

CROCODILE

2014-2015

Crocodile Garments Limited Interim Report | 鱷魚恤有限公司中期報告



CORPORATE INFORMATION

Place of Incorporation

Hong Kong

Board of Directors

Executive Directors

Lam Kin Ming

(Chairman and Chief Executive Officer)

Lam Wai Shan, Vanessa

(Deputy Chief Executive Officer)

Lam Kin Ngok, Peter

Lam Kin Hong, Matthew

Wan Yee Hwa, Edward

Non-executive Director

Lam Suk Ying, Diana

Independent Non-executive Directors

Chow Bing Chiu

Leung Shu Yin, William

Yeung Sui Sang

Audit Committee

Leung Shu Yin, William *(Chairman)*

Chow Bing Chiu

Yeung Sui Sang

Remuneration Committee

Leung Shu Yin, William *(Chairman)*

Chow Bing Chiu

Yeung Sui Sang

Wan Yee Hwa, Edward

Company Secretary

Ko Ming Kin

Authorised Representatives

Lam Kin Ming

Lam Wai Shan, Vanessa

Shares Listing

Place

The Main Board of The Stock Exchange of
Hong Kong Limited

Stock Code

122

Board Lot

1,000 shares

Share Registrar and Transfer Office

Tricor Tengis Limited

Level 22

Hopewell Centre

183 Queen's Road East

Hong Kong

Independent Auditor

Deloitte Touche Tohmatsu

Certified Public Accountants

Solicitors

Deacons

Reed Smith Richards Butler

Vincent T.K. Cheung, Yap & Co.

Principal Bankers

Bank of China (Hong Kong) Limited

Chong Hing Bank Limited

China CITIC Bank International Limited

Hang Seng Bank Limited

Industrial and Commercial Bank

of China (Asia) Limited

DBS Bank (Hong Kong) Limited

Fubon Bank (Hong Kong) Limited

Standard Chartered Bank (Hong Kong) Limited

Registered Office

11th Floor

Lai Sun Commercial Centre

680 Cheung Sha Wan Road

Kowloon, Hong Kong

Principal Place of Business

12th Floor, Wing Tai Centre

12 Hing Yip Street

Kwun Tong

Kowloon, Hong Kong

Website

www.crocodile.com.hk

RESULTS

The board of directors (“**Directors**” and “**Board**”, respectively) of Crocodile Garments Limited (“**Company**”) presents the unaudited consolidated results of the Company and its subsidiaries (collectively “**Group**”) for the six months ended 31 January 2015 together with the comparative figures of the last corresponding period as follows:

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended 31 January 2015

	Notes	Six months ended 31 January	
		2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Revenue	3	218,289	274,523
Cost of sales		(85,166)	(110,527)
Gross profit		133,123	163,996
Fair value gains on investment properties	11	65,645	80,491
Other income	4	26,728	32,186
Selling and distribution expenses		(138,326)	(172,783)
Administrative expenses		(28,291)	(30,606)
Other operating expenses, net		(3,770)	(1,019)
Finance costs	5	(5,516)	(5,137)
Share of profit from an associate		2,148	159
Profit before tax	6	51,741	67,287
Income tax expense	7	(1,515)	(1,155)
Profit for the period attributable to owners of the Company		50,226	66,132
Other comprehensive income			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences arising on translation of foreign operations		(3,221)	3,482
Total comprehensive income for the period attributable to owners of the Company		47,005	69,614
		<i>HK Cents</i>	<i>HK Cents</i>
Earnings per share	9		
— Basic		5.37	7.07
— Diluted		5.36	7.07

Condensed Consolidated Statement of Financial Position

As at 31 January 2015

	Notes	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Non-current assets			
Property, plant and equipment	10	156,315	162,442
Investment properties	11	1,562,988	1,452,922
Land lease prepayments		14,635	15,046
Interest in an associate		34,113	31,690
Rental and utility deposits		8,536	14,982
Deposits for land lease prepayments		17,140	17,416
Available-for-sale financial asset		25,820	25,040
		1,819,547	1,719,538
Current assets			
Inventories		123,482	133,162
Trade and other receivables, deposits and prepayments	12	105,842	92,635
Amounts due from related companies	19(b)	7	—
Financial assets at fair value through profit and loss		137,085	143,006
Pledged bank deposits		538	730
Bank balances and cash		80,487	57,233
		447,441	426,766
Current liabilities			
Bank borrowings	13	230,821	160,055
Margin loans payable		20,569	26,075
Trade and other payables and deposits received	14(a)	82,847	68,382
Perpetual loan	14(b)	15,000	15,000
Amounts due to related companies	19(b)	41,638	41,439
Tax payable		22,165	22,522
		413,040	333,473
Net current assets		34,401	93,293
Total assets less current liabilities		1,853,948	1,812,831
Non-current liabilities			
Bank borrowings	13	294,329	301,594
Provision for long service payments		2,534	2,672
Deferred tax liabilities		3,996	2,481
		300,859	306,747
Net assets		1,553,089	1,506,084
Capital and reserves			
Share capital	15	324,685	324,685
Reserves		1,228,404	1,181,399
Total equity		1,553,089	1,506,084

Condensed Consolidated Statement of Changes in Equity

For the six months ended 31 January 2015

	Attributable to owners of the Company						Total HK\$'000
	Share capital HK\$'000	Share premium HK\$'000	Translation reserve HK\$'000	Asset revaluation reserve HK\$'000	Retained profits HK\$'000	Share option reserve HK\$'000	
At 31 July 2014 (Audited) and 1 August 2014	324,685	—	36,209	109,689	1,034,647	854	1,506,084
Profit for the period	—	—	—	—	50,226	—	50,226
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	—	—	(3,221)	—	—	—	(3,221)
Total comprehensive income for the period	—	—	(3,221)	—	50,226	—	47,005
At 31 January 2015 (Unaudited)	324,685	—	32,988	109,689	1,084,873	854	1,553,089
At 31 July 2013 (Audited) and 1 August 2013	233,936	90,749	36,179	109,689	928,615	—	1,399,168
Profit for the period	—	—	—	—	66,132	—	66,132
Other comprehensive income:							
Exchange differences arising on translation of foreign operations	—	—	3,482	—	—	—	3,482
Total comprehensive income for the period	—	—	3,482	—	66,132	—	69,614
Recognition of equity-settled share-based payments	—	—	—	—	—	854	854
At 31 January 2014 (Unaudited)	233,936	90,749	39,661	109,689	994,747	854	1,469,636

Condensed Consolidated Statement of Cash Flows

For the six months ended 31 January 2015

	Six months ended 31 January	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Net cash generated from/(used in) operating activities	16,625	(14,550)
Net cash used in investing activities	(49,363)	(12,945)
Net cash generated from financing activities	57,995	28,065
	<hr/>	<hr/>
Net increase in cash and cash equivalents	25,257	570
Cash and cash equivalents at the beginning of the period	57,233	57,569
Effect of foreign exchange rate changes	(2,003)	335
	<hr/>	<hr/>
Cash and cash equivalents at the end of the period	80,487	58,474
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents		
Cash and bank balances	73,860	57,873
Non-pledged time deposits with original maturity of less than 3 months when acquired	6,627	601
	<hr/>	<hr/>
	80,487	58,474
	<hr/> <hr/>	<hr/> <hr/>

Notes to the Condensed Consolidated Interim Financial Statements

For the six months ended 31 January 2015

(1) *Basis of Preparation*

The unaudited condensed consolidated interim financial statements have been prepared in accordance with Hong Kong Accounting Standard (“**HKAS**”) 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”). In addition, the unaudited condensed consolidated interim financial statements also comply with the disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“**Listing Rules**”).

These financial statements have been prepared under the historical cost convention, except for the investment properties and certain financial instruments which have been measured at fair value.

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

(2) *Principal Accounting Policies*

The accounting policies and methods of computation used in the preparation of the condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 July 2014, except for adoption of the following new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which also include HKASs and Interpretations) which are generally effective for the current accounting period of the Group.

In the current interim period, the Group has applied, for the first time, the following new interpretation and amendments to HKFRSs issued by the HKICPA:

Amendments to HKFRS 10, HKFRS 12 and HKFRS 27	Investment Entities
Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKAS 32	Offsetting Financial Assets and Financial Liabilities
Amendments to HKAS 36	Recoverable Amount Disclosures for Non-Financial Assets
Amendments to HKAS 39	Novation of Derivatives and Continuation of Hedge Accounting
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010-2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011-2013 Cycle
HK (International Financial Reporting Interpretation Committee) — Interpretation 21	Leases

The application of these amendments to HKFRSs and Interpretation in the current interim period has had no material effect on the amounts reported and/or disclosures set out in these condensed consolidated financial statements.

(3) *Segment Information*

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resources allocation and assessment of segment performance focuses on types of goods or services delivered or provided and nature of operations.

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

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(3) Segment Information (Continued)

During the current period, certain expenses previously included in “Garment and related accessories business” segment were reclassified to “Unallocated corporate expenses” because the chief operating decision maker believes that such regrouping better reflects the segments’ performance based on the respective nature of relevant operating units. Accordingly, the comparative information for the period ended 31 January 2014 has been restated to conform with the current period’s presentation.

Segment revenues and results

The following is an analysis of the Group’s revenue and results by reportable segments:

For the six months ended 31 January

	Garment and related accessories business		Property investment and letting business		Others		Total	
	2015 (Unaudited) HK\$’000	2014 (Unaudited) HK\$’000 (Restated)	2015 (Unaudited) HK\$’000	2014 (Unaudited) HK\$’000	2015 (Unaudited) HK\$’000	2014 (Unaudited) HK\$’000	2015 (Unaudited) HK\$’000	2014 (Unaudited) HK\$’000 (Restated)
Revenue from external customers	193,104	251,920	25,185	22,603	—	—	218,289	274,523
Other income from external customers	26,797	26,647	589	536	(831)	4,936	26,555	32,119
Group’s total revenue and other income	219,901	278,567	25,774	23,139	(831)	4,936	244,844	306,642
Reportable segment (loss)/profit	(14,787)	(13,364)	90,210	101,037	(831)	4,936	74,592	92,609
Unallocated corporate income							173	67
Unallocated corporate expenses							(17,508)	(20,252)
Finance costs							(5,516)	(5,137)
Profit before tax							51,741	67,287

The accounting policies of the operating segments are the same as the Group’s accounting policies described in Note 2. Segment (loss)/profit represents the (loss from)/profit earned by each segment without allocation of bank interest income, finance costs and corporate expenses. This is the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(4) Other Income

	Six months ended 31 January	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Royalty income	26,635	26,112
Bank interest income	173	67
Interest income on amount due from an associate	275	262
Net (loss)/gain on financial assets at fair value through profit and loss	(831)	4,936
Others	476	809
	26,728	32,186

(5) Finance Costs

	Six months ended 31 January	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Interest on:		
Bank borrowings		
— wholly repayable within five years	4,107	3,912
— not wholly repayable within five years	342	360
Amount due to a related company	1,067	865
	5,516	5,137

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(6) Profit Before Tax

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

	Six months ended 31 January	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Depreciation of property, plant and equipment	8,271	9,709
Amortisation of land lease prepayments (included in administrative expenses)	176	176
Cost of inventories recognised as an expense (including provision for slow-moving inventories of HK\$1,210,000 (2014: HK\$4,037,000))	84,897	110,339

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(7) Income Tax Expense

	Six months ended 31 January	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Current tax	—	—
Deferred tax	1,515	1,155
Income tax expense	1,515	1,155

No current Hong Kong Profits Tax has been provided for the six months ended 31 January 2015 (2014: Nil) as the Group either has unused tax loss available to offset against assessable profits or there was no estimated assessable profit for the period.

Under the Law of the People's Republic of China ("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. No PRC enterprise income tax has been provided for the six months ended 31 January 2015 and 31 January 2014 as the Group did not have assessment profit in the PRC.

(8) Dividends

No dividend was paid, declared or proposed during the six months ended 31 January 2015. The Directors do not recommend the payment of an interim dividend (six months ended 31 January 2014: Nil).

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(9) Earnings Per Share

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

	Six months ended 31 January	
	2015 (Unaudited) HK\$'000	2014 (Unaudited) HK\$'000
Earnings		
Profit for the period attributable to owners of the Company for the purpose of basic and diluted earnings per share	50,226	66,132
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	935,743,695	935,743,695
Effect of dilutive potential ordinary shares:		
Share options	945,538	—
Weighted average number of ordinary shares for the purpose of diluted earnings per share	936,689,233	935,743,695

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(9) Earnings Per Share (Continued)

For the period ended 31 January 2014, the computation of diluted earnings per share did not assume the exercise of the Company's outstanding share options as the exercise price of those options was higher than the average market price for shares for the period during which the share options were outstanding.

(10) Property, Plant and Equipment

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
At the beginning of the period/year	162,442	162,038
Additions	4,104	18,899
Depreciation provided for the period/year	(8,271)	(17,727)
Disposals/write-off	(451)	(759)
Exchange realignment	(1,509)	(9)
At the end of the period/year	156,315	162,442

(11) Investment Properties

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
At the beginning of the period/year	1,452,922	1,294,484
Additions	44,844	15,452
Increase in fair value recognised in profit or loss	65,645	143,008
Exchange realignment	(423)	(22)
At the end of the period/year	1,562,988	1,452,922

All of the Group's properties interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair values of the Group's investment properties as at 31 January 2015 and 31 July 2014 were arrived at on the basis of a valuation carried out on the respective dates by Messrs Savills Valuation and Professional Services Limited, independent qualified professional valuers not connected to the Group.

As at 31 January 2015, certain investment properties of approximately HK\$1,457,700,000 (31 July 2014: HK\$1,383,500,000) of the Group were pledged to banks to secure the bank loans granted to the Group.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(12) Trade and Other Receivables, Deposits and Prepayments

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Trade receivables	21,315	20,169
Less: Allowance for doubtful debts	(4,120)	(2,110)
	17,195	18,059
Other receivables	69,571	54,816
Less: Allowance for doubtful debts	(11,109)	(11,288)
	58,462	43,528
Deposits and prepayments	38,721	46,030
	114,378	107,617
Less: Rental and utility deposits shown under non-current assets	(8,536)	(14,982)
	105,842	92,635

- (i) 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.

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

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Trade receivables:		
0 to 90 days	12,708	12,454
91 to 180 days	1,388	2,223
181 to 365 days	3,099	3,382
	17,195	18,059

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(13) Bank Borrowings

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Bank loans, secured	502,642	451,355
Trust receipt loans, secured	14,042	7,197
Trust receipt loans, unsecured	8,466	3,097
	525,150	461,649
	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Carrying amount repayable:		
Within one year	230,821	160,055
Beyond one year, but not exceeding two years	269,574	275,548
Beyond two years, but not exceeding five years	8,059	7,974
Beyond five years	16,696	18,072
	525,150	461,649
Less: Amounts shown under current liabilities	(230,821)	(160,055)
Amounts shown under non-current liabilities	294,329	301,594

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(14) Trade and Other Payables and Deposits Received and Perpetual Loan

(a) Trade and other payables and deposits received

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

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Trade payables:		
0 to 90 days	29,402	12,086
91 to 180 days	771	267
181 to 365 days	32	882
Over 365 days	897	241
	31,102	13,476
Advance from customers	8,371	9,019
Deposits received	13,543	12,972
Other payables and accruals	29,831	32,915
	82,847	68,382

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.

(b) Perpetual loan

During the year ended 31 July 2013, the Group entered into a loan agreement with an independent third party ("**Investor**"). Pursuant to the agreement, the Investor agreed to lend HK\$15,000,000 to the Group and the loan is interest-free, unsecured and shall not be repayable or become due for repayment until the date when the Group disposed of one of its investment property, which is located at Ground Floor, Hennessy Road Court, 219 Hennessy Road, Wan Chai, Hong Kong. Upon disposal of the investment property, 50% on disposal gain or loss will be shared with the Investor and will be added to or subtracted from the principal amount of the loan to be repaid. The loan is designated and measured as financial liability at fair value through profit or loss with any gains or losses arising on remeasurement recognised in profit or loss.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(15) Share Capital

	<u>Number of shares</u>	<u>HK\$'000</u>
Authorised:		
At 1 August 2013		
Ordinary share of HK\$0.25 each	1,700,000,000	425,000
At 31 January 2015 and 31 July 2014	Note (i)	Note (i)
Issued and fully paid:		
At 1 August 2013	935,743,695	233,936
Transition to no par value regime on 3 March 2014 (note (ii))	—	90,749
At 31 January 2015 and 31 July 2014	935,743,695	324,685

Notes:

- (i) Under the Hong Kong Companies Ordinance (Cap. 622) with effect from 3 March 2014, the concept of authorised share capital no longer exists and the Company's shares no longer have a par value. There is no impact on the number of shares in issue or the relative entitlement of any of the members as a result of this transition.
- (ii) In accordance with the transitional provisions set out in section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014 any amount standing to the credit of the share premium account has become part of the Company's share capital.

(16) Fair Value Measurements of Financial Instruments

(a) Financial assets and financial liabilities carried at fair value

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

The Group's financial assets at fair value through profit or loss are measured at fair value at the end of each reporting period. The fair values of the Group's investments in listed securities have been determined by reference to their quoted bid prices at the end of the reporting period. The fair values of unlisted investments were based on the values quoted by the brokers at the end of the reporting period. The fair value of the Group's financial liability at fair value through profit and loss, being the perpetual loan, is disclosed in Note 14(b).

There were no transfers between the three levels during both period/year.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(16) Fair Value Measurements of Financial Instruments (Continued)

(a) Financial assets and financial liabilities carried at fair value (Continued)

Fair value hierarchy as at 31 January 2015 and 31 July 2014

	Level 1 HK\$'000	Level 2 HK\$'000	Level 3 HK\$'000	Total HK\$'000
As at 31 January 2015 (Unaudited)				
Financial assets at fair value through profit and loss				
— Equity securities listed in Hong Kong	1,682	—	—	1,682
— Equity securities listed outside Hong Kong	3,516	—	—	3,516
— Debt securities listed in Hong Kong	16,528	—	—	16,528
— Debt securities listed outside Hong Kong	36,229	—	—	36,229
— Perpetual securities listed in Hong Kong	10,454	—	—	10,454
— Perpetual securities listed outside Hong Kong	4,712	—	—	4,712
— Unlisted equity securities	—	14,740	—	14,740
— Unlisted debt securities	—	49,224	—	49,224
Financial liabilities at fair value through profit and loss				
— Perpetual loan	—	—	(15,000)	(15,000)
	73,121	63,964	(15,000)	122,085
As at 31 July 2014 (Audited)				
Financial assets at fair value through profit and loss				
— Equity securities listed in Hong Kong	2,014	—	—	2,014
— Equity securities listed outside Hong Kong	4,234	—	—	4,234
— Debt securities listed in Hong Kong	19,818	—	—	19,818
— Debt securities listed outside Hong Kong	38,518	—	—	38,518
— Perpetual securities listed in Hong Kong	10,062	—	—	10,062
— Perpetual securities listed outside Hong Kong	5,492	—	—	5,492
— Unlisted equity securities	—	14,558	—	14,558
— Unlisted debt securities	—	48,310	—	48,310
Financial liabilities at fair value through profit and loss				
— Perpetual loan	—	—	(15,000)	(15,000)
	80,138	62,868	(15,000)	128,006

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The Directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(17) Operating Lease Arrangements**(a) As lessor**

At the end of the reporting period, the Group had future minimum lease receivables under non-cancellable operating leases contracted with tenants as follows:

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Within one year	52,682	50,109
In the second to fifth years, inclusive	33,145	45,957
	85,827	96,066

(b) As lessee

The Group leases their office properties, warehouses and retail outlets under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years.

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases as follows:

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Within one year	67,809	105,751
In the second to fifth years, inclusive	23,322	40,569
	91,131	146,320

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The operating lease rentals of certain retail shops are charged on the higher of fixed rental or contingent rent based on sales of the retail shops pursuant to the terms and conditions as set out in the respective rental agreements. As the future sales in these retail shops could not be accurately determined at this stage, the relevant contingent rent has not been estimated and included in the analysis above in which only the minimum lease commitments are included.

(18) Commitments

In addition to the operating lease commitments disclosed in Note 17 above, the Group had the following capital commitments at the end of the reporting period:

	31 January 2015 (Unaudited) HK\$'000	31 July 2014 (Audited) HK\$'000
Contracted but not provided for:		
— Land lease prepayments in the PRC	4,285	4,354
— Acquisition and construction of property, plant and equipment in the PRC	2,249	2,268
	6,534	6,622

In addition, the Group is committed to further contribute HK\$5,380,000 (31 July 2014: HK\$6,160,000) to the available-for-sale financial asset.

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(19) Related Party Transactions**(a) Transactions with related parties**

In addition to the transactions and balances as detailed elsewhere in these unaudited condensed interim consolidated financial statements, the Group had the following material transactions with related parties during the period:

		Six months ended	
		31 January	
	<i>Notes</i>	2015	2014
		(Unaudited)	(Unaudited)
		HK\$'000	HK\$'000
Rental expense and building management fee:			
— Lai Sun Textiles Company Limited	<i>(i)</i>	1,502	1,419
Rental expenses:			
— Guangzhou Tianhe Baitao Culture and Entertainment Square Company Limited	<i>(ii)</i>	447	469
— Honor Lamp Investments Limited	<i>(iii)</i>	338	338
— Guangzhou Besto Real Estate Development Company Limited	<i>(iv)</i>	407	1,102
Interest expense:			
— Guangzhou Besto Real Estate Development Company Limited	<i>(v)</i>	1,067	865
Company secretarial fee:			
— Lai Sun Development Company Limited	<i>(vi)</i>	399	435
Royalty income:			
— Guangzhou Beautifirm Cosmetic Ltd.	<i>(vii)</i>	446	379
Rental income and building management fee:			
— Big Honor Asia Limited	<i>(viii)</i>	1,047	1,047
Interest income:			
— Mass Energy Limited	<i>(ix)</i>	275	262

Notes to the Condensed Consolidated Interim Financial Statements (Continued)

For the six months ended 31 January 2015

(19) Related Party Transactions (Continued)

(a) Transactions with related parties (Continued)

Notes:

- (i) *Lai Sun Textiles Company Limited is a company of which certain executive directors of the Company are its beneficial shareholders. The rental expense and building management fee were charged by this related company pursuant to the terms of the respective lease agreements.*
- (ii) *Guangzhou Tianhe Baitao Culture and Entertainment Square Company Limited is a company of which certain executive directors of the Company are its beneficial shareholders. The rental expenses was charged by this related company pursuant to the terms of the respective lease agreements.*
- (iii) *Honor Lamp Investments Limited is a company of which certain executive directors of the Company are also its beneficial shareholders and directors. The rental expenses were charged by this related company pursuant to the terms of the respective lease agreements.*
- (iv) *Pursuant to the respective lease agreements, the rental expenses paid or payable by the Group to Guangzhou Besto Real Estate Development Company Limited constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.*
- (v) *Guangzhou Besto Real Estate Development Company Limited is a company of which certain executive directors of the Company are its beneficial shareholders. The interest expense was charged by this related company pursuant to the terms of the respective loan agreements.*
- (vi) *Lai Sun Development Company Limited is a company of which certain executive directors of the Company are also its directors. The company secretarial fee was charged by this related company.*
- (vii) *The royalty income was received from a related company of which an executive director of the Company is also its director.*
- (viii) *Pursuant to the respective lease agreements, the rental income and management fee received or receivable by the Group from Big Honor Asia Limited during the period from 1 August 2014 to 31 January 2015 constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.*
- (ix) *The interest income was received from an associate which was charged based on an interest rate of 5% per annum.*

The Directors consider that the above transactions are conducted in the ordinary and usual course of the Group's businesses.

(b) Outstanding balances with related parties

Except for the amount due to Guangzhou Besto Real Estate Development Company Limited of approximately HK\$40,951,000 (31 July 2014: HK\$40,900,000) as at 31 January 2015 which are unsecured, interest bearing at 5.6% per annum and repayable on demand, the remaining balances of the Group were derived from normal business activities and are unsecured, interest-free and repayable on demand.

INTERIM DIVIDEND

The Board has resolved not to pay an interim dividend for the six months ended 31 January 2015 (2014: Nil).

MANAGEMENT DISCUSSION AND ANALYSIS

Financial Performance

For the period under review, the revenue of the Group was HK\$218,289,000 (2014: HK\$274,523,000), representing a decline of 20% and the gross profit of the Group decreased by 19% to HK\$133,123,000 (2014: HK\$163,996,000).

The “Garment and Related Accessories Business” segment still grappled with difficult operating conditions for the six months ended 31 January 2015. Weakening spending of both domestic customers and inbound visitors, unusually warm weather conditions during the Christmas and New Year period, heavy sales discounts offered by competitors, ever-rising rental expenses, these factors collectively inflicted the performance of the “Garment and Related Accessories Business” segment. The revenue dropped by 23% to HK\$193,104,000 and the segment loss was HK\$14,787,000 for the period under review.

The “Property Investment and Letting Business” segment generated a rental revenue of HK\$25,185,000 for the six months ended 31 January 2015 (2014: HK\$22,603,000) and the fair value gains on investment properties of the Group as at 31 January 2015 sagged by 18% to HK\$65,645,000 (2014: HK\$80,491,000).

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Combining the results of the two business segments above with the share of profit from an associate of HK\$2,148,000 (2014: HK\$159,000) and the exchange loss arising on the translation of foreign operations of HK\$3,221,000 (2014: gain of HK\$3,482,000), the total comprehensive income for the six months ended 31 January 2015 attributable to the owners of the Company was HK\$47,005,000 (2014: HK\$69,614,000).

Operations in Hong Kong and Macau

The “Garment and Related Accessories Business” segment was trapped in a tough environment for the period under review. The retail markets in Hong Kong and Macau was underwhelming as evidenced by the unexpectedly sharp dip in retail sales index recently released. To defuse the negative impacts caused by the overall poor market sentiment, the changes in consumption preferences of customers and the increasing rental expenses, the Group continued to perfect its merchandise mix and focus on the realignment of shops for improving the sales network productivity. The Group operated 19 shops for Crocodile line (2014: 23) and 6 shops for Lacoste line (2014: 10) as at 31 January 2015.

For the period under review, the “Property Investment and Letting Business” segment generated a rental revenue of HK\$25,185,000 (2014: HK\$22,603,000) and the fair value gains on investment properties of the Group was HK\$65,645,000 as at 31 January 2015 (2014: HK\$80,491,000).

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Operations in the Mainland of China (“Mainland”)

The market sentiment in the Mainland deteriorated under the further slowdown in the growth of Gross Domestic Product during the six months ended 31 January 2015. Coupled with the micro-aspect of the rapid growth of online sales platforms and the aggressive pricing strategies of competitors, it created huge burden on the gross profit margins of the “Garment and Related Accessories Business” segment of the Group. To mitigate the pressure on the performance caused by the drop in gross profit margin, the Group implemented stringent control on operating and administrative outlays while closed down under-performing shops and teamed up with popular online shopping malls to fortify the sale network efficiency. As at 31 January 2015, there were a total of 102 shops in the Mainland (2014: 173), including self-operated shops of 30 (2014: 67) and those operated by the Group’s franchisees of 72 (2014: 106).

Attributed to the prestige image of “Crocodile” brand, the royalty fees from licensees continued to be the other major source of income for the Group. For the six months ended 31 January 2015, the royalty income was HK\$26,635,000 (2014: HK\$26,112,000).

Prospects

It is almost certain that the United States will raise its interest rate in the year 2015. However on the other side, Europe, Japan and the Mainland are pursuing easing policies. It will intensify the uncertainties in the global economy. The haphazard oil price movements portended the turbulence of the international fund flows. The risk exposures of the Group’s financial assets on hand will inevitably be magnified.

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The situation in Hong Kong will become further complicated. Under the existing pegging arrangement, Hong Kong will follow the United States to raise its interest rate even though the Mainland is now facing a contracting economic momentum as a result of economic reforms. Hong Kong will face a never-before volatility because of this mismatching in operating atmospheres between the world-first and -second largest economies which Hong Kong significantly relies on.

Because of the above intricate conditions in Hong Kong and the Mainland, the performances of the Group’s “Garment and Related Accessories Business” and “Property Investment and Letting Business” segments will be erratic. The business outlook of Hong Kong will even be gloomy in view of the lingering social unrest especially for the outbreak of chaos in districts in which the Group’s retail shops are doing business.

The Group will continue to enhance the value of “Crocodile” brand to overcome the challenges ahead. Moreover, the Group will further improve the shop operating efficiency and supply chain flexibility. The Group has been adopting prudent financial management approach and exploring various means of strengthening its capital base to secure its resilience in the formidable business circumstances.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

Prospects (Continued)

On the other hand, attention is drawn to the Company's announcement dated 13 February 2015 ("**February Announcement**") made pursuant to Rule 3.7 of The Code on Takeovers and Mergers ("**Takeovers Code**"), Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Stock Exchange**" and "**Listing Rules**", respectively) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("**SFO**"); and an announcement of the Company dated 13 March 2015 made pursuant to Rule 3.7 of the Takeovers Code. As disclosed therein, among others, further announcement(s) will be made by the Company regarding the Possible Transaction (as defined in the February Announcement) on a monthly basis and, as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

Contingent Liabilities

As at 31 January 2015, 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 six months ended 31 January 2015.

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\$80,487,000 as at 31 January 2015 (31 July 2014: HK\$57,233,000) and were mainly denominated in Hong Kong dollars and Renminbi. The pledged bank deposits of approximately HK\$538,000 (31 July 2014: HK\$730,000) represent deposits pledged to banks to secure margin loans and are therefore classified as current assets. Cash and cash equivalents denominated in Renminbi as at 31 January 2015 were equivalent to HK\$28,992,000 (31 July 2014: HK\$21,324,000) 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.

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

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

As at 31 January 2015, the total outstanding borrowings including margin loans of the Group amounted to HK\$545,719,000. The total outstanding borrowings comprised bank overdraft of HK\$63,790,000, unsecured short-term bank trust receipt loans of HK\$8,466,000, secured short-term bank trust receipt loans of HK\$14,042,000, secured bank mortgage loan of HK\$29,852,000, secured margin loans of HK\$20,569,000, secured long-term bank loan of HK\$279,000,000 and secured short-term bank revolving loans of HK\$130,000,000. Short-term bank loans were repayable within a period not exceeding one year. The secured bank mortgage loan above was repayable by instalments with its current portion of HK\$2,523,000 repayable within one year and long-term portion of HK\$27,329,000 repayable in the second to thirteenth 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 six months ended 31 January 2015.

As at 31 January 2015, the Group had mortgaged certain of its investment properties with carrying values of HK\$1,457,700,000 and created floating charges on its certain assets to its bankers to secure banking facilities granted to the Group.

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The Group's gearing revealed by the debt to equity ratio as at 31 January 2015 was 35%, expressed as a percentage of total bank borrowings and margin loans payable to total net assets. As anticipated the interest rates will rise in the near future, the Group will actively consider any fund-raising means in order to keep its gearing at a reasonable level for controlling its interest expenses while further developing its business.

As at 31 January 2015, the Group had the capital commitments, contracted but not provided for, in respect of the land lease payments in the Mainland of HK\$4,285,000; acquisition and construction of property, plant and equipment in the Mainland of HK\$2,249,000 and acquisition of available-for-sale financial asset of HK\$5,380,000.

Major Investments, Acquisition and Disposals

Save for the acquisition of properties as disclosed in the Company's announcement dated 26 September 2014, the Group had no significant investments, material acquisitions or disposals in the six months ended 31 January 2015.

Employees and Remuneration Policy

The total number of employees of the Group, including part-time sales staff, was 461 as at 31 January 2015 (2014: 638). Pay rates of the employees are largely based on industry practice and the performance of individual employee. In addition to salary and bonus payments, other staff benefits include subsidised medical care, free hospitalisation insurance plans, provident fund benefits, subsidised meals, staff discount on purchases, internal training for sales staff and external training programme subsidies.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Corporate Governance

The Company has complied with all the code provisions set out from time to time in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 to the Listing Rules throughout the six months ended 31 January 2015 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 the chairman and the chief executive officer should be separate and should not be performed by the same individual.

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

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

None of the existing non-executive Directors (“**NEDs**”, including the independent non-executive Directors (“**INEDs**”)) 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 (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 (in the case of an addition to the Board) and will then be eligible for re-election. Further, in line with the relevant code provision of the CG Code, each of the Directors appointed to fill a casual vacancy has been/will be subject to election by the Shareholders at the first general meeting after his/her appointment. In view of these, the Board considers that such requirements are sufficient to meet the underlying objective of the said code provision A.4.1 and therefore, does not intend to take any remedial steps in this regard.

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

The Company has not established a nomination committee whose functions are assumed by the full Board. Potential new Directors will be recruited based on their knowledge, skills, experience and expertise and the requirements of the Company at the relevant time and candidates for the INEDs must meet the independence criterion. The process of identifying and selecting appropriate candidates for consideration and approval by the Board has been, and will continue to be, carried out by the executive Directors (“**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.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

Securities Transactions by Directors and Designated Employees

The Company has adopted a Code of Practice for Securities Transactions by Directors and Designated Employees (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 to the Listing Rules. The Company has made specific enquiry of all Directors and they have confirmed in writing their compliance with the required standard set out in the Securities Code during the six months ended 31 January 2015.

Share Option Scheme

The Company adopted a share option scheme (“**Scheme**”) on 22 December 2006 for the purpose of providing incentives or rewards to the Participants as defined in the Scheme. The Scheme became effective on 29 December 2006 (“**Effective Date**”) and unless otherwise cancelled or amended, will remain in force for ten years from the Effective Date.

Directors are authorised, at their discretion, to invite employees of the Group, including directors of any subsidiary company in the Group at a consideration of HK\$1.00 to take up options to subscribe for shares of the Company (“**Shares**”). On and subject to the terms of the Scheme and the requirements of the Listing Rules, the Directors shall be entitled, at any time and from time to time within ten years commencing on the Effective Date and subject to such conditions as the Directors may think fit, to grant options to subscribe at the Subscription Price (as defined in the Scheme) for such number of Shares as the Directors may determine. The initial maximum number of Shares in respect of which options may be granted under the Scheme is 61,712,713 Shares, being 10% of the total number of issued Shares as at the adoption date of the Scheme.

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As at 31 January 2015 and the date of this Report, the Company might grant further options under the Scheme to subscribe for a maximum of 45,010,713 Shares (representing about 4.81% of the issued Shares as at those dates) and the Company had a total of 10,000,000 underlying Shares comprised in options outstanding under the Scheme (representing approximately 1.07% of the issued Shares as at those dates).

Information on the share options granted under the Scheme for the six months ended 31 January 2015 is set out below:

Number of underlying Shares comprised in share options				
Category/Name of participants	Date of grant (dd/mm/yyyy) <i>(Note 1)</i>	As at 1 August 2014 and 31 January 2015	Exercise period (dd/mm/yyyy)	Exercise price per Share HK\$ <i>(Note 2)</i>
Directors				
Lam Wai Shan, Vanessa	21/08/2013	2,500,000	21/08/2013 - 20/08/2016	0.4675
Wan Yee Hwa, Edward	21/08/2013	2,500,000	21/08/2013 - 20/08/2016	0.4675
Employees				
In aggregate	21/08/2013	5,000,000	21/08/2013 - 20/08/2016	0.4675
Total		10,000,000		

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

Share Option Scheme (Continued)

Notes:

1. The above share options were vested on the date of grant.
2. The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other specific changes in the Company's share capital.

No share options had been granted, exercised, cancelled, or lapsed in accordance with the terms of the Scheme during the six months ended 31 January 2015.

Directors' Interests

The following Directors and chief executive of the Company who held office on 31 January 2015 and their respective close associates (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of the SFO) on that date (a) as required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of Part XV of the SFO ("Register of Directors and Chief Executive"); or (c) as notified to the Company and the Stock Exchange pursuant to the Securities Code; or (d) as otherwise known by the Directors:

(1) Interests in the Company

Long positions in the Shares and underlying Shares

Name of Directors	Capacity	Number of Shares		Share Options	Total Interests	Approximate Percentage of Total Interests to Total Issued Shares (Note 1)
		Personal Interests	Corporate Interests	Personal Interests		
Lam Kin Ming	Beneficial owner and owner of controlled corporation	4,059,000	472,200,000 (Note 2)	Nil	476,259,000	50.90%
Lam Wai Shan, Vanessa	Beneficial owner	2,827,500	Nil	2,500,000 (Note 3)	5,327,500	0.57%
Wan Yee Hwa, Edward	Beneficial owner	Nil	Nil	2,500,000 (Note 3)	2,500,000	0.27%

Notes:

1. The total number of issued Shares as at 31 January 2015 (935,743,695 Shares) has been used in the calculation of the approximate percentage.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

Directors' Interests (Continued)

(1) Interests in the Company (Continued)

Notes: (Continued)

2. Rich Promise Limited ("**RPL**") beneficially owned 472,200,000 Shares, representing approximately 50.46% of the issued Shares. Dr. Lam Kin Ming (Chairman, an Executive Director and Chief Executive Officer) was deemed to be interested in the same 472,200,000 Shares by virtue of his 100% shareholding interest in RPL.

Pursuant to an announcement made by the Company on 13 February 2015, RPL and Dr. Lam Kin Ming have entered into a memorandum of understanding on 13 February 2015 with an independent third party and its beneficial owner regarding the possible disposal of the 472,200,000 Shares by RPL ("**Possible Transaction**"). As at the date of this Report, no formal or legally binding agreement has been entered into in respect of the Possible Transaction, and the discussion is still in progress and the Possible Transaction may or may not proceed.

3. Details of the share options granted to Ms. Lam Wai Shan, Vanessa and Mr. Wan Yee Hwa, Edward (both Executive Directors) under the share option scheme of the Company are shown in the section headed "Share Option Scheme" of this Report.

(2) Interests in Associated Corporation

RPL — the parent and ultimate holding company of the Company

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Long position in the ordinary shares of RPL

Name of Director	Capacity	Personal Interests	Corporate Interests	Total Interests	Percentage of Total
					Interests to Total Issued Shares
Lam Kin Ming	Beneficial owner	1	Nil	1	100%

Save as disclosed above, as at 31 January 2015, none of the Directors and the chief executive of the Company and their respective close associates was interested, or was deemed to be interested, in the long and short positions in the shares, underlying shares and/or debentures of the Company or any of its associated corporations which were required to be notified to the Company and the Stock Exchange under the SFO, recorded in the Register of Directors and Chief Executive, notified under the Securities Code or otherwise known by the Directors.

CORPORATE GOVERNANCE AND OTHER INFORMATION (Continued)

Substantial Shareholders' Interests

As at 31 January 2015, so far as it is known by or otherwise notified by any Director or the chief executive of the Company, the particulars of the corporation or individual (being a Director and the Chief Executive Officer of the Company), who had 5% or more interests in the following long positions in the Shares as recorded in the register required to be kept under Section 336 of the SFO (“**Register of Shareholders**”) or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (“**Voting Entitlements**”) (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares				
Name	Capacity	Nature of Interests	Number of Shares Held	Approximate Percentage of Total Interests to Total Issued Shares <i>(Note 1)</i>
Rich Promise Limited	Beneficial owner	Corporate	472,200,000 <i>(Note 2)</i>	50.46%
Lam Kin Ming	Beneficial owner and owner of controlled corporation	Personal and corporate	476,259,000 <i>(Notes 2 and 3)</i>	50.90%

Notes:

1. The total number of issued Shares as at 31 January 2015 (935,743,695 Shares) has been used in the calculation of the approximate percentage.
2. Dr. Lam Kin Ming (Chairman, an Executive Director and Chief Executive Officer) was deemed to be interested in the 472,200,000 Shares owned by RPL by virtue of his 100% shareholding interest in RPL. Please also refer to “Directors’ Interests” section above for further details.
3. Dr. Lam Kin Ming was personally interested in 4,059,000 Shares.

Save as disclosed above, the Directors are not aware of any other corporation or individual (other than a Director or the chief executive of the Company) which/who, as at 31 January 2015, had the Voting Entitlements or 5% or more interests or short positions in the Shares or underlying Shares as recorded in the Register of Shareholders.

CORPORATE GOVERNANCE AND OTHER INFORMATION *(Continued)*

Purchase, Sale or Redemption of Listed Shares

During the six months ended 31 January 2015, the Company did not redeem any of the Shares listed and traded on the Stock Exchange nor did the Company or any of its subsidiaries purchase or sell any of such Shares.

Disclosure of Directors' Information

During the six months ended 31 January 2015, there is no change in the Directors' information since the disclosure made in the Company's annual report for the year ended 31 July 2014 which is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Review of Interim Report

The Audit Committee of the Company currently comprises three INEDs, namely Messrs. Leung Shu Yin, William (Chairman), Chow Bing Chiu and Yeung Sui Sang. The Audit Committee has reviewed with the management the unaudited interim report (including the unaudited condensed consolidated interim financial statements) of the Company for the six months ended 31 January 2015.

Appreciation

On behalf of the Board, I would like to thank all members of the staff and management for their dedication and continuous support and look forward to sharing the prosperous future of Crocodile with them and all the Shareholders and customers.

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

Hong Kong, 27 March 2015

CROCODILE

