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## **PROPOSED SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

### **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share. As at the date of this announcement, 1,421,315,542 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no further Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, not more than 71,065,777 Consolidated Shares will be in issue.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 1,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 1,000 Existing Shares to 2,000 Consolidated Shares.

Based on the closing price of HK\$0.09 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the theoretical value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,600 based on the theoretical closing price per Consolidated Share of HK\$1.8.

### **GENERAL**

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders on or before Friday, 4 October 2024.

**Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## **PROPOSED SHARE CONSOLIDATION**

The Board proposes to implement the Share Consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share.

### **Effects of the Share Consolidation**

As at the date of this announcement, 1,421,315,542 Existing Shares have been allotted and issued. Upon the Share Consolidation becoming effective and assuming that no further Existing Shares are issued or bought back from the date of this announcement until the effective date of the Share Consolidation, not more than 71,065,777 Consolidated Shares will be in issue.

Upon the Share Consolidation becoming effective, the Consolidated Shares shall rank pari passu in all respects with each other.

Other than the expenses to be incurred in relation to the Share Consolidation, the implementation of the Share Consolidation will not alter the underlying assets, business operations, management or financial position of the Company or the proportionate interests or rights of the Shareholders, save for any fractional Consolidated Shares which will not be allocated to the Shareholders who may otherwise be entitled.

### **Conditions of the Share Consolidation**

The Share Consolidation is conditional upon the following conditions:

- (i) the passing of an ordinary resolution by the Shareholders at the EGM to approve the Share Consolidation;
- (ii) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective; and
- (iii) the compliance with the relevant procedures and requirements under the Hong Kong laws (where applicable) and the Listing Rules to effect the Share Consolidation.

Subject to the fulfilment of the conditions of the Share Consolidation, the effective date of the Share Consolidation is currently expected to be on Friday, 1 November 2024, being the second Business Day immediately after the date of the EGM.

### **Listing application**

An application has been made by the Company to the Listing Committee of the Stock Exchange for the listing of, and the permission to deal in, the Consolidated Shares upon the Share Consolidation becoming effective.

Subject to the granting of the listing of, and permission to deal in, the Consolidated Shares on the Stock Exchange upon the Share Consolidation becoming effective, as well as compliance with the stock admission requirements of HKSCC, the Consolidated Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the commencement date of dealings in the Consolidated Shares on the Stock Exchange or such other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements will be made for the Consolidated Shares to be admitted into CCASS.

None of the Existing Shares or any other equity or debt securities in issue of the Company are listed or dealt in on any other stock exchange other than the Stock Exchange. Upon the Share Consolidation becoming effective, the Consolidated Shares in issue will not be listed or dealt in on any stock exchange other than the Stock Exchange, and no such listing or permission to deal is being or is currently proposed to be sought.

### **Other securities of the Company**

As at the date of this announcement, the Company has no outstanding options, warrants or other securities in issue which are convertible into or giving rights to subscribe for, convert or exchange into, any Existing Shares or Consolidated Shares, as the case may be.

### **PROPOSED CHANGE IN BOARD LOT SIZE**

As at the date of this announcement, the Existing Shares are traded on the Stock Exchange in board lot size of 1,000 Existing Shares. It is proposed that, subject to and conditional upon the Share Consolidation becoming effective, the board lot size for trading on the Stock Exchange be changed from 1,000 Existing Shares to 2,000 Consolidated Shares.

Based on the closing price of HK\$0.09 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, the theoretical value of each board lot of 2,000 Consolidated Shares, assuming the Share Consolidation had already been effective, would be HK\$3,600 based on the theoretical closing price per Consolidated Share of HK\$1.8.

The Change in Board Lot Size will not result in change of the relative rights of the Shareholders.

## **REASONS FOR THE SHARE CONSOLIDATION AND CHANGE IN BOARD LOT SIZE**

Pursuant to Rule 13.64 of the Listing Rules, where the market price of the securities of an issuer approaches the extremities of HK\$0.01 or HK\$9,995.00, the Stock Exchange reserves the right to require the issuer either to change the trading method or proceed with a consolidation or splitting of securities. Further, the “Guide on Trading Arrangements for Selected Types of Corporate Actions” issued by the Hong Kong Exchanges and Clearing Limited on 28 November 2008 and last updated in June 2024 has further stated that (i) market price of the securities at a level less than HK\$0.10 each will be considered as trading at extremity as referred to under Rule 13.64 of the Listing Rules; and (ii) taking into account the minimum transaction costs for a securities trade, the expected value per board lot should be greater than HK\$2,000.

For the past 10 years, the existing board lot value of the Company has been constantly less than HK\$2,000, ranging from HK\$81 to HK\$1,450. Based on the closing price of HK\$0.09 per Existing Share as quoted on the Stock Exchange as at the date of this announcement, with a board lot size of 1,000 Existing Shares, the Company is trading at HK\$90 per board lot, which is under HK\$2,000 per board lot. In view of this, the Board on its initiative proposes to effect the Share Consolidation and the Change in Board Lot Size in order to comply with the trading requirements of the Listing Rules that the expected board lot value will be HK\$3,600, which will be greater than HK\$2,000.

In view of the recent trading price of the Shares, it is considered that the Share Consolidation and the Change in Board Lot Size will enable the Company to comply with the trading requirements under the Listing Rules and reduce the overall transaction and handling costs of dealings in the Shares as a proportion of the market value of each board lot, since most of the banks or securities houses will charge minimum transaction costs for each securities trade. With a corresponding upward adjustment in the trading price of the Consolidated Shares, it is believed that the Share Consolidation and the Change in Board Lot Size will maintain the trading amount for each board lot at a reasonable level and make investing in the Shares more attractive to a boarder range of investors, and thus further broaden the shareholder base of the Company.

The Board believes that the Share Consolidation and the Change in Board Lot Size will not have any material adverse effect on the financial position of the Group nor result in change in the relative rights of the Shareholders, save for any fractional Consolidated Shares to which Shareholders may otherwise be entitled.

In view of the above reasons, the Company considers the Share Consolidation and the Change in Board Lot Size are justifiable to achieve the above-mentioned purposes notwithstanding the potential costs and impact arising from creation of odd lots to Shareholders. Taking into account the potential benefits and the insignificant amount of costs to be incurred, the Board is of the view that the Share Consolidation and the Change in Board Lot Size are beneficial to and in the interests of the Company and the Shareholders as a whole.

As at the date of this announcement, the Company has no intention to carry out other corporate actions or arrangements that may affect the trading in the Shares, including share consolidation, share subdivision or further change in board lot size, in the next twelve months. Nevertheless, the Company may and intends to conduct debt and/or equity fund raising exercises in the next twelve months when suitable fund-raising opportunities arise in order to support future development and operations of the Group. Since the scale of such possible fund raising exercises have not been ascertained as at the date of this announcement, the proposed Share Consolidation and the Change in Board Lot Size have not taken into account the effect of any such possible fund raising exercises. The Company will make further announcement in this regard in accordance with the Listing Rules as and when appropriate.

**Shareholders and potential investors of the Company should note that the abovementioned possible fund raising exercises may or may not materialize. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## **OTHER ARRANGEMENTS**

### **Fractional entitlement to Consolidated Shares**

The Consolidated Shares will be rounded down to a whole number and fractional Consolidated Shares arising from the Share Consolidation, if any, will be disregarded and will not be issued to the Shareholders but all such fractional Consolidated Shares will be aggregated and, if possible, sold for the benefit of the Company. Fractional Consolidated Shares will only arise in respect of the entire shareholding of a holder of the Shares regardless of the number of share certificates held by such holder.

### **Arrangement on odd lots trading and matching services**

In order to facilitate the trading of odd lots of the Consolidated Shares arising from the Share Consolidation, the Company will appoint a securities firm to provide matching services, on a best efforts basis, to those Shareholders who wish to acquire odd lots of the Consolidated Shares to make up a full board lot, or to dispose of their holding of odd lots of the Consolidated Shares. Details of the odd lots trading arrangement will be set out in the circular of the Company.

**Holders of odd lots of the Consolidated Shares should note that the matching of the sale and purchase of odd lots of the Consolidated Shares is not guaranteed. Shareholders who are in any doubt about the odd lots trading arrangement are recommended to consult their own professional advisers.**

### **Exchange of share certificates**

Subject to the Share Consolidation becoming effective, which is currently expected to be on Friday, 1 November 2024, being the second Business Day immediately after the date of the EGM, the Shareholders may during the business hours, on or after Friday, 1 November 2024 and until Monday, 9 December 2024 (both dates inclusive) submit existing share certificates in the colour of blue for the Existing Shares to the Company's Registrar, Tricor Tengis Limited, at 17th Floor, Far East Finance Centre, 16 Harcourt Road, Hong Kong, in exchange for new share certificates in the colour of green for the Consolidated Shares at the expense of the Company.

Thereafter, share certificates of the Existing Shares will be accepted for exchange only on payment of a fee of HK\$2.50 (or such other amount as may from time to time be specified by the Stock Exchange) by the Shareholders for each share certificate for the Existing Shares submitted for cancellation or each new share certificate issued for the Consolidated Shares, whichever the number of share certificates cancelled/issued is higher.

Subject to the Share Consolidation becoming effective, after 4:10 p.m. on Thursday, 5 December 2024, trading will only be in Consolidated Shares and existing share certificates for the Existing Shares will only remain effective as documents of title and may be exchanged for share certificates for Consolidated Shares at any time but will not be accepted for delivery, trading and settlement purposes.

### **EXPECTED TIMETABLE**

The expected timetable for the implementation of the Share Consolidation and Change in Board Lot Size is set out below. The expected timetable is subject to the results of the EGM and has been prepared on the assumption that all the conditions to the Share Consolidation will be fulfilled or otherwise waived, and is therefore for indicative purpose only. Any change to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

Events	Time and Date
Despatch date of circular with notice of the EGM . . . . .	on or before Friday, 4 October 2024
Latest date and time for lodging transfer documents in order to qualify for attending and voting at the EGM . . . . .	4:30 p.m. on Thursday, 24 October 2024
Closure of register of members for determination of the entitlement to attend and vote at the EGM . . . . .	From Friday, 25 October 2024 to Wednesday, 30 October 2024 (both dates inclusive)
Latest date and time for lodging forms of proxy for the EGM . . . . .	11:45 a.m. on Monday, 28 October 2024
Record date for attending the EGM. . . . .	Wednesday, 30 October 2024
Expected date and time of the EGM . . . . .	11:45 a.m. on Wednesday, 30 October 2024
Announcement of poll results of the EGM . . . . .	Wednesday, 30 October 2024
<b>The following events are conditional upon the fulfilment of the conditions for the implementation of the Share Consolidation and Change in Board Lot Size as set out in this announcement:</b>	
Effective date of the Share Consolidation . . . . .	Friday, 1 November 2024
First day for free exchange of existing share certificates for new share certificates for the Consolidated Shares . . . . .	Friday, 1 November 2024
Dealings in the Consolidated Shares commence . . . . .	9:00 a.m. on Friday, 1 November 2024



Events	Time and Date
Original counter for trading in the Existing Shares in board lots of 1,000 Existing Shares (in the form of existing share certificates) temporarily closes . . . . .	9:00 a.m. on Friday, 1 November 2024
Temporary counter for trading in the Consolidated Shares in board lots of 50 Consolidated Shares (in the form of existing share certificates) opens . . . . .	9:00 a.m. on Friday, 1 November 2024
Original counter for trading in the Consolidated Shares in board lots of 2,000 Consolidated Shares (in the form of new share certificates) re-opens. . . . .	9:00 a.m. on Friday, 15 November 2024
Parallel trading in the Consolidated Shares (in form of new share certificates and existing share certificates) commences . . . . .	9:00 a.m. on Friday, 15 November 2024
Designated broker starts to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	9:00 a.m. on Friday, 15 November 2024
Designated broker ceases to stand in the market to provide matching services for odd lots of the Consolidated Shares . . . . .	4:00 p.m. on Thursday, 5 December 2024
Temporary counter for trading in the Consolidated Shares in board lots of 50 Consolidated Shares (in the form of existing share certificates) closes . . . . .	4:10 p.m. on Thursday, 5 December 2024
Parallel trading in Consolidated Shares (in form of new share certificates and existing share certificates) ends. . . . .	4:10 p.m. on Thursday, 5 December 2024



## Events

## Time and Date

Last day for free exchange of existing share

certificates for new share certificates for the

Consolidated Shares . . . . . 4:30 p.m. on Monday,  
9 December 2024

All times and dates in this announcement refer to Hong Kong local times and dates. The expected timetable set out above is indicative only and may be subject to change. Any changes to the expected timetable will be announced in a separate announcement by the Company as and when appropriate.

## GENERAL

The EGM will be convened and held for the Shareholders to consider and, if thought fit, approve the Share Consolidation. A circular containing, among other things, further details of the Share Consolidation and a notice convening the EGM will be despatched to the Shareholders on or before Friday, 4 October 2024.

**Shareholders and potential investors of the Company should note that the Share Consolidation is conditional upon satisfaction of the conditions as set out in the paragraph headed “Conditions of the Share Consolidation” above in this announcement. Accordingly, the Share Consolidation may or may not proceed.**

**Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company. If they are in any doubt, they should consult their professional advisers.**

## DEFINITIONS

In this announcement, the following expressions have the following meanings unless the context requires otherwise.

“Board” the board of Directors

“Business Day” a day other than a Saturday, Sunday, public holiday and on which banks are open for inter-bank clearing of cheques in Hong Kong

“CCASS” the Central Clearing and Settlement System established and operated by HKSCC

“Change in Board Lot Size”	the proposed change in board lot size of the Shares for trading on the Stock Exchange from 1,000 Existing Shares to 2,000 Consolidated Shares
“Company”	Crocodile Garments Limited (鱷魚恤有限公司), a company incorporated in Hong Kong with limited liability, the issued ordinary shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 122)
“Consolidated Share(s)”	ordinary share(s) of the Company immediately after the Share Consolidation becoming effective
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company proposed to be convened on Wednesday, 30 October 2024 for the purpose of considering and, if thought fit, approving the Share Consolidation
“Existing Share(s)”	ordinary share(s) of the Company before the Share Consolidation becomes effective
“General Rules of HKSCC”	the terms and conditions regulating the use of HKSCC’s services, as may be amended, supplemented and/or otherwise modified from time to time and where the context so permits, shall include the HKSCC Operational Procedures
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Operational Procedures”	the operational procedures of the HKSCC, containing the practices, procedures and administrative or other requirements relating to the operations and functions of CCASS, as from time to time in force
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Share(s)”	Existing Share(s) and/or Consolidated Share(s), as the case may be
“Share Consolidation”	the proposed share consolidation on the basis that every twenty (20) issued Existing Shares be consolidated into one (1) Consolidated Share and to round down the number of Consolidated Shares in the issued share capital of the Company to the nearest whole number by disregarding each and every fractional Consolidated Share which would otherwise arise therefrom
“Shareholder(s)”	the duly registered holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited

By Order of the Board  
**Crocodile Garments Limited**  
**Lam Wai Shan, Vanessa**  
Chairman, Executive Director  
and Chief Executive Officer

Hong Kong, 25 September 2024

As at the date of this announcement, the Board comprises two Executive Directors, namely, Ms. Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer) and Mr. Lam Kin Hong, Matthew; three Non-executive Directors, namely Mr. Chow Bing Chiu, Ms. Lam Suk Ying, Diana and Mr. Lam Howard; and three Independent Non-executive Directors, namely Mr. Leung Shu Yin, William (Deputy Chairman), Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang.