

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



**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**

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, 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 owned by Dr. Lam, “**Selling Shareholder**”) and Dr. Lam (as the guarantor to the Selling Shareholder) entered into a memorandum of understanding (“**MOU**”) on 13 February 2015 after trading hours with an independent third party (“**Potential Purchaser**”) and its beneficial owner (as the guarantor to the Potential Purchaser) regarding the possible acquisition of 472,200,000 ordinary shares in the share capital of the Company, representing approximately 50.46% of the entire issued share capital of the Company held by the Selling Shareholder as at the date of this announcement (“**Possible Transaction**”). Each of 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 935,743,695 ordinary shares (“**Shares**”) in issue and outstanding options granted under the Company’s share option scheme entitling the holders thereof to subscribe for 10,000,000 new Shares in aggregate. 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 the Selling Shareholder are currently interested in an aggregate of 476,259,000 Shares, representing approximately 50.90% of the entire issued share capital of the Company as at the date of this announcement.

THE MOU

Pursuant to the MOU, the Selling Shareholder 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 for a period of 60 days from the date of payment of the Deposit (as defined below) (or such later day as the parties to the MOU may agree in writing) (“**Exclusive Period**”). The Potential Purchaser agreed under the MOU to pay a deposit in the sum of HK\$30 million (“**Deposit**”) to the Selling Shareholder, which would be payable to the Selling Shareholder within two business days from the date of the MOU.

Pursuant to the terms of the MOU, the Potential Purchaser is entitled to conduct due diligence review on the Group during the Exclusive Period. As stated in the MOU, subject to further negotiations among the parties to the MOU on terms and conditions of the Possible Transaction, the Selling Shareholder and the Potential Purchaser endeavor to enter into a formal agreement in relation to the Possible Transaction within the Exclusive Period. It is also disclosed in the MOU that the Potential Purchaser intends to subscribe for new Shares representing not more than 20% of the existing issued share capital of the Company (“**Subscription**”) pursuant to the existing general mandate granted to the directors of the Company to issue, allot and deal with additional Shares at the Company’s annual general meeting dated 8 December 2014, upon completion of the Possible Transaction. No information as to the inter-conditionality between the Possible Transaction and the Subscription was provided in the MOU.

Save for certain provisions relating to due diligence, the Selling Shareholder will procure that the Company continues its operations in the ordinary and usual course, deposit, confidentiality, exclusivity, costs and governing laws, other terms of the MOU do not constitute legally-binding commitment in respect of the Possible Transaction. The Possible Transaction will be subject to the execution of a formal 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 13 February 2015.

The associates (as defined in the Takeovers Code including shareholders holding 5% or more in the Shares) of the Company and the Potential Purchaser of the Shares as well as its associates (as defined in the Takeovers Code) 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. 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).

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

Hong Kong, 13 February 2015

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 Yee Hwa, Edward; 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.