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**Crocodile Garments Limited**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

## **DISCLOSEABLE TRANSACTION**

### **Investment in a Property Project Fund**

On 29 March 2012, Pure Goal, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement and the Limited Partnership Agreement pursuant to which Pure Goal agreed to subscribe for limited partnership interests with a total capital commitment of US\$4,000,000 (equivalent to HK\$31,200,000) in Eagle Fund I L.P. which is a limited partnership established for the purpose of investing in the Property Project.

As at least one of the applicable Percentage Ratios exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **INTRODUCTION**

The Board is pleased to announce that on 29 March 2012, Pure Goal, a wholly-owned subsidiary of the Company, entered into the Subscription Agreement and the Limited Partnership Agreement, pursuant to which Pure Goal agreed to subscribe for limited partnership interests with a total capital commitment of US\$4,000,000 (equivalent to HK\$31,200,000) in the Fund.

## **PRINCIPAL TERMS**

The principal terms of the Subscription Agreement and the Limited Partnership Agreement are as follows:

### **Subscription Agreement**

#### *Date*

29 March 2012

#### *Parties*

The parties are (i) Pure Goal, a wholly-owned subsidiary of the Company and (ii) the General Partner.

### *Subscription of limited partnership interests*

Pure Goal has agreed to subscribe for limited partnership interests in the Fund with a total capital commitment of US\$4,000,000 (equivalent to HK\$31,200,000), representing about 6.67% of the targeted total capital commitment of the Fund of approximately US\$60,000,000 (equivalent to HK\$468,000,000). The limited partnership interests subscribed by Pure Goal are minority interests and do not give Pure Goal any control over the Fund.

The Investment (being the total capital commitment to be made by Pure Goal) will be funded by a bank loan facility provided to the Group. Pure Goal's total capital commitment, which may be paid in a lump sum or by instalments, will be payable within ten (10) Business Days from the date of the respective drawdown notice issued by the General Partner.

Pursuant to the terms of the Limited Partnership Agreement, Pure Goal, amongst others, will be admitted as a Limited Partner of the Fund and the minimum capital commitment of a Limited Partner is US\$5,000,000 (equivalent to HK\$39,000,000). However, the General Partner has, in its sole and absolute discretion, accepted the above capital commitment amount of Pure Goal.

### **Limited Partnership Agreement**

#### *Date*

29 March 2012

#### *Parties*

The parties are (i) the General Partner, (ii) the SLP and (iii) other Limited Partners (including Pure Goal).

#### *Responsibility and liability*

Pursuant to the Limited Partnership Agreement, amongst other things,

- (a) the General Partner is responsible for the operation and management of the Fund and shall receive a performance fee from the Fund upon disposal of the Property Project;
- (b) the Limited Partners (including Pure Goal) will not take part in the management or conduct of the business of the Fund but will be provided with reasonable access to books and records and annual accounts of the Fund from time to time; and
- (c) the liability of the Limited Partners (including Pure Goal) will be limited to the extent of their capital commitment.

### *Distributions*

Net investment revenues (“**NIR**”) resulting from the disposal of an investment under the Fund, after expenses and reasonable provision for future expenses and liabilities of the Fund, will be first allocated amongst the General Partner and the Limited Partners in proportion to their respective investment percentage for such investment. NIR allocated to a Limited Partner, other than a SLP, will then be distributed by reference to, amongst others, such Limited Partner’s capital contributions to fund such investment, capital contribution used to fund the management fees and expenses allocated to such investment and the cumulative investment preferred return accrued in respect of the amount of the distribution received by such Limited Partner.

### *Transfers of limited partnership interests by Limited Partners*

The limited partnership interests in the Fund may not be transferred by any Limited Partner and no assignee, purchaser or transferee may be admitted as a substitute Limited Partner without the consent of the General Partner, which consent may be given or withheld in the General Partner’s sole and absolute discretion.

### *Term of the Fund*

The Fund has a term of six (6) years, with an option for the General Partner to extend the term for up to two additional 12-month periods (the “**Term**”).

### *Use of proceeds by the Fund*

The proceeds to be raised from the Limited Partners (including Pure Goal) will be used by the Fund for the purpose of investing in the Property Project.

### *Termination of the Fund*

The Fund will be terminated upon the earliest of:

- (a) an election to terminate the Fund made by the General Partner and approved with the consent of the Limited Partners holding more than 50% of the Limited Partners’ capital contribution;
- (b) the expiration of the Term;
- (c) the bankruptcy of the General Partner in the circumstances set out in the Limited Partnership Agreement (and there being no successor general partner);
- (d) the determination by the General Partner, in its sole discretion, that the Fund’s investment objective is no longer realisable;
- (e) the removal of the General Partner and there being no successor general partner within a period of three months; or
- (f) for any other reason with the written consent of the General Partner and the Limited Partners holding at least 80% of the Limited Partners’ capital contribution.

## **INFORMATION OF THE FUND**

The Fund is an exempted limited partnership established and registered under the laws of the Cayman Islands.

The total commitment of the Fund is targeted to be approximately US\$60,000,000 (equivalent to HK\$468,000,000). The total commitment of the General Partner and/or its affiliate to the Fund as a SLP will be approximately US\$27,000,000 (equivalent to HK\$210,600,000), representing 45% of the targeted total capital commitment of the Fund.

The Fund is a private real estate fund and does not currently have any assets as it is a vehicle recently established for the sole purpose of investing in the Property Project.

## **REASONS FOR AND BENEFITS OF THE INVESTMENT**

The General Partner is (i) responsible for the operation and management of the Fund and (ii) a member of the Soundwill Group which primarily operates in property development, property leasing, property trading and property management in Hong Kong and the PRC.

The Investment Manager (i) will be engaged by the General Partner to provide investment, advisory and management services to the Fund and (ii) is a joint venture of the Soundwill Group and ALPS Real Estate Limited, an affiliated company of ALPS Advisory (HK) Limited which is licensed by the Securities and Futures Commission of Hong Kong to carry on Type 4 (advising on securities) and Type 9 (asset management) regulated activities.

As the Group's principal activities include property investment, the Directors believe that the Investment will enable the Group to hold a financial investment, through the Fund, in the Property Project which will provide economic benefits to the Group including potential distribution from the Fund.

The Directors are of the view that the terms of the Subscription Agreement and the Limited Partnership Agreement are fair and reasonable and the Investment is in the interests of the Company and the Shareholders as a whole.

## **LISTING RULES REQUIREMENTS**

As at least one of the applicable Percentage Ratios exceeds 5% but is less than 25%, the Investment constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

## **GENERAL INFORMATION**

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.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the General Partner and the Investment Manager and their respective ultimate beneficial owners are third parties independent of the Company and connected persons of the Company.

## DEFINITIONS

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

“Board”	the board of Directors;
“Business Day”	any day (other than a Saturday and Sunday) when banks in Hong Kong are open for the transaction of normal business;
“Company”	Crocodile Garments Limited, a company incorporated in Hong Kong with limited liability, 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;
“Directors”	the director(s) of the Company;
“Fund”	Eagle Fund I L.P., an exempted limited partnership established and registered under the laws of the Cayman Islands;
“General Partner”	the general partner of the Fund, Soundwill Capital;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency for the time being of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Investment”	the subscription for the limited partnership interests in the Fund by Pure Goal pursuant to the terms of the Subscription Agreement and the Limited Partnership Agreement;
“Investment Manager”	the investment manager of the Fund, Soundwill-ALPS Asset Management Limited, which is a company incorporated in the Cayman Islands and whose issued share capital is owned as to 51% by Soundwill Holdings and as to 49% by ALPS Real Estate Limited;
“Limited Partners”	the limited partners of the Fund including the SLP;
“Limited Partnership Agreement”	the amended and restated limited partnership agreement of the Fund dated 29 March 2012 and entered into amongst Soundwill Capital (as the General Partner), the SLP and the Limited Partners other than the SLP;

“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;
“Property Project”	the redevelopment of a property in Hong Kong, which is currently owned by the Soundwill Group and any additional related real-estate investments for the purpose of enhancing and/or expanding the investment in such property as the General Partner may in its sole discretion determine to make;
“Pure Goal”	Pure Goal Limited, a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of the Company;
“Shareholders”	holders of Shares;
“Shares”	ordinary shares of a par value of HK\$0.25 each in the capital of the Company;
“SLP”	the Limited Partner which, being a person affiliated with the General Partner or the Investment Manager, is designated by the General Partner, in its discretion, as the special limited partner;
“Soundwill Capital”	Soundwill Capital Limited, a company incorporated in the Cayman Islands and a wholly-owned subsidiary of Soundwill Holdings;
“Soundwill Group”	Soundwill Holdings and its subsidiaries;
“Soundwill Holdings”	Soundwill Holdings Limited, a company incorporated in Bermuda with limited liability, the issued shares of which are listed and traded on the Main Board of the Stock Exchange (Stock Code: 878);
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Subscription Agreement”	the subscription agreement dated 29 March 2012 and entered into between Pure Goal and the General Partner;
“US\$”	United States dollars, the lawful currency for the time being of the United States of America; and
“%”	per cent.

*For the purpose of illustration only, US\$ is translated into HK\$ at an exchange rate of US\$1 to HK\$7.8. Such translation should not be construed as a representation that any amounts in US\$ or HK\$ have been, could have been or could be converted at the above or any other rates or at all.*

By Order of the Board  
**Crocodile Garments Limited**  
**Kwok Siu Man**  
*Company Secretary*

Hong Kong, 29 March 2012

*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.*