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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

CONTINUING CONNECTED TRANSACTION

Lease of Office Space in Crocodile Center

On 27 March 2013, Crocodile KT, a wholly-owned subsidiary of the Company, as landlord entered into the Lease with the Tenant in respect of the lease of the Premises.

Dr. KM Lam (an executive Director, the Chairman and the Chief Executive Officer of the Company who has an approximate 50.77% interest in the existing issued Shares) is a director and a controlling shareholder of the Tenant. In this light, the Tenant is an associate of Dr. KM Lam and a connected person of the Company. Accordingly, the entering into of the Lease constitutes a continuing connected transaction for the Company under the Listing Rules.

As each of the applicable Percentage Ratios in respect of the maximum aggregate amount of the rent receivable by Crocodile KT from the Tenant, on an annual basis, is less than 5% but more than HK\$1,000,000, the subject continuing connected transaction is only subject to the reporting, announcement and annual review requirements under the Listing Rules and is exempt from independent Shareholders' approval requirement of the Listing Rules.

THE LEASE

The Board announces that on 27 March 2013, Crocodile KT, a wholly-owned subsidiary of the Company, entered into the Lease with the Tenant in respect of the lease of the Premises and the principal particulars of the Lease are set out below:

Landlord	:	Crocodile KT Investment Limited
Tenant	:	Big Honor Asia Limited
Premises	:	Unit 2501, Crocodile Center, No. 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong with a gross floor area of about 5,490 square feet
Usage	:	Office
Term	:	36 months, from 1 April 2013 to 31 March 2016 (both days inclusive)

Rent : HK\$153,720.00 per calendar month (exclusive of management fee and air-conditioning charges, and rates and government rent)

Management Fee and Air-conditioning Charges : HK\$20,862.00 per calendar month subject to revision from time to time

Rates and Government Rent : HK\$21,761.80 per quarter

AGGREGATE ANNUAL CAP

The rent, management fee and air-conditioning charges receivable by Crocodile KT from the Tenant under the Lease during each of the following periods/years set out below will be subject to the respective maximum aggregate annual cap which is determined by reference to the rent, management fee and air-conditioning charges stated in the Lease:

	Amount (HK\$)
Period from 1 April 2013 to 31 July 2013	HK\$698,328
Financial year ending 31 July 2014	HK\$2,094,984
Financial year ending 31 July 2015	HK\$2,094,984
Period from 1 August 2015 to 31 March 2016	HK\$1,396,656

LISTING RULES IMPLICATIONS

Dr. KM Lam (an executive Director, the Chairman and the Chief Executive Officer of the Company who has approximately 50.77% interest in the existing issued Shares) is a director and a controlling shareholder of the Tenant. Accordingly, the Tenant is an associate of Dr. KM Lam and a connected person of the Company, rendering the entering into of the Lease a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

As each of the applicable Percentage Ratios in respect of the maximum aggregate amount of the rent receivable by Crocodile KT from the Tenant, on an annual basis, is less than 5% but more than HK\$1,000,000, the above continuing connected transaction is only subject to the reporting, announcement and annual review requirements under Rules 14A.45 to 14A.47 and Rules 14A.37 to 14A.40 of the Listing Rules, and is exempt from independent Shareholders' approval requirement under Rule 14A.48 of the Listing Rules.

REASONS AND BENEFITS FOR THE LEASE

Crocodile Center is an office building in Kwun Tong, Kowloon East, Hong Kong, and the office portion (including offices on 11th Floor to 25th Floor (without the designation of 14th and 24th Floors in the floor numbering) as well as the external walls) thereof is being held by Crocodile KT as an investment property for rental income. The tenancy contemplated under the Lease will enable Crocodile KT to receive market rental income without interruption and maintain the occupancy rate of the office portion of Crocodile Center at a satisfactory level.

The terms and conditions of the Lease were on normal commercial terms and arrived at arm's length negotiations between the relevant parties. The rent of the Premises has been determined by reference to (1) the current rents payable by tenants for other premises in Crocodile Center; (2) the location and area of the Premises and the quality of the Tenant; and (3) the prevailing market conditions.

Dr. KM Lam (an executive Director, the Chairman, the Chief Executive Officer and a controlling shareholder of the Company) is a director and a controlling shareholder of the Tenant. In view of his material interests in the transaction, Dr. KM Lam did not participate in the Board's deliberations on the transaction and abstained from voting on the resolutions approving the transaction at the relevant Board meeting.

The other Directors (including the independent non-executive Directors) are of the opinion that the Lease was (i) entered into in the ordinary and usual course of business of the Company; (ii) on normal commercial terms after arm's length negotiations between the parties; and (iii) on terms that are fair and reasonable under the prevailing market conditions and in the interests of the Company and the Shareholders as a whole. They are also of the view that the subject annual caps are fair and reasonable.

PRINCIPAL ACTIVITIES

The principal activities of the Group include the manufacture and sale of garments in Hong Kong, Macau and the PRC, as well as property investment in Hong Kong and the PRC.

The Tenant is principally engaged in investment holding in Hong Kong.

DEFINITIONS

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

“associate”	has the same meaning ascribed to it under the Listing Rules;
“Board”	the board of Directors;
“Company”	Crocodile Garments Limited, a company incorporated in Hong Kong with limited liability and the issued Shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 122);
“connected person(s)”	has the same meaning ascribed to it under the Listing Rules;
“controlling shareholder”	has the same meaning ascribed to it under the Listing Rules;
“Crocodile Center”	the commercial complex situated at No. 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong;
“Crocodile KT”	Crocodile KT Investment Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company;
“Director(s)”	the director(s) of the Company;
“Dr. KM Lam”	Dr. Lam Kin Ming, an executive Director, the Chairman and the Chief Executive Officer as well as a controlling shareholder of the Company;

“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Lease”	the tenancy agreement dated 27 March 2013 entered into between Crocodile KT and the Tenant, pursuant to which Crocodile KT will lease the Premises to the Tenant;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange as amended, supplemented or otherwise modified from time to time;
“Macau”	the Macau Special Administrative Region of the PRC;
“Percentage Ratio(s)”	the percentage ratio(s) as set out in Rule 14.07 of the Listing Rules to be applied for determining the classification of a transaction;
“PRC”	the People’s Republic of China and for the purpose of this announcement, excluding Hong Kong, Macau and Taiwan;
“Premises”	the premises situated at Unit 2501 of Crocodile Center;
“Shareholder(s)”	the holder(s) of the Shares;
“Shares”	the ordinary shares of HK\$0.25 each in the capital of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary”	has the same meaning ascribed to it under the Listing Rules;
“Tenant”	Big Honor Asia Limited, a company incorporated in Hong Kong with limited liability; and
“%”	per cent.

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

Hong Kong, 27 March 2013

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. Yeung Sui Sang, Chow Bing Chiu and Leung Shu Yin, William.