CROCODILE

Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2012

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 2012 together with the comparative figures for the previous year as follows:

Consolidated Statement of Comprehensive Income

For the year ended 31 July 2012

	Notes	**2012** *HK$'000*	2011 *HK$'000*
REVENUE	3	**505,640**	514,520
Cost of sales		**(178,441)**	(177,256)
Gross profit		**327,199**	337,264
Fair value gains on investment properties		**77,127**	76,453
Other income	4	**55,077**	47,532
Selling and distribution expenses		**(307,602)**	(290,547)
Administrative expenses		**(62,424)**	(66,124)
Other operating expenses, net		**(1,273)**	(792)
Finance costs	5	**(1,847)**	(599)
Share of profit of an associate		**2,327**	1,443
PROFIT BEFORE INCOME TAX	6	**88,584**	104,630
Income tax expense	7	**(17,159)**	(19,451)
PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**71,425**	85,179
OTHER COMPREHENSIVE INCOME:			
Exchange differences arising on translation of foreign operations		**1,359**	8,448
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**72,784**	93,627
		HK cents	HK cents (Restated)
EARNINGS PER SHARE	9		
- Basic		**7.63**	9.14
- Diluted		**7.63**	9.14

Consolidated Statement of Financial Position

At 31 July 2012

	Notes	2012 HK$'000	2011 HK$'000
Non-current assets			
Property, plant and equipment		**63,588**	43,961
Investment properties		**930,700**	791,000
Construction in progress		**43,197**	35,586
Land lease prepayments		**19,199**	15,463
Interest in an associate		**20,561**	17,762
Rental and utility deposits		**22,407**	25,082
Deposits for acquisition and construction of property, plant and equipment		**2,196**	10,873
Deposits for land lease prepayments	10	**34,823**	34,537
Available-for-sale financial asset		**20,045**	-
		1,156,716	974,264
Current assets			
Inventories		**99,708**	73,376
Trade and other receivables, deposits and prepayments	11	**103,964**	80,610
Amounts due from related companies		**177**	149
Financial assets at fair value through profit or loss		**75,957**	-
Pledged bank deposits		**42,493**	-
Cash and cash equivalents		**49,651**	80,045
		371,950	234,180
Current liabilities			
Borrowings		**1,648**	15,946
Margin loans payable		**34,301**	-
Trade and other payables and deposits received	12	**83,584**	80,432
Amounts due to related companies		**801**	352
Tax payable		**21,361**	19,948
		141,695	116,678
Net current assets		**230,255**	117,502
Total assets less current liabilities		**1,386,971**	1,091,766
Non-current liabilities			
Borrowings		**233,510**	24,434
Provision for long service payments		**2,952**	2,854
Deferred tax liabilities		**82,797**	69,550
		319,259	96,838
Net assets		**1,067,712**	994,928
Capital and reserves			
Share capital		**233,936**	155,957
Reserves		**833,776**	838,971
		1,067,712	994,928

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 ("**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 financial instruments which are measured at fair value. 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 standards, amendments and interpretations ("**new and revised HKFRSs**") issued by the HKICPA.

HKFRSs (Amendments)	Improvements to HKFRSs 2010
HKFRS 1 (Amendments)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
HKFRS 7 (Amendments)	Disclosures – Transfers of Financial Assets
HKAS 24 (Revised)	Related Party Disclosures
HK(IFRIC) – Int 14 (Amendment)	Prepayments of a Minimum Funding Requirement

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

Amendments to HKAS 1 Presentation of Financial Statements (as part of Improvements to HKFRSs issued in 2010)

The amendments to HKAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. In the current year, for each component of equity, the Group has chosen to present such an analysis in the consolidated statement of changes in equity. Such amendments have been applied retrospectively, and hence the disclosures in these financial statements have been modified to reflect the change.

New and revised HKFRSs issued but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

Amendment to HKFRSs	Annual Improvements 2009-2011 Cycle[3]
Amendments to HKFRS 1	First-time Adoption of HKFRSs – Government Loans[3]
Amendments to HKFRS 7	Disclosures – Offsetting Financial Assets and Financial Liabilities[3]
	Mandatory Effective Date of HKFRS 9 and Transition Disclosures[5]
HKFRS 9	Financial Instruments[5]
HKFRS 10	Consolidated Financial Statements[3]
HKFRS 11	Joint Arrangements[3]
HKFRS 12	Disclosures of Interests in Other Entities[3]
Amendments to HKFRS 10, HKFRS 11 and HKFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance[3]
HKFRS 13	Fair Value Measurement[3]
Amendments to HKAS 1	Presentation of Items of Other Comprehensive Income[2]
Amendments to HKAS 12	Deferred Tax – Recovery of Underlying Assets[1]
HKAS 19 (as revised in 2011)	Employee Benefits[3]
HKAS 27 (as revised in 2011)	Separate Financial Statements[3]
HKAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures[3]
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities[4]
HK(IFRIC) – Int 20	Stripping Costs in the Production Phase of a Surface Mine[3]

[1] Effective for annual periods beginning on or after 1 January 2012
[2] Effective for annual periods beginning on or after 1 July 2012
[3] Effective for annual periods beginning on or after 1 January 2013
[4] Effective for annual periods beginning on or after 1 January 2014
[5] Effective for annual periods beginning on or after 1 January 2015

Amendments to HKAS 32 Offsetting Financial Assets and Financial Liabilities and amendments to HKFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities

The amendments to HKAS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of "currently has a legally enforceable right of set-off" and "simultaneous realisation and settlement".

The amendments to HKFRS 7 require entities to disclose information about rights of offset and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amended offsetting disclosures are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should also be provided retrospectively for all comparative periods. However, the amendments to HKAS 32 are not effective until annual periods beginning on or after 1 January 2014, with retrospective application required.

HKFRS 9 Financial Instruments

HKFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. HKFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of HKFRS 9 are described as follows:

- HKFRS 9 requires all recognised financial assets that are within the scope of HKAS 39 Financial Instruments: Recognition and Measurement to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- The most significant effect of HKFRS 9 regarding the classification and measurement of financial liabilities relates to the presentation of changes in the fair value of a financial liability (designated as at fair value through profit or loss) attributable to changes in the credit risk of that liability. Specifically, under HKFRS 9, for financial liabilities that are designated as at fair value through profit or loss, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as at fair value through profit or loss was presented in profit or loss.

HKFRS 9 is effective for annual periods beginning on or after 1 January 2015, with earlier application permitted.

The Directors anticipate that the adoption of HKFRS 9 in the future may have significant impact on amounts reported in respect of the Group's and the Company's financial assets and financial liabilities.

However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

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

In June 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, including HKFRS 10, HKFRS 11, HKFRS 12, HKAS 27 (as revised in 2011) and HKAS 28 (as revised in 2011).

Key requirements of these five standards are described below.

HKFRS 10 replaces the parts of HKAS 27 "Consolidated and Separate Financial Statements" that deal with consolidated financial statements and HK(SIC)-Int 12 "Consolidation – Special Purpose Entities". HKFRS 10 includes a new definition of control that contains three elements: (a) power over an investee, (b) exposure, or rights, to variable returns from its involvement with the investee, and (c) the ability to use its power over the investee to affect the amount of the investor's returns. Extensive guidance has been added in HKFRS 10 to deal with complex scenarios.

HKFRS 11 replaces HKAS 31 "Interests in Joint Ventures" and HK (SIC)-Int 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". HKFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified. Under HKFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the rights and obligations of the parties to the arrangements. In contrast, under HKAS 31, there are three types of joint arrangements: jointly controlled entities, jointly controlled assets and jointly controlled operations.

In addition, joint ventures under HKFRS 11 are required to be accounted for using the equity method of accounting, whereas jointly controlled entities under HKAS 31 can be accounted for using the equity method of accounting or proportionate accounting.

HKFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the disclosure requirements in HKFRS 12 are more extensive than those in the current standards.

These five standards are effective for annual periods beginning on or after 1 January 2013. Earlier application is permitted provided that all of these five standards are applied early at the same time.

The Directors anticipate that these five standards will be adopted in the Group's consolidated financial statements for the annual period beginning 1 August 2013. The application of these five standards may have significant impact on amounts reported in the consolidated financial statements. However, the Directors have not yet performed a detailed analysis of the impact of the application of these standards and hence have not yet quantified the extent of the impact.

HKFRS 13 Fair Value Measurement

HKFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. The standard defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements. The scope of HKFRS 13 is broad; it applies 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 in specified circumstances. In general, the disclosure requirements in HKFRS 13 are more extensive than those in the current standards. For example, quantitative and qualitative disclosures based on the three-level fair value hierarchy currently required for financial instruments only under HKFRS 7 "Financial Instruments: Disclosures" will be extended by HKFRS 13 to cover all assets and liabilities within its scope.

HKFRS 13 is effective for annual periods beginning on or after 1 January 2013, with earlier application permitted.

The Directors anticipate that HKFRS 13 will be adopted in the Group's consolidated financial statements for the annual period beginning 1 August 2013 and that the application of the new standard may affect the amounts reported in the consolidated financial statements and result in more extensive disclosures in the consolidated financial statements.

Amendments to HKAS 1 Presentation of Items of Other Comprehensive Income

The amendments to HKAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to HKAS 1 require additional disclosures to be made in the other comprehensive income section such that items of other comprehensive income are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 July 2012. The presentation of items of other comprehensive income will be modified accordingly when the amendments are applied in the future accounting periods.

Amendments to HKAS 12 Deferred Tax – Recovery of Underlying Assets

The amendments to HKAS 12 provide an exception to the general principles in HKAS 12 that the measurement of deferred tax assets and deferred tax liabilities should reflect the tax consequences that would follow from the manner in which the entity expects to recover the carrying amount of an asset. Specifically, under the amendments, investment properties that are measured using the fair value model in accordance with HKAS 40 Investment Property are presumed to be recovered through sale for the purposes of measuring deferred taxes, unless the presumption is rebutted in certain circumstances.

The amendments to HKAS 12 are effective for annual periods beginning on or after 1 January 2012. The Directors anticipate that the application of the amendments to HKAS 12 will have significant impact on the results and the financial position of the Group. However, the Directors have not yet performed a detailed analysis of the impact of the application of the amendments and hence have not quantified the extent of impact.

Other than as disclosed above, the Directors anticipate that the application of the other new and revised HKFRSs will have no material impact on the results and financial position of the Group and the Company.

(3) SEGMENT REPORTING

(a) Reportable and operating segments

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**481,341**	492,444	**24,299**	22,076	**-**	-	**505,640**	514,520
Other revenue from external customers	**49,136**	46,359	**2,015**	601	**3,631**	-	**54,782**	46,960
Group's total revenue	**530,477**	538,803	**26,314**	22,677	**3,631**	-	**560,422**	561,480
Reportable segment (loss) profit	**(11,968)**	11,243	**98,522**	93,458	**3,631**	-	**90,185**	104,701
Unallocated corporate income							**295**	572
Unallocated corporate expenses							**(49)**	(44)
Finance costs							**(1,847)**	(599)
Profit before income tax							**88,584**	104,630

(b) Segment assets and liabilities

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**382,651**	310,835	**957,869**	817,564	**75,957**	-	**1,416,477**	1,128,399
Unallocated corporate assets							**112,189**	80,045
Total consolidated assets							**1,528,666**	1,208,444
LIABILITIES								
Segment liabilities	**78,052**	74,159	**9,285**	9,479	**34,301**	-	**121,638**	83,638
Unallocated corporate liabilities							**339,316**	129,878
Total consolidated liabilities							**460,954**	213,516

(c) Other segment information

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
	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	**47,803**	45,451	**62,583**	18,671	**-**	-	**110,386**	64,122
Additions to deposits for acquisition and construction of property, plant and equipment	**-**	8,695	**-**	-	**-**	-	**-**	8,695
Interest in an associate	**-**	-	**20,561**	17,762	**-**	-	**20,561**	17,762
Depreciation and amortisation	**14,695**	12,117	**1,751**	1,142	**-**	-	**16,446**	13,259
Provision for (write back of) slow-moving inventories	**172**	(2,016)	**-**	-	**-**	-	**172**	(2,016)
(Write-back of) provision for bad and doubtful debts	**(531)**	102	**26**	-	**-**	-	**(505)**	102
Bad debts write-off	**-**	94	**-**	-	**-**	-	**-**	94
Loss on disposal / write-off of property, plant and equipment	**675**	769	**-**	-	**-**	-	**675**	769
Write-back of long outstanding trade payables	**(1,032)**	(831)	**-**	-	**-**	-	**(1,032)**	(831)
Other receivables write-off	**966**	1,253	**-**	-	**-**	-	**966**	1,253
Fair value gains on investment properties	**-**	-	**(77,127)**	(76,453)	**-**	-	**(77,127)**	(76,453)
Net gain on financial assets at fair value through profit and loss	**-**	-	**-**	-	**(3,631)**	-	**(3,631)**	-
Share of profit of an associate	**-**	-	**(2,327)**	(1,443)	**-**	-	**(2,327)**	(1,443)
Interest income from an associate	**-**	-	**(472)**	(601)	**-**	-	**(472)**	(601)
Amounts regularly provided to the chief operation decision maker but not included in measure of segment profit or loss or segment assets:								
Bank interest income	**(295)**	(572)	**-**	-	**-**	-	**(295)**	(572)
Interest expense	**104**	439	**1,743**	160	**-**	-	**1,847**	599
Income tax expense	**3,912**	7,361	**13,247**	12,090	**-**	-	**17,159**	19,451

(d) Geographical information

	Revenue from external customers		Non-current assets	
	2012	2011	**2012**	2011
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong (place of domicile)	**390,921**	381,465	**1,009,667**	851,537
The PRC	**165,870**	180,015	**147,049**	122,727
	556,791	561,480	**1,156,716**	974,264

(e) Information about major customers

None of the Group's customers contributed 10% or more of the Group's total revenue during the two years ended 31 July 2012 and 2011.

(4) OTHER INCOME

	2012	2011
	HK$'000	*HK$'000*
Royalty income	**47,073**	44,115
Bank interest income	**295**	572
Interest income from an associate	**472**	601
Net gain on financial assets at fair value through profit or loss	**3,631**	-
Others	**3,606**	2,244
	55,077	47,532

(5) FINANCE COSTS

	2012	2011
	HK$'000	*HK$'000*
Interest on borrowings		
- wholly repayable within five year	**1,689**	510
- not wholly repayable within five years	**158**	89
	1,847	599

(6) PROFIT BEFORE INCOME TAX

The Group's profit before income tax has been arrived at after charging (crediting):

	2012	2011
	HK$'000	*HK$'000*
Depreciation of property, plant and equipment	**16,105**	12,930
Amortisation of land lease prepayments (included in administrative expenses)	**341**	329
Provision for (write-back of) slow-moving inventories (included in cost of sales)	**172**	(2,016)

(7) INCOME TAX EXPENSES

	2012 HK$'000	2011 HK$'000
Current tax		
– PRC Enterprise Income Tax	**3,912**	7,361
Deferred tax	**13,247**	12,090
Income tax expense	**17,159**	19,451

No current Hong Kong Profits Tax has been provided for the year ended 31 July 2012 (2011: nil) 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 (the "**EIT Law**") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

(8) DIVIDENDS

No dividend was paid or declared during the year ended 31 July 2012 (2011: nil), nor has any dividend been proposed by the Company since the end of the reporting period (2011: nil).

(9) EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of the basic earnings per share for the year ended 31 July 2012 is based on the consolidated profit attributable to owners of the Company of approximately HK$71,425,000 (2011: HK$85,179,000) and the number of ordinary shares in issue of 935,743,695 (2011: the weighted average number of shares in issue of 931,691,111 (as restated)), and is calculated as follows:

Number of ordinary shares

	2012	2011 (Restated)
Issued ordinary shares at 1 August	**623,829,130**	617,127,130
Effect of share options exercised	**-**	4,000,277
Effect of bonus share issued (Note)	**311,914,565**	310,563,704
Number of ordinary shares in issue for the year ended 31 July (2011: weighted average number)	**935,743,695**	931,691,111

(b) Diluted earnings per share

Diluted earnings per share is the same as basic earnings per share for the year ended 31 July 2012, as the Company had no dilutive potential ordinary shares in issue during the year.

The calculation of diluted earnings per share for the year ended 31 July 2011 is based on the consolidated profit attributable to owners of the Company of approximately HK$85,179,000 and the restated weighted average number of ordinary shares (diluted) of 932,214,902, and is calculated as follows:

Number of ordinary shares

	2012	2011 (Restated)
Number of ordinary shares for the purpose of basic earnings per share (2011: weighted average number) (Note)	**935,743,695**	931,691,111
Effect of deemed exercise of outstanding share options under the Company's share option scheme	**-**	523,791
Number of ordinary shares for the purpose of diluted earnings per share (2011: weighted average number)	**935,743,695**	932,214,902

Note: The weighted average number of ordinary shares for the purpose of calculating basic earnings per share and diluted earnings per share for the year ended 31 July 2011 had been adjusted to reflect the effect of Bonus Share Issue in June 2012 on the basis of one bonus share for every two ordinary shares held.

(10) DEPOSITS FOR LAND LEASE PREPAYMENTS

Deposits as land lease prepayments (the "**Land Lease Prepayments**") were made for the purchase of land use rights in Mainland China (the "**Land**"). In accordance with the agreement dated 22 June 2006 (the "**Agreement**") entered into by the Group and 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**"), the Group had made payment of RMB14,721,000 (equivalent to HK$17,960,000) to the Vendor (the "**Vendor Deposit**") and RMB13,822,000 (equivalent to HK$16,863,000) to a company owned by Zhongshan Sanxiang Town local government (the "**Government Deposit**").

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

In October 2012, the Vendor and the Local Government had respectively issued letter to the Group 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 right certificate of the Land; and (iii) their 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 right certificate of the Land.

The Group has obtained legal opinion from an independent PRC law firm (the "**Lawyer**") and has received the legal advice that whilst the other letters had not specified or confirmed the whole amount of the Land Lease Prepayments (the "**Whole Amount**") or timing of commitment by the Local Government to repay, however, based on the undertaking given in the letter issued by the Local Government to the Group in October 2010, the Group would have reasonable grounds to recover the Whole Amount paid with interest from the Local Government, regardless whether the Vendor is able to repay its part as the Vendor Deposit or not, despite the associated risk and uncertainty which may happen during the course of legal action taken. The Lawyer further advised that appropriate legal action shall be taken within the valid time bar under the PRC law and regulations, which is before the end of February 2013, in order to secure and support the Group's right to recover the Whole Amount from the Local Government.

After considering the circumstances and the legal opinion, 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 in near future the land use right certificate of the Land, as the Directors have reason to believe that there has been appreciation in the value of the Land, though that it may exceed the valid time bar to recover the Whole Amount with interest from the Local Government if legal action is to be taken later on. The Directors believe that the Group would either be able to recover the Whole Amount or to obtain the relevant land use right certificate in the near future. No impairment loss on the deposits paid is considered necessary by the Directors at this stage.

(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2012	2011
	HK$'000	*HK$'000*
Trade receivables	**24,881**	14,617
Less: Allowance for bad and doubtful debts	**(1,141)**	(1,641)
	23,740	12,976
Other receivables	**43,618**	36,185
Deposits and prepayments	**36,606**	31,449
	103,964	80,610

(a) 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.

(b) An aging analysis of trade receivables as at the end of reporting period, net of allowance, based on the invoice date is as follows.

	2012	2011
	HK$'000	*HK$'000*
Trade receivables		
0 to 90 days	**17,042**	9,571
91 to 180 days	**2,120**	2,681
181 to 365 days	**4,578**	724
	23,740	12,976

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

	2012	2011
	HK$'000	*HK$'000*
At the beginning of the year	**1,641**	15,352
(Reversed) allowance provided	**(505)**	102
Write-off as uncollectable	**-**	(13,884)
Exchange realignment	**5**	71
At the end of the year	**1,141**	1,641

Included in allowance for bad and doubtful debts of the Group are individually impaired trade receivables with an aggregate balance of approximately HK$1,141,000 (2011: HK$1,641,000). The impaired trade receivables related to customers that were in financial difficulties and management assessed that only a portion of the receivables is expected to be recovered. Consequently, specific allowance for doubtful debts was fully recognised.

(12) TRADE AND OTHER PAYABLES AND DEPOSITS RECEIVED

An aging analysis of the trade payables as at the end of the reporting period, based on the date of receipt of the goods, and the details of balances of advance from customers, deposits received, other payables and accruals are as follows:

	2012	2011
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**17,488**	16,544
91 to 180 days	**2,722**	2,717
181 to 365 days	**635**	1,589
Over 365 days	**636**	1,148
	21,481	21,998
Advance from customers	**14,957**	16,862
Deposits received	**7,275**	7,127
Other payables and accruals	**39,871**	34,445
	83,584	80,432

The trade payables are normally settled between 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 statement for the year ended 31 July 2012, an extract of which is as follows:

Basis for Qualified Opinion

As disclosed and explained in note 21 to the financial statements, included in the deposits paid as land lease prepayments, an amount of approximately RMB14,721,000 (equivalent to HK$17,960,000) (the "**Vendor Deposit**") was paid to Zhongshan Hong Feng Real Property Consultancy Company Limited (中山市宏豐房地產諮詢服務有限公司). In respect of this Vendor Deposit, the Directors believe that the Group will either be able to recover the amount in full, or obtain the land use right certificate in the near future, therefore no impairment was considered necessary by the Directors on such balance as at 31 July 2012.

We were unable to obtain sufficient appropriate audit evidence we consider necessary in order to assess whether the Vendor Deposit paid would be recovered in full or the land use right certificate would be successfully obtained by the Group. There were no practical alternative audit procedures that we could perform to satisfy ourselves as to the recoverability of the Vendor Deposit as at 31 July 2012 and the related impairment loss, if any, required to be provided for the year ended 31 July 2012.

Any adjustments to the amount of the Vendor Deposit paid found to be necessary would affect the Group's net assets as at 31 July 2012 and the Group's profit for the year then ended and related note disclosures to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give a true and fair view of the state of affairs of the Company and of the Group as at 31 July 2012, 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.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 July 2012 (2011: Nil). No interim dividend was paid or declared in respect of the year ended 31 July 2012 (2011: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

Crocodile, having been in the apparel business for 60 years, this prestigious brand name is the most valuable asset to the "Garment and Related Accessories Business" segment of the Group. To commemorate its 60th anniversary in 2012 and pursue the long-term strategy of enhancing the brand image and unique brand identity, the Group has been launching a series of effective and targeted marketing and promotional activities. Through the above marketing events, the Group also wishes to share with its customers the theme of 60th anniversary celebration - "Hong Kong Spirit". With the "Hong Kong Spirit", the Group managed to weather the difficult business environment, as further narrated below, for the "Garment and Related Accessories Business" segment in the year ended 31 July 2012. The revenue was HK$481,341,000 (2011: HK$492,444,000) which represented a moderate drop of 2%.

Giving the robust property market in Hong Kong, the "Property Investment and Letting Business" segment remained the major contributor for the overall performance of the Group for the year ended 31 July 2012. Besides the rental income of HK$24,299,000 (2011: HK$22,076,000), the fair value gains on investment properties were HK$77,127,000 (2011: HK$76,453,000).

Aggregating the performances of the two business segments above, the Group recorded a drop in revenue of 2% to HK$505,640,000 for the year ended 31 July 2012 (2011: HK$514,520,000). Gross profit decreased by 3% to HK$327,199,000 (2011: HK$337,264,000).

After taking into account the share of profit of an associated company of HK$2,327,000 (2011: HK$1,443,000) and the exchange differences arising on translation of foreign operations of HK$1,359,000 (2011: HK$8,448,000), the total comprehensive income for the year ended 31 July 2012 attributable to the owners of the Company was HK$72,784,000 (2011: HK$93,627,000).

As thanks to the shareholders for their long-term support and trust for more than half a century, the Company issued bonus shares on 6 June 2012.

Operations in Hong Kong and Macau

The gloomy business atmosphere worldwide and the weakening economic growth in the Mainland China since the beginning of 2012 aggravated the consuming power of the tourists to the territories. On the other hand, the Group has been restructuring the sales network by repositioning certain shops of the "Garment and Related Accessories Business" segment to tackle the ever-raising rental expenses. As at 31 July 2012, the Group operated 25 shops for Crocodile line (2011: 26) and 8 shops for Lacoste line (2011: 8). The benefit derived from the new sales network needs time to be materialized. In addition, the unexpected late coming of the chilly weather also dragged down the sales of high-end fall/winter items. As a consequence, there was a decline in revenue by 2% in the year ended 31 July 2012.

As contrary to the tough retail business environment, the performance of the "Property Investment and Letting Business" segment was encouraging and provided a stable revenue stream to the Group. The rental revenue remained steady in the year under review and was HK$24,299,000 (2011: HK$22,076,000). In addition, the fair value gains on investment properties of HK$77,127,000 as at 31 July 2012.

Operations in the Mainland of China ("Mainland")

Because of the globalization effect, the Mainland cannot be immune from the dim economic atmosphere worldwide. As evidenced by the current economic indexes, the economy in the Mainland is now under strong headwind. The economic growth has decelerated and it consequently has weakened the consumer demand. Coupled with the keen competition from both the renowned foreign and local brands, the business condition in the Mainland became particularly thorny. Responsively, the Group hastened its pace of consolidating the sales channels, and implemented conservative means on inventory management for franchisees, in order to avoid the risk of stock obsolescence. The Group also maximized its operating efficiencies by fortifying stringent controls over costs and outlays.

As at 31 July 2012, there were a total of 296 shops in the Mainland (2011: 282), including self-operated shops of 95 (2011: 86) and those operated by the Group's franchisees of 201 (2011: 196).

The royalty income from licensees for the year ended 31 July 2012 was HK$47,073,000 and was the major component of the other income. However, certain of the royalty agreements will be expired in the forthcoming financial year and under the prevailing downside business conditions in the Mainland, the negotiation process is expected to be much hard. Nevertheless, the Group will endeavour to bargain for securing the royalty income to be its steady income stream.

Prospects

The European sovereign debt crisis is twisting and turning. Though the economy of the United States appears to be recovered, it is uncertain this upside trend will sustain after the President Election, and the forthcoming Fiscal Cliff in the 4th quarter of 2012. Despite of the governmental measures of stimulating the domestic consumption, the Mainland is still heavily dependent on the sectors of export and investment for its economic growth. As a result, the market sentiment of the Mainland is highly susceptible to the bleak economic conditions overseas. The Mainland Government has eased the liquidity to fuel the economic growth. However, whether the fund can substantially reach the entities of the real economy, it is yet to be proved. The case is even more complicated as the above nascent expansionary monetary policy might be halted to prevent any possible hyperinflation occurred in the Mainland as a consequence of the further Quantitative Easings successively adopted by the Eurozone, the United States and Japan recently.

The faltering consumer power in the Mainland has definitely hampered the apparel business of the Group there and also Hong Kong, as reflected in the sluggish tourist spending. In view of the deteriorating operation environment of the apparel business, its major cash generating segment, the Group has been vigilant on the cash management in order to preserve liquidity for the prevailing challenges. Moreover, the Group will deploy more resources to the "Property Investment and Letting Business" segment and explore other investment opportunities for boarding the revenue base and diversifying the business risk.

Facing all the ramifications ahead, the Group will, in the unwavering "Hong Kong Spirit", strive in every aspect to deliver the best to its shareholders and customers, as in the past sixty years.

Contingent Liabilities

As at 31 July 2012, 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 utilize 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 2012.

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$49,651,000 as at 31 July 2012 (2011: HK$80,045,000) and were mainly denominated in Hong Kong dollars and Renminbi. The pledged bank deposits of approximately HK$42,493,000 (2011: Nil) represent deposits pledged to banks to secure banking facilities and margin loans and are therefore classified as current assets. The cash and cash equivalent denominated in Renminbi as at 31 July 2012 amounted to HK$24,778,000 (2011: HK$56,070,000) 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 authorized to conduct foreign exchange business.

As at 31 July 2012, the total outstanding borrowings including margin loans of the Group amounted to HK$269,459,000. The total outstanding borrowings comprised unsecured short-term bank trust receipt loans of HK$721,000, secured long-term bank mortgage loan of HK$8,437,000, secured margin loans of HK$34,301,000 and secured long-term bank revolving loans of HK$226,000,000. Short-term bank loans were repayable within a period not exceeding one year. The secured long-term bank mortgage loan was repayable by instalments with its current portion of HK$928,000 repayable within one year and long-term portion of HK$7,509,000 repayable in the second to ninth 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 2012.

As at 31 July 2012, the Group had mortgaged certain of its investment properties with carrying values of HK$868,000,000 and created floating charges on its certain assets to its bankers to secure banking facilities granted to the Group.

The Group's gearing was considered to be at a reasonable level, as the debt to equity ratio at 31 July 2012 was 25.2%, expressed as a percentage of margin loans payable and total bank borrowings to total net assets.

As at 31 July 2012, the Group had the capital commitments, contracted but not provided for, in respect of the land lease payments in the Mainland of HK$4,216,000; acquisition and construction of property, plant and equipment in the Mainland of HK$2,476,000 and acquisition of available-for-sale financial asset of HK$11,155,000.

Major Investments, Acquisitions and Disposals

Except for the acquisition of the property and the investment in the property project fund as disclosed in the announcements dated 12 and 29 March 2012, respectively, the Group had no significant investments, material acquisitions or disposals in the year ended 31 July 2012.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES

During the year ended 31 July 2012, the Company did not redeem any of its shares ("**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.

BONUS SHARES ISSUED

With the approval of the Company's shareholders ("**Shareholders**") at the extraordinary general meeting of the Company ("**EGM**") held on 25 May 2012, a bonus issue of Shares ("**Bonus Issue**") was made on the basis of one bonus Share ("**Bonus Share**") for every two Shares in issue held by the Shareholders whose names appeared on the register of members of the Company on 1 June 2012 ("**Bonus Issue Record Date**"). As at the Bonus Issue Record Date, there were 623,829,130 Shares in issue and accordingly 311,914,565 Bonus Shares were issued in early June 2012. The Bonus Shares, which rank pari passu in all respects with the then issued Shares, were credited as fully paid by way of capitalisation of HK$77,978,641, being the aggregate nominal amount of such Bonus Shares, standing to the credit of the share premium account of the Company. Further information of the Bonus Issue is set out in a circular of the Company dated 26 April 2012 and the announcements of the Company dated 27 March and 26 April 2012 respectively.

CORPORATE GOVERNANCE

The Company has complied with all the code provisions respectively set out in (a) the Code on Corporate Governance Practices ("**former CG Code**") under Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange, which was amended as the Corporate Governance Code ("**CG Code**") with most of the amended provisions becoming effective on 1 April 2012, for the period from 1 August 2011 to 31 March 2012 and (b) the CG Code for the period from 1 April to 31 July 2012 save for the deviations from code provisions A.2.1 and A.4.1 of the former CG Code and the CG Code as well as A.5.1 and A.6.7 of the CG Code.

Code Provision A.2.1

Under code provision A.2.1 of the former CG Code and 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.

Code Provision A.4.1

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

None of the existing non-executive Directors (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 ("**Articles of Association**"), 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 and the retiring Directors are eligible for re-election. In addition, any person appointed by the Board as an additional Director (including a non-executive Director ("**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 former CG Code and the CG Code, each of the Directors appointed to fill a casual vacancy would/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.

Code Provision A.5.1

Under code provision A.5.1 of the CG Code, a nomination committee comprising a majority of the INEDs should be established and chaired by the chairman of the board or an INED.

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.

Code Provision A.6.7

Under code provision A.6.7 of the CG Code, INEDs and other NEDs should attend general meetings and develop a balanced understanding of the views of the shareholders of the Company.

Due to other pre-arranged business commitments which must be attended to by Ms. Lam Suk Ying, Diana (NED), she was not present at the EGM held on 25 May 2012. The aforesaid Director was neither the chairman nor a member of any Board committee.

REVIEW OF ANNUAL RESULTS

The audit committee of the Company currently comprises three INEDs, namely Messrs. Leung Shu Yin, William, Yeung Sui Sang and Chow Bing Chiu. Such committee has reviewed the audited annual results (including the consolidated financial statements) of the Company for the year ended 31 July 2012.

REVIEW OF PRELIMINARY ANNOUNCEMENT OF RESULTS BY THE INDEPENDENT AUDITOR

The figures in respect of the consolidated statement of financial position, consolidated statement of comprehensive income and the related notes thereto for the year ended 31 July 2012 as set out in this preliminary announcement have been agreed by the Group's independent auditor, SHINEWING (HK) CPA Limited, Certified Public Accountants of Hong Kong ("**SHINEWING**"), to the amounts set out in the audited consolidated financial statements for the year. The work performed by SHINEWING 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 SHINEWING on this preliminary results announcement.

ANNUAL GENERAL MEETING

The AGM will be held on Monday, 17 December 2012. Notice of such AGM together with the Company's Annual Report for the year ended 31 July 2012 will be published on the respective websites of the Stock Exchange and the Company and despatched to Shareholders in about mid November 2012.

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

Hong Kong, 26 October 2012

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. Yeung Sui Sang, Chow Bing Chiu and Leung Shu Yin, William.