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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

DISCLOSEABLE TRANSACTION CONSTRUCTION OF WAREHOUSE AND SENIOR STAFF QUARTERS

On 23 January 2009, the Group entered into two agreements for the construction of a warehouse and a senior staff quarters respectively.

The transaction constitutes a discloseable transaction for the Company and is subject to the disclosure requirements under Chapter 14 of the Listing Rules.

AGREEMENTS FOR THE CONSTRUCTION OF WAREHOUSE AND SENIOR STAFF QUARTERS (“AGREEMENTS”)

Date : 23 January 2009

Parties : CG (Zhong Shan); and

Contractor

To the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, the Contractor and its ultimate beneficial owner are third parties independent of the Company and its connected persons.

SCOPE OF WORK UNDER THE AGREEMENTS

Pursuant to the Agreements, CG (Zhong Shan) has employed the Contractor to construct

- (a) a warehouse with estimated gross floor area of 7,724 square metres and
- (b) a senior staff quarters with estimated gross floor area of 2,445 square metres

situated in Chong Bian Village of Sha Xi Town in Zhong Shan City, Guangdong Province, the PRC.

Construction shall commence in February 2009 with completion scheduled for April 2011.

CONSIDERATION

The contract sum for construction of the warehouse will be approximately RMB11,762,576 (approximately HK\$13,409,337) and that of the senior staff quarters will be approximately RMB5,037,424 (approximately HK\$5,742,663). The contracts have been awarded following an open tender.

Pursuant to the Agreements, the total contract sum will be paid by instalments in accordance with progress in construction work:

- (1) a first payment in an amount equivalent to 30% of the total contract sum has been paid on the signing of the Agreements;
- (2) 5 subsequent payments of 10% each of the total contract sum are to be made during 30 June and 31 December 2009, 30 June, 30 September and 31 December 2010 or completion of the predetermined proportion of construction work, whichever is the later;
- (3) a last payment of 15% of the total contract sum is to be made on 30 April 2011 or completion of the contracted construction work, whichever is the later; and
- (4) the remaining 5% of the total contract sum shall be held as retention money and will be paid in accordance with normal practices of the construction industry in Zhong Shan.

The Group will settle the consideration in cash through internal resources.

REASONS FOR ENTERING INTO AND BENEFITS OF THE TRANSACTION

Having its own warehouse on completion of the construction work will reduce rental expenses currently payable by the Group for the warehousing facilities.

The availability of senior staff quarters in Zhong Shan will also help reduce staff accommodation expenses of the Group.

The Directors consider that the construction of the warehouse and senior staff quarters is in the best interests of the Shareholders and of the Company as a whole.

PRINCIPAL BUSINESS ACTIVITIES

The principal activities of the Group are the manufacture and sale of garments and property investment.

The principal activity of the Contractor is carrying out construction work in the PRC.

LISTING RULES IMPLICATION

As the applicable percentage ratios under the Listing Rules of the two agreements exceed 5% but are less than 25%, the construction of the warehouse and senior staff quarters constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules.

DEFINITIONS

In the announcement, the following expressions have the meanings set out below unless the context otherwise requires.

“CG (Zhong Shan)”	Crocodile Garments (Zhong Shan) Limited 「鱷魚恤 (中山) 有限公司」, a subsidiary of the Company which is registered as a Sino-foreign owned enterprise under the laws of the PRC
“Company”	Crocodile Garments Limited, a company incorporated in Hong Kong with limited liabilities, the Shares of which are listed on the Stock Exchange
“Contractor”	Zhong Shan City Sha Xi Town Building Construction Co. Ltd. 「中山市沙溪鎮建築工程有限公司」, a limited liability company established under the laws of the PRC
“Directors”	the directors of the Company
“Group”	the Company and its subsidiaries
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China
“RMB”	Renminbi, the lawful currency of the PRC
“Shareholders”	holders of the Shares
“Shares”	ordinary shares of HK\$0.25 each in the capital of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“%”	percentage

For the purposes of this announcement, the exchange rate used is RMB1 = HK\$1.14.

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

Hong Kong, 23 January 2009

As at the date of this announcement, the executive directors of the Company 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.