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Profit Alert – Reduction in Loss

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform that the Group's audited annual results for the Year is expected to record a consolidated loss attributable to owners of the Company of not more than HK\$20,000,000 (2020: HK\$290,483,000), primarily due to (i) the decrease in the losses arising from the revaluation of the Group's investment properties; (ii) the significant reductions in the rental expenses and depreciations of the retail shops of the garment business; and (iii) the improvement in the performance of securities trading during the Year.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Crocodile Garments Limited ("**Company**", and together with its subsidiaries, "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("**SFO**").

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the eleven months ended 30 June 2021 ("**Management Accounts**") and information currently available, the board of directors of the Company ("**Board**") wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that the Group's audited annual results for the year ended 31 July 2021 ("**Year**") is expected to record a consolidated loss attributable to owners of the Company of not more than HK\$20,000,000 (2020: HK\$290,483,000).

The anticipated improvement in the Group's results for the Year is primarily due to the following:

- (i) after the tumble of the property markets in Hong Kong and Mainland China in the financial year ended 31 July 2020 ("**FY2020**"), there was not much change in the values of the investment properties held by the Group on revaluations. Having consulted an independent qualified professional valuer not connected to the Group, it is preliminarily estimated that the losses arising from the revaluation of the Group's investment properties would be decreased as at 31 July 2021 (2020: HK\$161,185,000);

- (ii) the pandemic of the COVID-19 was lingering and continued to dent the garment business of the Group during the Year. Having the COVID-19 mutated to more contagious variants, social and travel restrictions are still in place, limiting local and tourist footfall and spooking consumers. On the other hand, there were significant reductions in the rental expenses and depreciations of the retail shops after the large impairment loss in respect of these right-of-use assets of HK\$39,349,000 had already been recognised as at the end of FY2020. After all, the performance was materially recovered (2020: loss of HK\$105,250,000); and
- (iii) attributed to the adherence to pragmatic discipline in managing the investment portfolio, the performance of the Group's securities trading is expected to be improved in the Year (2020: loss of HK\$17,523,000), albeit fatigued global economic recovery, mounting inflation and rising cases of the faster spreading COVID-19 strain.

The information contained in this announcement is only based on the preliminary assessment by the Group's management according to the information that is currently available and the Management Accounts. The Company is preparing its full year results which are subject to further review and assessment by the Company's audit committee, the Board and the independent auditor of the Company; and the audited annual results of the Group for the Year are expected to be published in late October 2021.

Shareholders and potential investors are, therefore, advised to exercise caution when dealing in the shares of the Company.

By order of the Board
Crocodile Garments Limited
Ko Ming Kin
*Chief Financial Officer and
Company Secretary*

Hong Kong, 3 September 2021

As at the date of this announcement, the Board comprises four Executive Directors, namely Ms. Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer), Dr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew and Mr. Wan Edward Yee Hwa; two Non-executive Directors, namely Mr. Chow Bing Chiu and Ms. Lam Suk Ying, Diana; and three Independent Non-executive Directors, namely Messrs. Leung Shu Yin, William (Deputy Chairman), Fung Cheuk Nang, Clement and Yeung Sui Sang.