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CROCODILE

Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

ANNOUNCEMENT OF FINAL RESULTS FOR THE YEAR ENDED 31 JULY 2020

RESULTS

The board of directors ("**Board**" and "**Directors**", respectively) of Crocodile Garments Limited ("**Company**") announces the consolidated results of the Company and its subsidiaries ("**Group**") for the financial year ended 31 July 2020 together with the comparative figures for the previous financial year as follows:

Consolidated Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 July 2020

	Notes	**2020** *HK$'000*	2019 *HK$'000*
REVENUE	*3*	**151,267**	235,348
Cost of sales		**(45,957)**	(72,014)
Gross profit		**105,310**	163,334
Fair value (losses) gains on investment properties		**(161,185)**	57,414
Other income	*4*	**15,184**	4,719
Selling and distribution expenses		**(112,996)**	(131,761)
Administrative expenses		**(54,837)**	(61,789)
Other (losses) gains, net	*5*	**(61,372)**	11,523
Finance costs	*6*	**(20,318)**	(17,052)
Share of (loss) profit of an associate		**(2,559)**	3,528
(LOSS) PROFIT BEFORE TAX	*7*	**(292,773)**	29,916
Income tax credit	*8*	**2,290**	691
(LOSS) PROFIT FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(290,483)**	30,607
OTHER COMPREHENSIVE EXPENSE			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		**(1,541)**	(1,958)
Other comprehensive expense for the year		**(1,541)**	(1,958)
TOTAL COMPREHENSIVE (EXPENSE) INCOME FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY		**(292,024)**	28,649
		HK cents	*HK cents*
(LOSSES) EARNINGS PER SHARE	*10*		
— Basic		**(30.66)**	3.23
— Diluted		**(30.66)**	3.23

Consolidated Statement of Financial Position
As at 31 July 2020

	Notes	2020 HK$'000	2019 HK$'000
Non-current assets			
Property, plant and equipment		**68,293**	114,482
Prepayment for the acquisition of property, plant and equipment		—	2,490
Investment properties		**1,727,756**	1,889,349
Land lease prepayments		—	11,600
Right-of-use assets		**46,387**	—
Financial asset at fair value through profit or loss ("**FVTPL**")		**29,054**	32,013
Amount due from an associate		**8,323**	8,878
Interest in an associate		**51,091**	53,650
Rental and utility deposits	*11*	**10,421**	13,833
		1,941,325	2,126,295
Current assets			
Inventories		**49,116**	48,437
Trade and other receivables, deposits and prepayments	*11*	**25,906**	28,353
Financial assets at FVTPL		**179,549**	163,826
Pledged bank deposits		**24,108**	37,559
Bank balances and cash		**86,402**	105,570
		365,081	383,745
Asset classified as held-for-sale		—	56,150
		365,081	439,895
Current liabilities			
Bank borrowings	*12*	**406,243**	581,083
Margin loans payable		**13,097**	23,206
Trade and other payables and deposits received	*13*	**51,217**	72,472
Amounts due to related companies		**472**	269
Lease liabilities		**35,355**	—
Tax payable		**19,755**	19,738
		526,139	696,768
Liabilities associated with asset classified as held-for-sale		—	20,615
		526,139	717,383
Net current liabilities		**(161,058)**	(277,488)
Total assets less current liabilities		**1,780,267**	1,848,807
Non-current liabilities			
Bank borrowings	*12*	**214,992**	15,329
Deposits received	*13*	**10,821**	10,157
Provision for long service payments		**1,766**	2,266
Lease liabilities		**25,947**	—
Deferred tax liabilities		—	2,290
		253,526	30,042
Net assets		**1,526,741**	1,818,765
Capital and reserves			
Share capital		**332,323**	332,323
Reserves		**1,194,418**	1,486,442
Total equity		**1,526,741**	1,818,765

NOTES

For the year ended 31 July 2020

(1) BASIS OF PREPARATION

The consolidated financial statements of the Group for the year ended 31 July 2020 have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) ("**Companies Ordinance**"). In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and 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 consolidated financial statements are presented in Hong Kong dollars ("**HK$**") except otherwise indicated.

In preparing the consolidated financial statements of the Company, the Directors have given careful consideration to the future liquidity of the Group in light of the fact that the Group's current liabilities exceeded its current assets by approximately HK$161,058,000 as at 31 July 2020.

The COVID-19 outbreak and the subsequent quarantine and distancing measures imposed by the Government of the Hong Kong Special Administrative Region have had a negative impact on the operations of the Group. The financial performance of the shop outlets might not be fully returned to the level before the COVID-19 in the upcoming financial year.

Subsequent to the end of the reporting period, the Group received a letter from one of the Group's principal bankers indicating that the bank expected to renew the facility granted to the Group expiring in early 2021 for another year. The Directors considered that it is highly probable that the Group would be successful in renewing the facility.

In the opinion of the Directors, the Group will be able to continue as a going concern at least in the coming twelve months taking into consideration that the Group is able to renew banking facilities from various banks in full upon their maturity for the operation requirements of the Group based on the fair value of the related investment properties being pledged as security for the banking facilities, the past history of renewal and the good relationships of the Group with the banks.

Based on the aforesaid factors, the Directors are satisfied that the Group will have sufficient financial resources to meet in full its financial obligations as and when they fall due for the foreseeable future. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The financial information relating to the years ended 31 July 2020 and 31 July 2019 included in this preliminary announcement of annual results for the year ended 31 July 2020 does not constitute the Company's statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Companies Ordinance is as follows:

The Company has delivered the financial statements for the year ended 31 July 2019 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance and will deliver the financial statements for the year ended 31 July 2020 in due course.

The Company's independent auditor has reported on these financial statements of the Group for both years. The independent auditor's reports were unqualified; included a reference to material uncertainty related to going concern to which the independent auditor drew attention by way of emphasis of matter without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Companies Ordinance.

(2) APPLICATION OF HKFRSs

Amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied, for its first time, the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**").

HKFRS 16	Leases
HK(IFRIC) - Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle
Amendments to HKFRS 16	Covid-19-Related Rent Concessions

The adoption of HKFRS 16 and the amendments to HKFRS 16 resulted in changes in the Group's accounting policies and adjustments to the amounts recognised in the consolidated financial statements as summarised below.

The application of other new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and position for the current and prior years and on the disclosures set out in these consolidated financial statements.

2.1 Impacts on adoption of HKFRS 16 Leases

HKFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to the lessee accounting by removing the distinction between operating lease and finance lease and requiring the recognition of right-of-use asset and a lease liability for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. Details of these new accounting policies are described in note 4 to the Consolidated Financial Statements in the annual report of the Company. The Group has applied the modified retrospective approach of HKFRS 16 from 1 August 2019. Comparative information has not been restated and continues to be reported under HKAS 17 Leases.

On transition to HKFRS 16, the Group elected to apply the practical expedient to grandfather the assessment of which arrangements are, or contain, leases. It applied HKFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease were not reassessed. Therefore, the definition of a lease under HKFRS 16 has been applied only to contracts entered into or changed on or after 1 August 2019.

The Group as lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 (except for lease of low value assets and lease with remaining lease term of 12 months or less). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 August 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 August 2019 was 3.5%.

The Group recognises right-of-use assets and measures them at an amount equal to the lease liability.

The Group as lessor

The Group leases some of the properties.

In accordance with the transitional provisions in HKFRS 16, the Group is not required to make any adjustment on transition for leases in which the Group is a lessor but account for these leases in accordance with HKFRS 16 from the date of initial application and comparative information has not been restated.

(2) APPLICATION OF HKFRSs *(continued)*

Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

2.1 Impacts on adoption of HKFRS 16 Leases (continued)

(a) Upon application of HKFRS 16, new lease contracts entered into but commence after the date of initial application relating to the same underlying assets under existing lease contracts are accounted as if the existing leases are modified as at 1 August 2019. The application has had no impact on the Group's consolidated statement of financial position at 1 August 2019. However, effective from 1 August 2019, lease payments relating to the revised lease term after modification are recognised as income on straight-line basis over the extended lease term.

(b) Before application of HKFRS 16, refundable rental deposits received were considered as rights and obligations under leases to which HKAS 17 applied. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right-of-use assets and were adjusted to reflect the discounting effect at transition. The management considers the impact of the discounting effect as insignificant to the consolidated financial statements.

The following table summarises the impact of transition to HKFRS 16 at 1 August 2019. Line items that were not affected by the adjustments have not been included.

	Notes	**Carrying amounts previously reported at 31 July 2019** *HK$'000*	**Adjustments** *HK$'000*	**Carrying amounts under HKFRS 16 at 1 August 2019** *HK$'000*
Non-current assets				
Property, plant and equipment	*(a)*	114,482	(34,798)	79,684
Land lease prepayments	*(b)*	11,600	(11,600)	—
Right-of-use assets	*(a), (b) & (c)*	—	133,460	133,460
Current assets				
Trade and other receivables, deposits and prepayments	*(b)*	28,353	(316)	28,037
Current liabilities				
Trade and other payables and deposits received	*(c) & (d)*	72,472	(15,857)	56,615
Lease liabilities		—	43,115	43,115
Non-current liabilities				
Lease liabilities		—	59,488	59,488

The carrying amount of right-of-use assets as at 1 August 2019 comprises the following:

	Notes	**Right-of-use assets** *HK$'000*
Right-of-use assets relating to operating leases recognised upon application of HKFRS 16		102,603
Reclassified from leasehold land	*(a)*	34,798
Reclassified from land lease prepayments	*(b)*	11,916
Adjustments on the rent-free period at 1 August 2019	*(c)*	(937)
Adjustments on the provision for onerous contracts at 1 August 2019	*(d)*	(14,920)
		133,460
By class:		
— Leasehold land		46,714
— Leased premises		86,746
		133,460

(2) APPLICATION OF HKFRSs *(continued)*

Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

2.1 Impacts on adoption of HKFRS 16 Leases (continued)

Notes:

(a) It represented the leasehold land of approximately HK$34,798,000 reclassified from property, plant and equipment to right-of-use assets as at 1 August 2019.

*(b) Upfront payments for leasehold lands in the People's Republic of China ("**PRC**") were classified as land lease prepayments as at 31 July 2019. Upon application of HKFRS 16, the current and non-current portion of land lease prepayments amounting to approximately HK$316,000 and HK$11,600,000, respectively, were reclassified to right-of-use assets.*

(c) It represents the accrued lease liabilities of approximately HK$937,000 for leases where the lessors have provided rent-free period, and was adjusted to right-of-use assets on transition to HKFRS 16.

(d) The provision for onerous contracts was made based on assessment of the unavoidable costs of meeting the obligations under the lease agreement exceed the economic benefits expected to be received from the leases of shop outlets for garment and related accessories business. The provision was calculated based on discounted cash flows to the end of the lease period. As at 1 August 2019, the provision for onerous contracts was approximately HK$14,920,000 and was adjusted to the right-of-use assets on transition to HKFRS 16.

Differences between operating lease commitment as at 31 July 2019, the date immediately preceding the date of initial application, discounted using the incremental borrowing rate, and the lease liabilities recognised as at 1 August 2019 are as follow:

	HK$'000
Operating lease commitments disclosed as at 31 July 2019	120,445
Less: Short-term leases with remaining lease term ending on or before 31 July 2020	(13,004)
	107,441
Discounted using the incremental borrowing rate as at 1 August 2019 and lease liabilities recognised as at 1 August 2019	102,603
Analysed as:	
— Non-current	59,488
— Current	43,115
	102,603

In the consolidated statement of cash flows, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element. These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. The total cash flows are unaffected. The adoption of HKFRS 16 does not have material impact in presentation of cashflows within the consolidated statement of cash flows.

(2) APPLICATION OF HKFRSs *(continued)*

Amendments to HKFRSs that are mandatorily effective for the current year *(continued)*

2.1 Impacts on adoption of HKFRS 16 Leases (continued)

Practical expedients applied

On the date of initial application of HKFRS 16, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on assessments on whether leases are onerous by applying HKAS 37 Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to performing an impairment review;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 August 2019 as short-term leases; and
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application.

2.2 Early adoption of amendments to HKFRS 16 Covid-19-Related Rent Concessions

The amendments to HKFRS 16 provide a practical expedient for lessees to elect not to apply lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. The practical expedient applies only to rent concessions occurring as a direct consequence of the COVID-19 pandemic and only if (i) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change; (ii) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and (iii) there is no substantive change to other terms and conditions of the lease.

A lease applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 as if the changes were not lease modifications. Forgiveness or waiver of lease payments is accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

The Group has elected to early adopt the amendments and applies the practical expedient to all qualifying COVID-19-related rent concessions granted to the Group during the year ended 31 July 2020.

New and revised HKFRSs issued but not yet effective

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

HKFRS 17	Insurance Contracts[5]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 3	Definition of a Business[3]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
Conceptual Framework for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting[1]
Amendments to HKAS 1	Classifying liabilities as current or non-current[5]
Amendments to HKAS 16	Property, Plant and Equipment — Proceeds before Intended Use[4]

[1] Effective for annual periods beginning on or after 1 January 2020
[2] Effective for annual periods beginning on or after a date to be determined
[3] Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020
[4] Effective for annual periods beginning on or after 1 January 2022
[5] Effective for annual periods beginning on or after 1 January 2023

The Directors anticipate that the application of above new and revised HKFRSs will have no material impact on the results and the consolidated statement of financial position of the Group.

(3) SEGMENT INFORMATION

The Group has three operating segments, namely i) garment and related accessories business, ii) property investment and letting business, and iii) securities trading. The operating segments are managed separately as each business line offers different products and services and requires different business strategies.

(a) Segment revenues and results

For the year ended 31 July

	Garment and related accessories business		Property investment and letting business		Securities trading		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
Revenue from external customers	**94,868**	178,048	**56,399**	57,300	**—**	—	**151,267**	235,348
Other income from external customers *(Note)*	**13,540**	2,700	**698**	915	**—**	—	**14,238**	3,615
Group's total revenue and other income *(Note)*	**108,408**	180,748	**57,097**	58,215	**—**	—	**165,505**	238,963
Reportable segment (loss) profit	**(105,250)**	(24,486)	**(116,439)**	110,838	**(17,523)**	5,857	**(239,212)**	92,209
Unallocated corporate income							**946**	1,104
Unallocated corporate expenses							**(34,189)**	(46,345)
Finance costs							**(20,318)**	(17,052)
(Loss) profit before tax							**(292,773)**	29,916

Note: The income excludes bank interest income and interest income on advances to independent third parties.

(b) Segment assets and liabilities

As at 31 July

	Garment and related accessories business		Property investment and letting business		Securities trading		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
ASSETS								
Segment assets	**188,103**	208,553	**1,792,190**	2,011,669	**179,549**	163,826	**2,159,842**	2,384,048
Unallocated corporate assets							**146,564**	182,142
Total consolidated assets							**2,306,406**	2,566,190
LIABILITIES								
Segment liabilities	**107,861**	66,491	**17,717**	24,288	**13,097**	23,206	**138,675**	113,985
Unallocated corporate liabilities							**640,990**	633,440
Total consolidated liabilities							**779,665**	747,425

(3) SEGMENT INFORMATION *(continued)*

(c) Other segment information

For the year ended 31 July

	Garment and related accessories business		Property investment and letting business		Securities trading		Total	
	2020	2019	**2020**	2019	**2020**	2019	**2020**	2019
	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:								
Interest in an associate	**—**	—	**51,091**	53,650	**—**	—	**51,091**	53,650
Additions to property, plant and equipment	**5,569**	5,607	**13**	370	**—**	—	**5,582**	5,977
Additions of prepayment of property, plant and equipment	**—**	2,490	**—**	—	**—**	—	**—**	2,490
Addition of right-of-use assets	**10,034**	—	**—**	—	**—**	—	**10,034**	—
Depreciation and amortisation	**54,585**	11,970	**365**	372	**—**	—	**54,950**	12,342
Provision for onerous contracts	**—**	6,295	**—**	—	**—**	—	**—**	6,295
Impairment loss recognised in respect of right-of-use assets	**39,349**	—	**—**	—	**—**	—	**39,349**	—
(Reversal of provision) provision for impairment on trade and other receivables	**(6,989)**	(13,570)	**648**	—	**—**	—	**(6,341)**	(13,570)
(Reversal of provision) provision for slow-moving inventories	**(812)**	105	**—**	—	**—**	—	**(812)**	105
Impairment loss recognised in respect of property, plant and equipment	**5,390**	1,360	**—**	—	**—**	—	**5,390**	1,360
Loss on write off of property, plant and equipment	**86**	—	**—**	—	**—**	—	**86**	—
Write-off of trade and other receivables	**—**	159	**—**	—	**—**	—	**—**	159
Fair value losses (gains) on investment properties	**—**	—	**161,185**	(57,414)	**—**	—	**161,185**	(57,414)
Net losses (gains) on financial assets at FVTPL *(Note)*	**—**	—	**—**	—	**17,523**	(5,857)	**17,523**	(5,857)
Share of loss (profit) of an associate	**—**	—	**2,559**	(3,528)	**—**	—	**2,559**	(3,528)
Interest income from an associate	**—**	—	**(445)**	(607)	**—**	—	**(445)**	(607)

Note: The amount excludes loss from financial assets at FVTPL under non-current assets.

(3) SEGMENT INFORMATION *(continued)*

(d) Geographical information

	Revenue from external customers		Non-current assets	
	Year ended 31 July		As at 31 July	
	2020	2019	**2020**	2019
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*
Hong Kong	**142,851**	224,015	**1,800,800**	1,972,603
The PRC	**8,416**	11,333	**92,727**	98,968
	151,267	235,348	**1,893,527**	2,071,571

Note: Non-current assets exclude financial instruments.

(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

	2020	2019
	HK$'000	*HK$'000*
Royalty income	**2,354**	2,370
Bank interest income	**106**	264
Interest income on amount due from an associate	**445**	607
Interest income on advances to independent third parties	**840**	840
Government grants	**6,200**	—
Covid-19-related rent concessions	**3,984**	—
Others	**1,255**	638
	15,184	4,719

(5) OTHER (LOSSES) GAINS, NET

	2020	2019
	HK$'000	*HK$'000*
Provision for onerous contracts	**—**	(6,295)
Impairment loss recognised in respect of right-of-use assets	**(39,349)**	—
Reversal of provision for impairment on trade and other receivables	**6,341**	13,570
Write-off of trade and other receivables	**—**	(159)
Impairment loss recognised in respect of property, plant and equipment	**(5,390)**	(1,360)
Loss on write-off of property, plant and equipment	**(86)**	—
Loss on early termination of lease	**(665)**	—
Loss on disposal of asset classified as held-for-sale	**(726)**	—
Net (losses) gain on financial assets at FVTPL	**(20,482)**	4,870
Exchange gain, net	**244**	210
Others	**(1,259)**	687
	(61,372)	11,523

(6) FINANCE COSTS

	2020 *HK$'000*	2019 *HK$'000*
Interest on:		
Bank borrowings	**17,415**	17,052
Lease liabilities	**2,903**	—
	20,318	17,052

(7) (LOSS) PROFIT BEFORE TAX

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

	2020 *HK$'000*	2019 *HK$'000*
Depreciation of property, plant and equipment	**10,335**	12,021
Depreciation of right-of-use assets	**44,615**	—
Amortisation of land lease prepayments (included in administrative expenses)	**—**	321
Cost of inventories recognised as an expense (including (reversal of provision) provision for slow-moving inventories)	**45,161**	71,299

(8) INCOME TAX CREDIT

	2020 *HK$'000*	2019 *HK$'000*
Current tax	**—**	—
Deferred tax	**(2,290)**	(691)
Income tax credit	**(2,290)**	(691)

No current tax has been provided for the years ended 31 July 2020 and 2019 as the Group either has unused tax loss available to offset against assessable profits or there was no estimated assessable profit for both year.

Under the two-tiered profits tax rates regime of Hong Kong Profits tax, the first HK$2 million of profits of qualifying corporation will be taxed at 8.25%, and profits above HK$2 million will be taxed at 16.5%.

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.

(9) DIVIDEND

	2020 *HK$'000*	2019 *HK$'000*
Final dividend of HK$0.01 per ordinary share paid in respect of the year ended 31 July 2018	**—**	9,475

No dividend has been proposed by the Company since the end of the reporting period.

(10) (LOSSES) EARNINGS PER SHARE

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

	2020 *HK$'000*	2019 *HK$'000*
(Losses) earnings		
(Loss) profit for the year attributable to owners of the Company for the purpose of basic and diluted (losses) earnings per share	**(290,483)**	30,607

	2020	2019
Number of shares		
Number of ordinary shares for the purposes of basic (losses) earnings per share	**947,543,695**	947,543,695
Effect of dilutive potential ordinary shares: — share options	**—**	—
Number of ordinary shares for the purposes of diluted (losses) earnings per share	**947,543,695**	947,543,695

For the years ended 31 July 2020 and 2019, the computation of diluted (losses) earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those share options were higher than the average market price of Company's shares.

(11) TRADE AND OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2020 *HK$'000*	2019 *HK$'000*
Trade receivables	**15,110**	14,643
Less: Allowance for impairment	**(10,076)**	(9,574)
	5,034	5,069
Other receivables *(Notes (a) and (b))*	**44,704**	51,040
Less: Allowance for impairment	**(32,241)**	(40,010)
	12,463	11,030
Deposits and prepayments *(Note (c))*	**18,830**	28,577
	36,327	44,676
Less: Rental and utility deposits shown under non-current assets	**(10,421)**	(13,833)
Less: Prepayment for acquisition of property, plant and equipment shown under non-current assets	**—**	(2,490)
	25,906	28,353

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

Notes:

(a) As at 31 July 2020, net royalty receivables of the Group of Nil (2019: Nil), net of allowance for impairment of approximately HK$32,238,000 (2019: HK$40,007,000) is included in the other receivables, where payments are required monthly or semi-annually. The Group makes impairment based on the assessment of the recoverability of royalty receivables. During the year ended 31 July 2020, the Group made reversal of provision for impairment of approximately HK$7,004,000 (2019: approximately HK$13,620,000).

(b) As at 31 July 2020, included in other receivables of the Group was advance of HK$7,000,000 (2019: HK$7,000,000) to two independent third parties which were unsecured, interest bearing at 12% per annum and repayable in April 2021 (2019: April 2020).

(c) As at 31 July 2019, land lease prepayments of the Group of approximately HK$316,000 were included in the current portion of deposits and prepayments. Upon adoption of HKFRS 16 on 1 August 2019, the carrying amount of land lease prepayments of HK$316,000 was reclassified to right-of-use assets.

As at 31 July 2020, amount of approximately HK$11,388,000 (2019: HK$12,492,000) included in the trade receivables arose from the sales of goods in accordance with HKFRS 15.

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.

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

	2020 ***HK$'000***	2019 *HK$'000*
0 to 90 days	**4,044**	4,297
91 to 180 days	**220**	597
181 to 365 days	**770**	175
	5,034	5,069

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

	2020 ***HK$'000***	2019 *HK$'000*
At the beginning of the year	**49,584**	64,137
Reversal of allowance provided, net	**(6,341)**	(13,570)
Exchange realignment	**(926)**	(983)
At the end of the year	**42,317**	49,584

(12) BANK BORROWINGS

	2020		2019	
		Effective interest rates (%)		Effective interest rates (%)
	HK$'000	**p.a.**	*HK$'000*	p.a.
Bank loans, secured	**621,235**	**0.93-1.90**	587,058	0.88 - 3.81
Trust receipt loans, secured	**—**		9,354	3.37 - 4.28
	621,235		596,412	

	2020	2019
	HK$'000	*HK$'000*
Carrying amount repayable *(Note)*:		
Within one year	**406,243**	581,083
Beyond one year, but not exceeding two years	**8,958**	2,297
Beyond two years, but not exceeding five years	**206,034**	5,529
Beyond five years	**—**	7,503
	621,235	596,412
Less: Amounts shown under current liabilities	**(406,243)**	(581,083)
Amounts shown under non-current liabilities	**214,992**	15,329

Note: The amounts due are based on scheduled repayment dates set out in the loan agreements.

The borrowings of the Group bore interest at floating interest rates and were denominated in HK$.

The Group's variable-rate borrowings are mainly subject to interest at Hong Kong Interbank Offered Rate plus 1.00% to 1.75% (2019: 1.00% to 1.75%).

(13) 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 deposits received, other payables and accruals:

	2020	2019
	HK$'000	*HK$'000*
Trade payables:		
0 to 90 days	**278**	13,435
91 to 180 days	**10,828**	235
181 to 365 days	**1,143**	951
Over 365 days	**1,751**	903
	14,000	15,524
Other deposits	**18,629**	19,758
Provision for onerous contracts	**—**	14,920
Payable for acquisition of unlisted equity investment	**528**	1,342
Other payables and accruals	**28,881**	31,085
	62,038	82,629
Less: Deposits received shown under non-current liabilities	**(10,821)**	(10,157)
	51,217	72,472

The credit period for purchase of goods is 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 FROM INDEPENDENT AUDITOR'S REPORT

The auditor's opinion on the Group's financial statements for the year ended 31 July 2020 is as follows:

Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the consolidated financial statements which indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

FINAL DIVIDEND

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 July 2020 (2019: Nil).

No interim dividend was declared during the year (2019: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

The revenue of the Group for the year ended 31 July 2020 slid to HK$151,267,000 (2019: HK$235,348,000), and the gross profit of the Group declined by about 36%, to HK$105,310,000 (2019: HK$163,334,000).

Having experienced the trough in the first half of the financial year under the lingering social chaos in Hong Kong, the "Garment and related accessories business" segment of the Group further sank into the mire following the outbreak of the COVID-19 in late January 2020. In order to prevent the spread of the virus, the shops similarly had to close temporarily or shorten the business hours in the second half of the financial year. Even when the shops were open, the footfall was minimal as the local customer spending mood was poor and tourists were limited by the travel restrictions imposed. The revenue of this segment, including the Mainland of China ("**Mainland**"), plunged by 47% to HK$94,868,000 (2019: HK$178,048,000); and incurred a loss of HK$105,250,000 (2019: HK$24,486,000) including the impairment loss recognised in respect of right-of-use assets of HK$39,349,000 (2019: Nil) under the newly adopted Hong Kong Financial Reporting Standard 16 – Leases as the future cash flows derived from the relevant assets were forecasted to be unfavourable.

The "Property investment and letting business" segment continued to generate steady rental income of HK$56,399,000 for the year ended 31 July 2020 (2019: HK$57,300,000). However, the revaluation of the investment properties held by the Group recorded fair value losses of HK$161,185,000 as at 31 July 2020 (2019: gains of HK$57,414,000).

The global capital markets were very tumultuous in the financial year ended 31 July 2020 amid the escalated Sino-United States tension, not just in trade but also political; the swinging trend of the epidemic of the COVID-19 and the worldwide governmental stimulus policies to rescue the nosediving economies. Under such an extremely volatile market environment, the "Securities trading" segment suffered a loss of HK$17,523,000 for the year ended 31 July 2020 (2019: profit of HK$5,857,000), notwithstanding the Group has taken a prudent approach in managing the portfolio of financial assets at fair value through profit and loss.

Aggregating the results of the three business segments above with the share of loss of an associate of HK$2,559,000 (2019: profit of HK$3,528,000) and the exchange differences arising on translation of foreign operations of loss of HK$1,541,000 (2019: HK$1,958,000), the total comprehensive expense attributable to the owners of the Company was HK$292,024,000 for the year ended 31 July 2020 (2019: income of HK$28,649,000).

“Garment and Related Accessories Business” Segment

Hong Kong and Macau

The sector of retailing fashion apparel and accessories in Hong Kong shrank tremendously in the year ended 31 July 2020. The protracted local social unrest deterred numerous tourists from visiting Hong Kong and forced many retailers to shorten business hours or even close shops. Along with the intensified Sino-United States trade war and the absurd warm weather during the fall/winter season, these factors throttled the business of the “Garment and related accessories business” segment of the Group in the first half of the year ended 31 July 2020. Unfortunately, the situation was worsened severely in the second half of the year ended 31 July 2020 upon the mandatory lockdowns of economic and social activities on the heels of surge of the COVID-19.

To cope with the above unprecedented harsh operating conditions, the Group focused on the “punch” products to avoid piling up of stock while catering for the customer preferences and cautious spending behaviours. The Group rationalised its retail network through the closure of underperforming shops and aggressive bargaining with landlords for rent concessions. As at 31 July 2020, the Group operated 17 (2019: 21) shops for “Crocodile” brand and 6 (2019: 6) shops for “Lacoste” brand.

At the logistics aspect, the Group has taken austerity measures by synergising the organisation structure and streamlining the workflow to rein in administrative outlays.

The Mainland

The Mainland’s economic growth was facing the biggest slowdown in decades, mainly caused by the heightening disputes with the United States, particularly in political arena, the weakening in its currency and the sweeping COVID-19. Accordingly, the business atmosphere became bleak.

The Group would consolidate its own sales channels after years-long of restructuring to prepare for any forthcoming headwind. As at 31 July 2020, there were a total of 14 (2019: 13) shops in the Mainland, including self-operated shops of 7 (2019: 5) and those operated by the Group’s consignees and franchisees of 7 (2019: 8). The revenue of this segment was HK$7,248,000 for the year ended 31 July 2020 (2019: HK$10,052,000).

The Group’s licensing business of the brand “Crocodile” generated royalty income of HK$729,000 for the year ended 31 July 2020 (2019: HK$740,000); and attributed to the ample effort in chasing the recovery of royalty income, there was a net reversal of provision for doubtful debts due from licensees of HK$7,004,000 (2019: HK$13,620,000).

Seasonality

As its track record shows, the sales and results of the “Garment and related accessories business” segment bear heavy correlation with seasonality. In general, more than 50% of this segment’s annual sales are derived from the first half of the financial year in which fall/winter collections of higher values and margins are rolled out, coupling with festive holidays – Christmas, New Year and Lunar New Year.

“Property Investment and Letting Business” Segment

The Group’s investment property portfolio remained intact since 31 July 2019 save for the disposal of the investment property situated at Hennessy Road, Hong Kong as disclosed in the Company’s announcement dated 18 June 2019 (“**Disposal**”).

The property market in Hong Kong was gloomy in the year ended 31 July 2020. The frequent disruption of business operations caused by the lingering social disorder and the subsequent governmental stringent measures to curb the burst of COVID-19 took a heavy toll on the market sentiment and demand for non-residential properties. The revaluation of the investment properties held by the Group in Hong Kong ticked fair value losses of HK$160,500,000 as at 31 July 2020 (2019: gains of HK$57,150,000). Meanwhile, the decelerating economic momentum in the Mainland made the investment properties of the Group there record fair value losses of HK$685,000 (2019: gains of HK$264,000) on revaluation.

On the other hand, the investment properties of the Group in Hong Kong and the Mainland generated the rental revenue for the year ended 31 July 2020 of HK$55,231,000 (2019: HK$56,018,000) and HK$1,168,000 (2019: HK$1,282,000), respectively.

“Securities Trading” Segment

After weathering through the complicated market circumstances in the first half of the year ended 31 July 2020, the Group’s “Securities trading” segment encountered with the fear of global recession came true on the flare of COVID-19 in the second half of the financial year. The central banks worldwide have implemented super-accommodative policies to mitigate the drastic downturns of business activities. Ironically, the tumbles of economies were led by the governmental lockdowns on social and business operations both local and international, and therefore the massive liquidities created by the easing policies went nowhere to the real economies, but to the securities and commodity markets. This quick money magnified the turbulences of the global financial markets furthermore than the first half of the year ended 31 July 2020. With ultra-low interest rates worldwide, the quick money, derailing from the fundamentals, flocked to risky financial assets, and this trend was contrary to the Group’s prudent strategy of investing in value-oriented securities. Consequentially, the performance of the Group’s “Securities trading” segment reversed in the second half of the year ended 31 July 2020, and made a loss of HK$17,523,000 for the whole financial year (2019: profit of HK$5,857,000).

Prospects

Having no end in sight, the pandemic of COVID-19 remains the front and centre of concerns for the world. Any resurgence of COVID-19 in the coming autumn and winter will jolt the nascent economic recovery. The heightening all-rounded tension between China and the United States, compounded with the uncertainty of the presidential election of the United States; and the reignition of hard Brexit by virtue of the British government pressing ahead with a contentious draft law carrying an effect of sinking the Brexit treaty, further suppress any rebound of the markets.

In the situation rocked by the aforesaid factors, the Mainland has its own long-standing issues to deal with, such as heavy dependence on fixed asset investments and debts for growth, and an environment that favors state-owned enterprises to private businesses despite that the private sector provides most of the jobs in the country. Therefore, the overall demand has declined. The Mainland needs to overhaul the income distribution, but it inevitably involves a deep state-owned enterprise reform which is lengthy and difficult.

Hong Kong is reeling from not only the above adversities, but also the persistent political shadow as at the epicentre of China and the United States conflict.

With Hong Kong as the principal place of operation, the Group will keep a close watch over the uncertainties and challenges ahead and capture any opportunities for the future business development. The "Garment and related accessories business" segment will continue to realign the sales channels to optimise the market reach at enhanced rent-effectiveness. Over the decades, "Crocodile" has proven its prestige brand image and the Group strives to leverage this advantage to launch high value-for-money merchandises to maintain its market competitiveness. Moreover, the Group focuses on containing the inventory to a reasonable level for reducing the risk of any backlog.

The Group goes on maximising the back office operational efficiencies by consolidating different departmental resources to attain a more resilient organisation structure.

The downturn of the non-residential property market in Hong Kong is foreseen to be on-going. Worsened by the increase in supply of office premises in Eastern Kowloon, Hong Kong where most of the Group's investment properties situated, the rental revenue of the "Property investment and letting business" segment is under heavy pressure. As an alleviation, the Group will endeavour to retain the valuable tenants by improving the qualities of the investment properties and offering attractive leasing terms. The Group will also consider to refine the portfolio by disposing of non-core investment properties, aiming at optimising the returns and fostering the liquidity.

The global investment ambience is undoubtedly choppy. The "Securities trading" segment has experienced the twisting and turning year ended 31 July 2020. The Group will reinforce the pragmatic investment discipline in managing the portfolio of financial assets at fair value through profit and loss, and increase the cash holding to preserve flexibility in the prevailing very complicated and volatile financial markets.

Contingent Liabilities

As at 31 July 2020, the Group had no material contingent liabilities.

Liquidity, Financial Resources and Foreign Exchange Risk Exposure

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to manage the financial risks effectively.

The Group maintains a conservative approach in treasury management by constantly monitoring its interest rate and foreign exchange exposures. Except for financial assets at fair value through profit or loss, fixed interest arrangement, letters of credit and trust receipt loans, the Group has not employed other financial instruments for the year ended 31 July 2020.

The Group mainly earns revenue and incurs cost in Hong Kong dollars, Renminbi, United States dollars and Japanese Yen. The Group considers the foreign exchange risk is not high as the Group will consider the foreign exchange effect of the terms of purchase and sale, and securities trading 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$86,402,000 as at 31 July 2020 (2019: HK$105,570,000) and were mainly denominated in Hong Kong dollars and Renminbi. The pledged bank deposits of approximately HK$24,108,000 (2019: HK$37,559,000) represent deposits pledged to banks to secure margin loans and are therefore classified as current assets. The cash and cash equivalent denominated in Renminbi as at 31 July 2020 were equivalent to HK$17,585,000 (2019: HK$38,714,000) 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 2020, the total outstanding borrowings including margin loans of the Group amounted to HK$634,332,000. The total outstanding borrowings comprised secured bank mortgage loans of HK$541,000, secured margin loans of HK$13,097,000, secured long-term bank loan of HK$223,950,000 and secured short-term bank revolving loans of HK$396,744,000. Short-term bank loans were repayable within a period not exceeding one year.

Interests on bank borrowings are charged at fixed and floating rates. The bank borrowings of the Group are denominated principally in Hong Kong dollars, United States dollars and Japanese Yen. Save for the fixed interest arrangement, no financial instruments for hedging purposes were employed by the Group for the year ended 31 July 2020.

Gearing

The Group's gearing revealed by the debt to equity ratio at 31 July 2020 was 42%, expressed as a percentage of total bank borrowings and margin loans payable to total net assets. In view of the uncertain worldwide economic and financial landscapes, the Group continues to be prudent for business development to retain its gearing within a suitable range for controlling its risk exposure and finance costs.

Charges on Assets

As at 31 July 2020, the Group had pledged certain of its own-use and investment properties with carrying values of HK$1,745,104,000 and created floating charges on its certain assets to its bankers to secure banking facilities granted to the Group.

Capital Commitments

As at 31 July 2020, the Group had no material capital commitments.

Major Investments, Acquisitions and Disposals

Except for the completion of the Disposal on 12 September 2019, the Group had no other significant investments, material acquisitions or disposals in the year ended 31 July 2020.

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

During the year ended 31 July 2020, neither the Company nor any of its subsidiaries had purchased, sold or redeemed the Company's listed securities.

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 of Hong Kong Limited ("**Listing Rules**" and "**Stock Exchange**", respectively).

The Company has complied with all applicable code provisions set out in the CG Code throughout the year ended 31 July 2020 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, the roles of chairman and chief executive 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, non-executive directors should be appointed for a specific term, subject to re-election.

None of the existing non-executive Directors ("**NEDs**", including the independent non-executive Directors ("**INEDs**")) 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 a Director (including a NED) will hold office only until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next following annual general meeting of the Company ("**AGM**") (in the case of an addition to the Board) and will then be eligible for re-election at that meeting. 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.

CORPORATE GOVERNANCE *(continued)*

Under code provision A.5.1, a nomination committee comprising a majority of 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 set out in Rule 3.13 of the Listing Rules. 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. Pursuant to the Mandatory Disclosure Requirement L.(d)(ii) of the CG Code, the Company has approved to adopt its nomination policy at its board meeting held on 28 January 2019 ("**Nomination Policy**") for improving transparency around the nomination process. As the Nomination Policy has 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 ("**Audit Committee**") currently comprises three INEDs, namely Messrs. Leung Shu Yin, William (Chairman), Chow Bing Chiu and Yeung Sui Sang. The Audit Committee has reviewed the consolidated financial statements of the Company for the year ended 31 July 2020 including accounting principles and practices adopted by the Company as well as the risk management and internal control and financial reporting matters.

REVIEW OF PRELIMINARY RESULTS ANNOUNCEMENT BY INDEPENDENT AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 July 2020 as set out in this preliminary results announcement have been agreed by the Group's independent auditor, SHINEWING (HK) CPA Limited ("**SHINEWING**"), to the amounts set out in the Group's 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 the preliminary results announcement.

ANNUAL GENERAL MEETING

The 2020 AGM will be held on Monday, 14 December 2020. Notice of the 2020 AGM together with the Company's annual report for the year ended 31 July 2020 will be published on the respective websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.crocodile.com.hk) and despatched to the Shareholders in mid-November 2020.

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

Hong Kong, 27 October 2020

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 Edward Yee Hwa; 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.