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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

Profit Warning

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 unaudited interim consolidated profit attributable to owners of the Company for the six months ended 31 January 2016 is expected to decrease materially as compared to the corresponding period last year, primarily due to the weaker performance of the garment business, the lower revaluation gain arising from the revaluation of the Group's investment properties and the devaluation of the financial assets at fair value through profit and loss.

Shareholders and potential investors should exercise caution in placing reliance on such forecasts in assessing the merits or demerits of the Possible Transaction and the transaction(s) related thereto and on this announcement when dealing in the Company's securities.

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**").

Reference is made to the Company's announcements dated 29 January 2016 ("**January Announcement**") and 29 February 2016 (collectively "**Announcements**") in relation to, among other things, the heads of agreement regarding the possible sale of the controlling interests in the Company. Unless otherwise stated, capitalised terms used herein shall have the same meanings as those defined in the Announcements.

The principal activities of the Group include the manufacture and sale of garments in Hong Kong, Macau and Mainland China as well as property investment in Hong Kong and Mainland China. Based on the preliminary unaudited consolidated management accounts of the Group for the six months ended 31 January 2016 ("**Period**"), the Board wishes to inform the Shareholders and potential investors that the unaudited interim consolidated profit attributable to owners of the Company for the Period is expected to be within the range of HK\$12 million to HK\$17 million, which represented a material decrease from that of HK\$50.2 million for the corresponding period last year ("**Statement**").

The decrease in the Group's results for the Period is primarily due to the weaker performance of the garment business, the lower revaluation gain arising from the revaluation of the Group's investment properties and the devaluation of the financial assets at fair value through profit and loss for the Period as compared to the corresponding period last year.

As the Group's unaudited interim results for the Period ("**Interim Results**") have not yet been finalised, the information contained in this announcement is based on information that is currently available and the preliminary unaudited consolidated management accounts of the Group for the Period which have not yet been reviewed by the Company's audit committee. The Interim Results are expected to be published in late March 2016.

With the publication of the January Announcement, the offer period (as defined under the Takeovers Code) commenced since 29 January 2016. Pursuant to Rule 10 of the Takeovers Code, the Statement constitutes a profit forecast and must be reported on by the Company's financial advisers and independent auditor under Rule 10.4 of the Takeovers Code and such reports must be included in the next document sent to the Shareholders. Given the time constraints when issuing this announcement in relation to the profit warning, the Company would like to draw the attention of the Shareholders and potential investors that the Statement does not meet the standard required by Rule 10 of the Takeovers Code.

Given that the Company is currently finalising the Interim Results and is expected to publish the Interim Results in late March 2016, the Interim Results would fall under Rule 10.9 of the Takeovers Code and the reporting requirement of the Statement would no longer be required. The Interim Results together with the notes to the financial statements will be included in the next document to be sent to the Shareholders.

Shareholders and potential investors should exercise caution in placing reliance on such forecasts in assessing the merits or demerits of the Possible Transaction and the transaction(s) related thereto and on this announcement when dealing in the Company's securities.

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

Hong Kong, 10 March 2016

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.

The Directors jointly and severally accept full responsibility for the accuracy of information contained in this announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement, the omission of which would make any statement in this announcement misleading.