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**RICH PROMISE LIMITED**

(Incorporated in the British Virgin Islands with limited liability)

**CROCODILE**



**Crocodile Garments Limited**

(Incorporated in Hong Kong with limited liability)  
(Stock Code: 122)

**JOINT ANNOUNCEMENT**

**PROPOSED PRIVATISATION OF CROCODILE GARMENTS LIMITED  
BY WAY OF A SCHEME OF ARRANGEMENT  
UNDER SECTION 166 OF THE COMPANIES ORDINANCE**

**PROPOSED WITHDRAWAL OF LISTING OF  
CROCODILE GARMENTS LIMITED**

**PROPOSED INCREASE IN CANCELLATION CONSIDERATION  
FROM HK\$0.40 TO HK\$0.42**

**ADJOURNMENT OF THE COURT MEETING AND THE EGM**

**RESUMPTION OF TRADING**

**AND**

**ANNOUNCEMENT UNDER RULE 13.09 OF THE LISTING RULES**

**Financial Adviser to Rich Promise Limited**



**PROPOSED INCREASE IN CANCELLATION CONSIDERATION**

The Offeror has proposed that the Cancellation Consideration be increased from HK\$0.40 to HK\$0.42 per Scheme Share (representing an increase of 5.0% over the Cancellation Consideration) and has requested the Company to put forward the Improved Proposal to the Independent Shareholders. No other changes are being proposed to the Proposal.

As the exercise price of all the Options is still above the Revised Cancellation Consideration, the Option Payment to be offered by the Offeror for the cancellation of those Options held by the Independent Optionholder will be a nominal amount as stated in the Scheme Document.

The Offeror will not further increase the Revised Cancellation Consideration. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Revised Cancellation Consideration as a result of Rule 18.3 of the Takeovers Code.

The attention of the Shareholders is drawn to the statement contained in the Scheme Document that the Offeror and Mr. Lam have indicated that if the Scheme is withdrawn, not approved or lapses, the Offeror, Mr. Lam and parties acting in concert with any of them will not make another proposal to privatise the Company or any offer for the securities of the Company under the Takeovers Code until after 31 December 2018, but even after such date, they are not obliged to make such proposal.

#### **ADJOURNMENT OF THE COURT MEETING AND THE EGM**

In order to allow the Independent Shareholders to consider and vote on the Improved Proposal, it will be necessary to adjourn the Court Meeting and the EGM originally convened to be held on 23 April 2009 to a date which is not less than 21 clear days after the date of posting and delivery of the Supplemental Scheme Document.

#### **AMENDMENTS TO THE CONDITIONS**

The Improved Proposal is conditional upon the fulfillment or waiver, as applicable, of all the Conditions subject to those amendments set out in the section headed “Amendments to the Conditions” in this announcement.

#### **SUPPLEMENTAL SCHEME DOCUMENT**

The Supplemental Scheme Document will be despatched as soon as practicable and in compliance with the requirements of the Takeovers Code.

#### **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 31 March 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 2 April 2009.

**Shareholders and potential investors should note that the implementation of the Improved Proposal is subject to the conditions of the Improved Proposal being fulfilled or waived, as applicable. Thus, the Improved Proposal may or may not become effective. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

#### **INTRODUCTION**

Reference is made to the scheme document dated 27 March 2009 which was jointly issued by the Company and the Offeror in relation to the Proposal regarding the proposed privatisation of the Company by way of a scheme of arrangement under Section 166 of the Companies Ordinance (the “**Scheme Document**”).

Unless the context otherwise requires, terms defined in the Scheme Document shall have the same meaning when used herein.

## PROPOSED INCREASE IN CANCELLATION CONSIDERATION

The Offeror has notified the Company that the Offeror wishes to amend the Proposal (the “**Improved Proposal**”) by increasing the Cancellation Consideration from HK\$0.40 to HK\$0.42 per Scheme Share (the “**Revised Cancellation Consideration**”) (representing an increase of 5.0% over the Cancellation Consideration). The Offeror has requested the Company to put forward the Improved Proposal to the Independent Shareholders. No other changes are being proposed to the Proposal.

In order for the Improved Proposal to be put forward to the Independent Shareholders in accordance with the Takeovers Code and in order to comply with the Order of the High Court directing that the Court Meeting be convened, it will be necessary to adjourn the Court Meeting and the EGM originally convened to be held on 23 April 2009 to a date which is not less than 21 clear days after posting and deemed delivery of the Supplemental Scheme Document (as defined below). The date of the reconvened meetings will be announced in a further announcement, expected to be made at the time of despatch of the Supplemental Scheme Document.

As the exercise price of all the Options is still above the Revised Cancellation Consideration, the Option Payment to be offered by the Offeror for the cancellation of those Options held by the Independent Optionholder will be a nominal amount as stated in the Scheme Document.

The Offeror will not further increase the Revised Cancellation Consideration. Shareholders and potential investors should be aware that, following the making of this statement, the Offeror will not be allowed to increase the Revised Cancellation Consideration as a result of Rule 18.3 of the Takeovers Code.

The attention of the Shareholders is drawn to the statement contained in the Scheme Document that the Offeror and Mr. Lam have indicated that if the Scheme is withdrawn, not approved or lapses, the Offeror, Mr. Lam and parties acting in concert with any of them will not make another proposal to privatise the Company or any offer for the securities of the Company under the Takeovers Code until after 31 December 2018, but even after such date, they are not obliged to make such proposal.

### Comparison of value

The Revised Cancellation Consideration represents:

- a premium of approximately 9.1% over the closing price of HK\$0.385 per Share as quoted on the Stock Exchange, being the last trading date prior to the suspension of trading in the Shares pending the issue of this announcement (the “**Pre-Adjustment Date**”);
- a premium of approximately 8.2% over the average closing price of HK\$0.388 per Share based on the daily closing prices as quoted on the Stock Exchange over the 5 trading days ended on the Pre-Adjustment Date;
- a premium of approximately 8.8% over the average closing price of HK\$0.386 per Share based on the daily closing prices as quoted on the Stock Exchange for the one-month period ended on the Pre-Adjustment Date;

- a premium of approximately 38.2 % over the average closing price of HK\$0.304 per Share based on the daily closing prices as quoted on the Stock Exchange for the three-month period ended on the Pre-Adjustment Date;
- a premium of approximately 68.7% over the average closing price of HK\$0.249 per Share based on the daily closing prices as quoted on the Stock Exchange for the six-month period ended on the Pre-Adjustment Date;
- a premium of approximately 101.9% over the closing price of HK\$0.208 per Share as quoted on the Stock Exchange on the Last Trading Date;
- a premium of approximately 104.9% over the average closing price of HK\$0.205 per Share based on the daily closing prices as quoted on the Stock Exchange for the one-month period ended on the Last Trading Date;
- a premium of approximately 104.9% over the average closing price of HK\$0.205 per Share based on the daily closing prices as quoted on the Stock Exchange for the three-month period ended on the Last Trading Date;
- a premium of approximately 92.7% over the average closing price of HK\$0.218 per Share based on the daily closing prices as quoted on the Stock Exchange for the six-month period ended on the Last Trading Date; and
- a discount of approximately 57.3% to the audited consolidated net asset value per Share of approximately HK\$0.983 as at 31 July 2008.

### **Total consideration**

As at the Pre-Adjustment Date, there were 617,127,130 Shares in issue and the Independent Shareholders were interested in 298,915,130 Shares, representing approximately 48.44% of the issued share capital of the Company.

At the Revised Cancellation Consideration, the Improved Proposal values the entire issued share capital of the Company at approximately HK\$259,193,000.

Assuming none of the Options are exercised before the Effective Date and that there are no other changes to the shareholding structure of the Company, the maximum amount of cash consideration required to effect the Improved Proposal will be approximately HK\$125,544,000. Assuming all the Options (other than those granted to the Relevant Optionholders) are exercised before the Effective Date and that there are no other changes to the shareholding structure of the Company, the maximum amount of cash consideration required to effect the Improved Proposal will be approximately HK\$126,489,000. The Offeror will finance the cash consideration payable under the Scheme and the Option Offer from bank borrowings.

### **Confirmation of financial resources**

Access Capital, the Offeror's financial adviser, is satisfied that sufficient financial resources are available to the Offeror to implement the Improved Proposal in accordance with its terms.

## AMENDMENTS TO THE CONDITIONS

The Improved Proposal remains conditional upon the fulfillment or waiver (as applicable) of all the Conditions as described in the Scheme Document except for the following changes:

- reference in Conditions (e) and (f) to “the Proposal” will be changed to “the Improved Proposal” so that the amended Conditions (e) and (f) will read as follows:-

“(e) all Authorisations in connection with the Improved Proposal having been obtained or made from, with or by (as the case may be) the relevant authorities in Hong Kong or any other relevant jurisdictions;

(f) all Authorisations remaining in full force and effect without variation, and all necessary statutory or regulatory obligations in all relevant jurisdictions having been complied with and no requirement having been imposed by any relevant authorities which is not expressly provided for, or is in addition to requirements expressly provided for, in the relevant laws, rules, regulations or codes in connection with the Improved Proposal or any matters, documents (including circulars) or things relating thereto, in each aforesaid case up to and at the time when the Scheme becomes effective; and”;

- reference in the definition of “Authorisations” to “the Proposal” will also be changed to the “Improved Proposal” so that the amended definition of “Authorisation” will read as follows :-

“means all the necessary authorisations, registrations, filings, rulings, consents, permissions and approvals in connection with the Improved Proposal”.

All of the Conditions (as amended) will have to be fulfilled or waived, as applicable, on or before 31 August 2009 (or such later date as the Offeror and the Company may agree or, to the extent applicable, as the High Court may direct), failing which the Improved Proposal will lapse.

## SUPPLEMENTAL SCHEME DOCUMENT

A supplemental scheme document containing details of the Improved Proposal and other relevant information (the “**Supplemental Scheme Document**”) will be despatched as soon as practicable and in compliance with the requirements of the Takeovers Code.

The Supplemental Scheme Document will contain a new timetable, notices of the reconvened Court Meeting and the reconvened EGM and detailed information in relation to the action to be taken by the Shareholders in relation to the Improved Proposal and the reconvened Court Meeting and the reconvened EGM, including information in respect of the status of previously submitted forms of proxy and the procedures of submission of new forms of proxy if Shareholders who have previously submitted forms of proxy wish to change their voting instructions or to revoke or revise any proxy appointment. Similarly, the Supplemental Scheme Document will also contain detailed information in relation to the action to be taken by Optionholders in relation to the Option Offer.

## **EXPECTED TIMETABLE**

Following the adjournment of the Court Meeting and the EGM, the expected timetable as set out in the Scheme Document, will no longer be valid. A new timetable, including the dates of the reconvened Court Meeting and the reconvened EGM, will be set out in the Supplemental Scheme Document and in a further announcement to be made at the time of despatch of the Supplemental Scheme Document.

## **RESUMPTION OF TRADING**

At the request of the Company, trading in the Shares on the Stock Exchange was suspended from 9:30 a.m. on 31 March 2009 pending the issue of this announcement. Application has been made by the Company to the Stock Exchange for the resumption of trading in the Shares with effect from 9:30 a.m. on 2 April 2009.

**Shareholders and potential investors should note that the implementation of the Improved Proposal is subject to the conditions of the Improved Proposal being fulfilled or waived, as applicable. Thus, the Improved Proposal may or may not become effective. Shareholders and potential investors are reminded to exercise caution when dealing in the Shares.**

By Order of the Sole Director  
**Rich Promise Limited**  
**Lam Kin Ming**  
*Director*

By Order of the Board  
**Crocodile Garments Limited**  
**Yeung Kam Hoi**  
*Company Secretary*

Hong Kong, 1 April 2009

*As at the date of this announcement, Mr. Lam is the sole director of the Offeror.*

*Mr. Lam, as sole director of the Offeror, accepts full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Group) and confirms, having made all reasonable enquiries, that to the best of his 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.*

*As at the date of this announcement, the executive Directors are Mr. Lam Kin Ming (Chairman and Chief Executive Officer), Ms. Lam Wai Shan, Vanessa (Deputy Chief Executive Officer), Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew and Ms. Cheng Suet Fei, Sophia; the non-executive Directors are Ms. Lam Suk Ying, Diana and Mr. Tong Ka Wing, Carl; and the independent non-executive Directors are Mr. Wan Yee Hwa, Edward, Mr. Yeung Sui Sang and Mr. Chow Bing Chiu.*

*The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this announcement (other than that relating to the Offeror and parties acting in concert with it (except the Group)) and confirm, having made all reasonable enquiries, that to the best of their knowledge, opinions expressed in this announcement (other than that expressed by the Offeror and parties acting in concert with it (except the Group)) 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 (other than that relating to the Offeror and parties acting in concert with it (except the Group)) misleading.*