipment	**-**	2,232	**-**	-	**-**	-	**-**	2,232
Impairment loss on the deposit for land lease prepayments	**-**	18,254	**-**	-	**-**	-	**-**	18,254
Fair value gains on investment properties	**-**	-	**(143,008)**	(319,429)	**-**	-	**(143,008)**	(319,429)
Net gain on financial assets at fair value through profit or loss ("**FVTPL**")	**-**	-	**-**	-	**(6,528)**	(1,692)	**(6,528)**	(1,692)
Share of profit of an associate	**-**	-	**(2,828)**	(5,308)	**-**	-	**(2,828)**	(5,308)
Interest income from an associate	**-**	-	**(520)**	(494)	**-**	-	**(520)**	(494)

(d) Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 July		**As at 31 July**	
	2014	2013	**2014**	2013
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
		(restated)		
Hong Kong	**393,897**	375,346	**1,510,999**	1,371,518
The People's Republic of China ("**PRC**")	**107,916**	124,105	**157,599**	155,523
	501,813	499,451	**1,668,598**	1,527,041

(e) Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue in both years.

(4) OTHER INCOME

	2014	2013
	HK$'000	*HK$'000*
Royalty income	**52,624**	51,642
Bank interest income	**192**	565
Interest income on amount due from an associate	**520**	494
Net gain on financial assets at FVTPL	**6,528**	1,692
Others	**2,594**	2,387
	62,458	56,780

(5) FINANCE COSTS

	2014	2013
	HK$'000	*HK$'000*
Interest on		
Bank borrowings		
- wholly repayable within five years	**7,649**	4,770
- not wholly repayable within five years	**702**	315
Other borrowings	**1,915**	1,168
	10,266	6,253

(6) PROFIT BEFORE TAX

The Group's profit before tax has been arrived at after charging:

	2014	2013
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**17,727**	17,933
Amortisation of land lease prepayments (included in administrative expenses)	**352**	387
Provision for slow-moving inventories (included in cost of sales)	**6,012**	4,160

(7) INCOME TAX EXPENSE

	2014	2013
	HK$'000	*HK$'000*
Current tax		
– PRC Enterprise Income Tax	**-**	1,762
Deferred tax	**2,644**	1,682
Income tax expense	**2,644**	3,444

No current Hong Kong Profits Tax has been provided for the years ended 31 July 2014 and 2013 as the Group either has unused tax loss available to offset against assessable profits or there was no estimated assessable profit for the year.

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

(8) DIVIDENDS

No dividend was paid or declared during the year ended 31 July 2014 (2013: Nil) nor has any dividend been proposed by the Company since the end of the reporting period (2013: Nil).

(9) EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the owners of the Company for the year is based on the following data:

	2014	2013
	HK$'000	*HK$'000*
Earnings		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	**106,032**	236,883
Profit for the year attributable to owners of the Company for the purposes of diluted earnings per share	**106,032**	N/A
Number of shares		
Number of ordinary shares for the purposes of basic earnings per share	**935,743,695**	935,743,695
Number of ordinary shares for the purposes of diluted earnings per share	**935,743,695**	N/A

For the year ended 31 July 2014, the computation of diluted earnings per share does not assume the exercise of the Company's outstanding share options as the exercise price of those options is higher than the average market price for shares for the period during which the share options were outstanding. There were no potential dilutive ordinary shares for the year ended 31 July 2013.

(10) DEPOSITS FOR LAND LEASE PREPAYMENTS

In accordance with the agreements dated 22 June 2006 (the "**Agreements**") entered into by the Group, Zhongshan Hong Feng Real Property Consultancy Company Limited (中山市宏豐房地產諮詢服務有限公司) (the "**Vendor**") and the Local Government (the "**Local Government**"), the Group paid RMB14,721,000 (equivalent to HK$18,548,000 (2013: HK$18,548,000)) to the Vendor (the "**Vendor Deposit**") and RMB13,822,000 (equivalent to HK$17,416,000 (2013: HK$17,416,000)) to a company owned by the Local Government (the "**Government Deposit**") as deposits for land lease prepayments ("**Land Lease Prepayments**") to acquire the land use rights of a piece of land in the PRC (the "**Land**").

In October 2010, April 2011 and October 2011, various letters had been issued by the Local Government which acknowledged (i) the receipt of the Government Deposit; (ii) the progress of the application for the issuance of the land use rights certificate; and (iii) the undertaking by the Local Government to compensate and refund the deposits (including the Vendor Deposit and the Government Deposit) to the Group in case the land use rights certificate cannot be obtained by the Group (the "**Undertaking**").

In October 2012, the Vendor and the Local Government each issued a letter to the Group respectively which acknowledged (i) their respective receipt of the deposit from the Group; (ii) their respective responsibility to assist the Group in obtaining the land use rights certificate of the Land; and (iii) their respective obligation to refund the respective deposit received with interest to the Group upon the request from the Group in the event that the Group fails to obtain the land use rights certificate of the Land. However, the letter issued by the Local Government in October 2012 did not undertake the refund of the Vendor Deposit.

In October 2012, the Group obtained legal opinion from an independent PRC law firm (the "**Lawyer**") and received the legal advice that whilst the other letters had not specified or confirmed the amount of the Land Lease Prepayments (i.e. the Government Deposit together with the Vendor Deposit) or the timing of commitment by the Local Government to refund, however, based on the Undertaking, the Group would have reasonable grounds to recover the amount of the Land Lease Prepayments paid with interest from the Local Government, regardless whether the Vendor is able to refund the Vendor Deposit or not, despite the associated risk and uncertainty which may exist during the course of legal action taken. The Lawyer further advised that appropriate legal action should be taken within a valid time bar under the PRC law and regulations, which was before the end of February 2013, in order to secure and support the Group's right to recover the amount of the Land Lease Prepayments from the Local Government.

On 26 October 2012, the date on which the consolidated financial statements of the Group for the year ended 31 July 2012 were approved by the Directors, the Directors resolved not to take immediate legal action but to further negotiate with the Local Government and the Vendor with a view to obtain the land use rights certificate of the Land in near future, as the Directors believed that there had been appreciation in the value of the Land, though that it may exceed the valid time bar to recover the amount of the Land Lease Prepayments with interest from the Local Government if legal action was to be taken later on. The Directors believed that the Group would either be able to recover such amount or to obtain the relevant land use rights certificate in the near future. No impairment loss on the deposits paid was then considered necessary by the Directors for the year ended 31 July 2012.

During the year ended 31 July 2013 and up to 25 October 2013, the date of approval of the consolidated financial statements for the year ended 31 July 2013, no legal action was taken by the Group against the Local Government and the Vendor because the negotiation with the Local Government and the Vendor to obtain the land use rights certificate of the Land was still in progress.

In September 2013, the Local Government further issued a letter to the Group which acknowledged (i) its receipt of the Government Deposit from the Group; (ii) its responsibility to assist the Group in obtaining the land use rights certificate of the Land; and (iii) its obligation to refund the Government Deposit received with interest to the Group upon the request from the Group in the event that the Group fails to obtain the land use rights certificate of the Land. During the year ended 31 July 2013, the Vendor did not issue any letter to the Group to acknowledge the receipt of the Vendor Deposit.

(10) DEPOSITS FOR LAND LEASE PREPAYMENTS (continued)

Since the valid time bar under the PRC law and regulations to take legal action to recover the Vendor Deposit from the Local Government has expired as at 31 July 2013 and the Group did not receive any acknowledgement from the Vendor in 2013, the Directors have performed a detailed assessment on the recoverability of the carrying amount of the Vendor Deposit as at 31 July 2013 based on the financial position of the Vendor. On the basis of the assessment, a full provision for impairment of the Vendor Deposit has been recognised and charged to the consolidated statement of profit or loss and other comprehensive income for the year ended 31 July 2013 as the management opined that the impairment loss was incurred in the year ended 31 July 2013 due to the Group's option to recover the Vendor Deposit from the Local Government was legally expired at the end of February 2013 and the assessment of the financial position of the Vendor, contrary to any opinion of the uncertainty as to whether the impairment loss, or any portion thereof, was incurred in the year ended 31 July 2012 or 2013.

(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2014	2013
	HK$'000	*HK$'000*
Trade receivables	**20,169**	21,320
Less: Allowance for doubtful debts	**(2,110)**	(2,329)
	18,059	18,991
Other receivables (Note a)	**54,816**	52,601
Less: Allowance for doubtful debts	**(11,288)**	(6,479)
	43,528	46,122
Deposits and prepayments (Note b)	**46,030**	53,600
	107,617	118,713
Less: Rental and utility deposits shown under non-current assets	**(14,982)**	(22,780)
	92,635	95,933

Notes:

(a) As at 31 July 2014, royalty receivables of the Group of approximately HK$39,475,000 (2013: HK$40,768,000) is included in the other receivables, where payments are required semi-annually.

(b) As at 31 July 2014, land lease prepayments of the Group of approximately HK$352,000 (2013: HK$352,000) are included in the current portion of deposits and prepayments.

Other than cash sales made at retail outlets of the Group, trading terms with wholesale customers are largely on credit, except for new customers, where payment in advance is normally required. Invoices are normally payable within 30 days of issuance, except for certain well-established customers, where the term is extended to 90 days. Each customer has been set with a maximum credit limit. The Group does not hold any collateral over these balances.

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

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

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

	2014	2013
	HK$'000	*HK$'000*
Trade receivables		
0 to 90 days	**12,454**	12,580
91 to 180 days	**2,223**	4,406
181 to 365 days	**3,382**	2,005
	18,059	18,991

The movements in the allowance for doubtful debts for trade and other receivables during the year, including both specific and collective loss components, are as follows:

	2014	2013
	HK$'000	*HK$'000*
At the beginning of the year	**8,808**	1,165
Allowance provided	**4,589**	7,498
Exchange realignment	**1**	145
At the end of the year	**13,398**	8,808

Included in allowance for doubtful debts of the Group are individually impaired trade receivables with an aggregate balance of approximately HK$13,398,000 (2013: HK$8,808,000). The impaired trade receivables related to customers that were in financial difficulties and consequently, specific allowance for doubtful debts was fully recognised.

(12) TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

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

	2014	2013
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**12,086**	34,847
91 to 180 days	**267**	266
181 to 365 days	**882**	814
Over 365 days	**241**	391
	13,476	36,318
Advance from customers	**9,019**	8,682
Deposits received	**12,972**	10,781
Other payables and accruals	**32,915**	37,849
	68,382	93,630

The credit period for purchase of goods is 30 and 90 days. The Group has financial risk management policies in place to ensure that all payables are settled within the credit timeframe.

EXTRACT OF THE INDEPENDENT AUDITOR'S REPORT

The Company's independent auditor has qualified the Group's consolidated financial statements for the year ended 31 July 2014, an extract of which is as follows:

Basis for Qualified Opinion

As detailed in note 20 to the consolidated financial statements, an impairment loss on the deposit paid to the vendor for land lease prepayments, included in other operating expenses, net, of approximately RMB14,721,000 (equivalent to HK$18,254,000) ("**Vendor Deposit**") was recognised during the year ended 31 July 2013. However, the predecessor auditor qualified their opinion in respect of the consolidated financial statements for the year ended 31 July 2013 as a result of the limitation of scope encountered in respect of their audit of the Vendor Deposit as at 31 July 2012, and the possible impact of any adjustments that may have been necessary in respect of the opening balances as at 1 August 2012, and the impact on the results and related disclosures in the notes to the consolidated financial statements of the Group for the year ended 31 July 2013. Our opinion on the current year's consolidated financial statements is modified because of the possible effect of this matter on the comparability of the current year's figures and corresponding figures.

Qualified Opinion

In our opinion, except for the possible effects on the corresponding figures described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 July 2014, and of the Group's profit and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in accordance with the Hong Kong Companies Ordinance.

Other Matter

The consolidated financial statements of the Company for the year ended 31 July 2013 were audited by another auditor who expressed a qualified opinion as described above, on those statements on 25 October 2013.

Report on matters under section 80(1) of Schedule 11 to the Hong Kong Companies Ordinance with reference to sections 141(4) and 141(6) of the predecessor Hong Kong Companies Ordinance (Cap. 32)

In respect alone of the inability to obtain sufficient appropriate audit evidence regarding the impairment loss on the Vendor Deposit for the years ended 31 July 2013 and 31 July 2012,

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper books of account had been kept for the years ended 31 July 2013 and 31 July 2012.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 July 2014 (2013: Nil) to retain sufficient liquidity of the Group under the wobbling business environment. No interim dividend was paid or declared in respect of the year ended 31 July 2014 (2013: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The revenue of the Group for the year ended 31 July 2014 was HK$501,813,000 (2013: HK$499,451,000) and the gross profit of the Group was HK$302,910,000 (2013: HK$303,039,000).

The "Garment and Related Accessories Business" segment operated in a fraught situation in the year ended 31 July 2014. Weakening consumer spending, abnormal weather conditions hitting the traditional peak seasons of apparel business, eye-popping sale discounts of competitors for stock clearance, soaring rental expenses, all these factors in aggregate have weighed heavily on the performance of the "Garment and Related Accessories Business" segment. The revenue dropped by 3% to HK$454,962,000 and the segment loss was HK$34,673,000.

The results of the "Property Investment and Letting Business" segment were satisfactory. The rental revenue was increased in the year ended 31 July 2014 upon renewals of leases to HK$46,851,000 (2013: HK$28,198,000). Under the measures taken by the Hong Kong SAR Government for cooling down the property market in Hong Kong, the fair value gains on investment properties of the Group was HK$143,008,000 as at 31 July 2014 (2013: HK$319,429,000).

Combining the results of the two business segments above with the share of profit of an associated company of HK$2,828,000 (2013: HK$5,308,000) and the exchange differences arising on translation of foreign operations of HK$30,000 (2013: HK$7,353,000), the total comprehensive income attributable to the owners of the Company was HK$106,062,000 for the year ended 31 July 2014 (2013: HK$244,835,000).

Operations in Hong Kong and Macau

There was a sales decline in the general retail market year-on-year with a diminished growth in the apparel sector. The change in shopping preferences of customers, especially the Mainland of China ("**Mainland**") tourists, and the adverse rainy weather in spring/summer collectively ensnared the performances of the "Garment and Related Accessories Business" segment in Christmas and Lunar New Year and the sales of spring/summer merchandises. On the other hand, the increments in shop rentals, the major operating costs, were significant upon lease renewals. To contend with the above dual negative impacts, the Group has realigned its shop portfolio by judiciously targeting appropriate shopping premises in order to improve the operating efficiency. The sales network restructuring is definitely lumbering under the prevailing bloom in property market as the shop rentals kept on rising. As at 31 July 2014, the Group operated 22 shops for Crocodile line (2013: 24) and 9 shops for Lacoste line (2013: 8).

The "Property Investment and Letting Business" segment delivered an encouraging result. Upon renewals of leases, the rental revenue was increased to HK$46,851,000 in the year ended 31 July 2014 (2013: HK$28,198,000). The fair value gains on investment properties were HK$143,008,000 as at 31 July 2014.

Operations in the Mainland

The "Garment and Related Accessories Business" segment operated under the shadow of the slowdown in the growth of Gross Domestic Product ("**GDP**") and waning market sentiment. The competitors continued to offer aggressive sales discounts to clear their piles of inventories. In addition to the high operating outlays charged, such as rents and promotional levies, the delay in sales settlements by shopping malls exerted a heavy burden not only on the profit of the Group but also cash position. To tackle the difficult business conditions, the Group has consolidated its sales network and improved the supply chain management to enhance the value-for-money of its merchandises. The Group has also closely monitored the inventory levels in its sales channels to minimize the risk of stock obsolescence. To capture the rising trend of online shopping in the Mainland, the Group has set up its online sales points in various popular malls.

As at 31 July 2014, there were a total of 118 shops in the Mainland (2013: 192), including self-operated shops of 48 (2013: 100) and those operated by the Group's franchisees of 70 (2013: 92).

The royalty income from licensees, the major component of the other income, contributed a steady income stream to the Group of HK$52,624,000 for the year ended 31 July 2014.

Prospects

The performance of the Group's "Garment and Related Accessories Business" segment is subject to the economic conditions of Hong Kong and the Mainland. The business outlook of Hong Kong is gloomy, giving the recent downside adjustment of GDP, mainly caused by shrinking tourist spending and domestic consumption, and the deteriorating political polarisation. Accordingly, the Group will take a vigilant stance in restructuring its shop portfolio in Hong Kong to magnify the operating efficiency.

In the Mainland, the currently released economic data confirmed a slowdown in growth momentum in the third quarter following a rebound in the second quarter. In short term, the apparel business in general is facing the challenges of excessive channel inventory and product homogeneity, the Group will bolster its supply chain management to strengthen the competitiveness of its merchandises. In long term, the Mainland governmental policies of fostering of the domestic demand to become the major driver of GDP growth; and urbanisation will bring vast changes in spending pattern across tiers of cities. To capture these macro opportunities, the Group will reorganize its sales channels and merchandise mix.

The United States has been tapering its quantitative easing and a surprisingly strong jobs market recovery can lead it to raise interest rates earlier than it has been anticipating. Under the existing pegging arrangement, Hong Kong will follow and raise its interest rate in pace with the United States. The ending of low interest rate environment will inevitably take toll on the Group's "Property Investment and Letting Business" segment. Moreover, it will escalate the burden of borrowing costs on the Group.

As a contrast, the prevailing economy of the Eurozone is gnawing. As a result, the financial markets will be even more volatile with turbulent flows of fund. The risk exposure of the Group's financial assets on hand will consequentially be intensified.

Capitalising on its prestige brand image and unique brand identity, "Crocodile", the Group has pursued to deliver quality merchandises to its customers and fortified the shop operating efficiency and supply chain controls. Moreover, the Group implements pragmatic and prudent financial management approach by exploring various means of enhancing its capital base to secure the Group's responsiveness in the intricate business ambience ahead.

Contingent Liabilities

As at 31 July 2014, the Group had no material contingent liabilities.

Liquidity, Financial Resources, Foreign Exchange Risk Exposure, Gearing, Charges on Assets and Capital Commitments

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 manage the financial risks effectively.

The Group maintains a conservative approach in treasury management by constantly monitoring its interest rates and foreign exchange exposure. Except for financial assets at fair value through profit or loss, available-for-sale financial assets, letters of credit and trust receipt loans, the Group has not employed other financial instruments for the year ended 31 July 2014.

The Group mainly earns revenue and incurs cost in Hong Kong dollars, Renminbi and United States dollars. The Group considers the impact of foreign exchange risks is not significant as the Group will consider the foreign exchange effect of the terms of purchase and sale contracts dealt with foreign enterprises and will not bear unforeseeable foreign currency exchange risks.

Cash and cash equivalents held by the Group amounted to HK$57,233,000 as at 31 July 2014 (2013: HK$57,569,000) and were mainly denominated in Hong Kong dollars and Renminbi. The pledged bank deposits of approximately HK$730,000 (2013: HK$4,344,000) 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 July 2014 were equivalent to HK$21,324,000 (2013: HK$22,288,000) which is not freely convertible into other currencies. However, under the Mainland's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, 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 July 2014, the total outstanding borrowings including margin loans of the Group amounted to HK$487,724,000. The total outstanding borrowings comprised bank overdraft of HK$15,263,000, unsecured short-term bank trust receipt loans of HK$3,754,000, secured short-term bank trust receipt loans of HK$6,540,000, secured bank mortgage loan of HK$31,092,000, secured margin loans of HK$26,075,000, secured long-term bank loan of HK$285,000,000 and secured short-term bank revolving loans of HK$120,000,000. Short-term bank loans were repayable within a period not exceeding one year. The secured bank mortgage loan above was repayable by instalments with its current portion of HK$2,498,000 repayable within one year and long-term portion of HK$28,594,000 repayable in the second to fourteenth years.

Interest on bank borrowings is charged at floating rates. All the bank borrowings of the Group are denominated in Hong Kong dollars. No financial instruments for hedging purposes were employed by the Group for the year ended 31 July 2014.

As at 31 July 2014, the Group had mortgaged certain of its investment properties with carrying values of HK$1,383,500,000 and created floating charges on its certain assets to its bankers to secure banking facilities granted to the Group.

The Group's gearing revealed by the interest-bearing debt to equity ratio at 31 July 2014 was 32%, expressed as a percentage of total bank borrowings and margin loans payable to total net assets. In view of the forthcoming rise in interest rates, the Group will actively consider any fund-raising means in order to keep its gearing at a reasonable level for controlling its interest expenses while further developing its business.

As at 31 July 2014, the Group had the capital commitments, contracted but not provided for, in respect of the land lease payments in the Mainland of HK$4,354,000; acquisition and construction of property, plant and equipment in the Mainland of HK$2,268,000 and acquisition of available-for-sale financial asset of HK$6,160,000.

Major Investments, Acquisitions and Disposals

The Group had no significant investments, material acquisitions or disposals in the year ended 31 July 2014.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year ended 31 July 2014, the Company did not redeem any of its shares listed and traded on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**") nor did the Company or any of its subsidiaries purchase or sell any of such shares.

CORPORATE GOVERNANCE

The Company is committed to achieving and maintaining high standards of corporate governance and has established policies and procedures for compliance with the principles and code provisions set out from time to time in the Corporate Governance Code ("**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange.

The Company has complied with all the code provisions set out in the CG Code throughout the year ended 31 July 2014 save for the deviations from code provisions A.2.1, A.4.1 and A.5.1 as follows:

Under code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual.

In view of the present composition of the Board, the in-depth knowledge of the Chairman (who is also the Chief Executive Officer) of the Company's operations and the garment and fashion industry in general, his extensive business network and connections, and the scope of operations of the Company, the Board believes that it is in the best interest of the Company for Dr. Lam Kin Ming to assume the roles of both the Chairman and the Chief Executive Officer.

Under code provision A.4.1 of the CG Code, non-executive directors should be appointed for a specific term and subject to re-election.

None of the existing non-executive Directors ("**NEDs**") (including the independent non-executive Directors ("**INEDs**")) of the Company is appointed for a specific term. However, all Directors are subject to the retirement provisions of the Articles of Association of the Company, which require that the Directors for the time being shall retire from office by rotation once every three years since their last election by shareholders of the Company ("**Shareholders**") and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a NED) will hold office only until the next annual general meeting of the Company ("**AGM**") and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy has been/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and, therefore, does not intend to take any remedial steps in this regard.

Under code provision A.5.1 of the CG Code, a nomination committee comprising a majority of the independent non-executive directors should be established and chaired by the chairman of the board or an independent non-executive director.

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors. As the above selection and nomination policies and procedures have already been in place and the other duties of the nomination committee as set out in the CG Code have long been performed by the full Board effectively, the Board does not consider it necessary to establish a nomination committee at the current stage.

REVIEW OF ANNUAL RESULTS

The Audit Committee of the Company currently comprises three members, namely Messrs. Leung Shu Yin, William (Chairman), Chow Bing Chiu and Yeung Sui Sang, all being INEDs. Such Committee has reviewed with the management the consolidated financial statements of the Group for the year ended 31 July 2014.

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 and other comprehensive income and the related notes thereto for the year ended 31 July 2014 as set out in the preliminary results announcement have been agreed by the Group's independent auditor, Deloitte Touche Tohmatsu, Certified Public Accountants of Hong Kong ("**Deloitte**"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 31 July 2014. The work performed by Deloitte 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 Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Deloitte on this preliminary results announcement.

PROPOSED AMENDMENTS TO MEMORANDUM AND ARTICLES OF ASSOCIATION

The Board proposes to make certain amendments ("**Proposed Amendments**") to the Company's existing Memorandum and Articles of Association to align them with the new Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which has come into effect on 3 March 2014. The Proposed Amendments will be subject to the approval of the Shareholders by way of special resolution at the forthcoming AGM. A circular containing the full text of the Proposed Amendments will be despatched to the Shareholders together with the annual report of the Company for the year ended 31 July 2014 ("**Annual Report**").

ANNUAL GENERAL MEETING

The forthcoming AGM will be held on Monday, 8 December 2014. Notice of such AGM together with the Annual Report will be published on the respective websites of the Stock Exchange and the Company and despatched to the Shareholders in early November 2014.

By Order of the Board
Crocodile Garments Limited
Lam Kin Ming
Chairman and Chief Executive Officer

Hong Kong, 28 October 2014

As at the date of this announcement, the Board comprises five executive Directors, namely Dr. Lam Kin Ming (Chairman and Chief Executive Officer), Ms. Lam Wai Shan, Vanessa (Deputy Chief Executive Officer), Dr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew and Mr. Wan Yee Hwa, Edward; one non-executive Director, namely Ms. Lam Suk Ying, Diana; and three independent non-executive Directors, namely Messrs. Chow Bing Chiu, Leung Shu Yin, William and Yeung Sui Sang.