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**Crocodile Garments Limited**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

**ANNOUNCEMENT PURSUANT TO  
RULE 3.7 OF THE TAKEOVERS CODE,  
RULE 13.09 OF THE LISTING RULES AND  
INSIDE INFORMATION PROVISIONS UNDER  
PART XIVA OF THE SECURITIES AND FUTURES ORDINANCE  
AND  
RESUMPTION OF TRADING**

This announcement is 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 (“**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (“**Stock Exchange**”) and the Inside Information Provisions (as defined in the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Cap. 571, the Laws of Hong Kong).

The board of directors (“**Board**”) of Crocodile Garments Limited (“**Company**”, together with its subsidiaries, “**Group**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that, as informed by Dr. Lam Kin Ming (“**Dr. Lam**”), the controlling Shareholder, an executive director, the chairman and the chief executive officer of the Company, that Rich Promise Limited (a company beneficially and wholly-owned by Dr. Lam (“**Rich Promise**”) and Dr. Lam (together with Rich Promise, “**Selling Shareholders**”) entered into a heads of agreement on 25 January 2016 after trading hours (as amended by a supplemental agreement dated 28 January 2016 pursuant to which a non-legally-binding provision as regards an indicative pricing basis for calculating the consideration for the Possible Transaction (as defined below) was deleted and certain ancillary amendments were made) (collectively, “**HOA**”) with an independent third party (“**Potential Purchaser**”) regarding the possible acquisition of 477,409,000 ordinary shares in the share capital of the Company, representing approximately 50.38% of the entire issued share capital of the Company held by the Selling Shareholders as at the date of this announcement (“**Possible Transaction**”). The Potential Purchaser and its beneficial owner are third parties independent to and not connected with the Company, its directors, chief executive, substantial shareholders, subsidiaries and associates.

As at the date of this announcement, the Company has 947,543,695 ordinary shares (“**Share(s)**”) in issue. Save for the aforesaid, the Company has no other relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) as at the date hereof.

Dr. Lam and Rich Promise are currently interested in an aggregate of 477,409,000 Shares, of which, 472,200,000 Shares are directly and beneficially held by Rich Promise and the remaining 5,209,000 Shares are directly and beneficially held by Dr. Lam, representing approximately 50.38% of the entire issued share capital of the Company as at the date of this announcement.

## THE HOA

As stated in the HOA, subject to further negotiations among the parties to the HOA on terms and conditions of the Possible Transaction, the Selling Shareholders and the Potential Purchaser agreed to endeavor to enter into a formal agreement in relation to the Possible Transaction within the period of 45 business days from the date of the HOA (or such later date as the parties to the HOA may agree in writing) (“**Exclusivity Period**”). Pursuant to the terms of the HOA, the Potential Purchaser is entitled to conduct and finish due diligence review on the Group within the Exclusivity Period.

The HOA also provides that prior to the completion of the Possible Transaction, the Company will conduct a group reorganisation such that upon completion of the reorganisation, certain subsidiaries of the Group (collectively, “**Distributed Group**”) which hold 100% interest in properties including but not limited to the 11/F to 25/F of Crocodile Center located at No. 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong and 30% interest in an entity that will hold the trademark of “Crocodile”, will be segregated from the Group by way of distribution in specie to all Shareholders (excluding the Potential Purchaser) (“**Distribution**”). The Selling Shareholders intend to make a voluntary cash offer to acquire all the shares of the Distributed Group from other Shareholders following the Distribution.

Pursuant to the HOA, the Selling Shareholders agreed not to discuss or negotiate any arrangement or enter into any agreement or memorandum in respect of the subject matters of the Possible Transaction with any other party during the Exclusivity Period. The Potential Purchaser agreed under the HOA to pay a deposit in the sum of HK\$30 million (“**Deposit**”) to the Selling Shareholders, which would be placed in an escrow account, within five days from the date of the HOA. If a definitive agreement with respect to the Possible Transaction is signed by the expiry date of the Exclusivity Period, the Deposit will be applied in full towards the payment of the consideration payable under the definitive agreement. If a definitive agreement with respect to the Possible Transaction cannot be signed by the expiry date of the Exclusivity Period, the Deposit will be forfeited by the Selling Shareholders unless it is due to that (a) there are material deviations between the results of the due diligence review and the disclosures made in the annual report of the Company for the financial year ended 31 July 2015; or (b) the Potential Purchaser, the Selling Shareholders or the Company cannot obtain all the necessary confirmation and approvals, including but not limited to, necessary authorisations and approvals (or waivers (as the case may be)) from the Stock Exchange, the Securities and Futures Commission or any governmental and/or regulatory bodies, in such case the Deposit shall be refunded in full to the Potential Purchaser. For the avoidance of doubt, the Potential Purchaser is still entitled to choose to enter into the definitive agreement by the Exclusivity Period taking into consideration of (a) or (b) above. If the Potential Purchaser is satisfied with the results of the due diligence review but the Selling Shareholders refuse to enter into a definitive agreement with the Potential Purchaser by the expiry date of the Exclusivity Period, the Deposit shall be refunded in full to the Potential Purchaser, and the Selling Shareholders shall also reimburse the Potential Purchaser the actual expenses incurred in connection with the Possible Transaction subject to a maximum amount of HK\$2.5 million.

It is also stated in the HOA that completion of the definitive agreement as regard the Possible Transaction shall be subject to conditions precedent, including but not limited to, no material adverse changes on the Group having been found pursuant to the results of the due diligence review (including but not limited to the consolidated net assets of the Group as at 31 January 2016 after taking into account the Distribution not being less than HK\$430 million). For the avoidance of doubt, the conditions precedent of the definitive agreement as mentioned in this paragraph are not legally-binding under the terms of the HOA.

Save for certain provisions relating to the Deposit, the Exclusivity Period, due diligence and group reorganisation, confidentiality, costs and governing law, and dispute resolution, other terms of the HOA do not constitute legally-binding commitment in respect of the Possible Transaction. The Possible Transaction will be subject to the execution of a definitive agreement in connection with the Possible Transaction.

**If the Possible Transaction materialises, it will lead to a change in control of the Company and a mandatory general offer under Rule 26.1 of the Takeovers Code. As at the date of this announcement, no formal agreements have 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.**

#### **MONTHLY UPDATE**

In accordance with Rule 3.7 of the Takeovers Code, monthly announcement(s) will be made until announcement of firm intention to make an offer under Rule 3.5 of the Takeovers Code or of a decision not to proceed with an offer is made. Further announcement(s) will be made by the Company as and when appropriate or required in accordance with the Listing Rules and the Takeovers Code (as the case may be).

#### **DEALING DISCLOSURE**

For the purposes of the Takeovers Code, the offer period is deemed to commence on the date of this announcement, being 29 January 2016. The associates (as defined in the Takeovers Code including but not limited to any person holding 5% or more of a class of relevant securities) of the Company are hereby reminded to disclose their dealings in any securities of the Company under Rule 22 of the Takeovers Code.

#### **RESPONSIBILITIES OF STOCKBROKERS, BANKS AND OTHER INTERMEDIARIES**

In accordance with Rule 3.8 of the Takeovers Code, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

*“Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant Rules. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7 day period is less than \$1 million.*”

*This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.*

*Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”*

**WARNINGS: There is no assurance that the Possible Transaction will materialise or eventually be consummated and the relevant discussions may or may not lead to a general offer under Rule 26.1 of Takeovers Code. The Possible Transaction and the Distribution, therefore, may or may not proceed. Shareholders and potential investors should exercise caution when dealing in the securities of the Company, and if they are in any doubt about their position, they should consult their professional adviser(s).**

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was halted from 9:00 a.m. on 26 January 2016 pending the release of this announcement. The Company has applied to the Stock Exchange for resumption of trading in the Shares with effect from 9:00 a.m. on 29 January 2016.

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

Hong Kong, 29 January 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 of the Company 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.*