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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code:122)

MAJOR TRANSACTION DISPOSAL OF PROPERTY AND RESUMPTION OF TRADING

The Directors announce that Dackart, a wholly owned subsidiary of the Company, entered into the Provisional Agreement after 12:30 p.m., 18 April 2008 with the Purchaser in relation to the disposal of the Property. The terms of the Provisional Agreement have been finalized on 18 April 2008 and the Provisional Agreement is legally binding on Dackart.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser is a third party independent of the Company and its connected persons and is not a connected person of the Company.

The Provisional Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules as certain applicable percentage ratios exceed 25% but less than 75%. As Rich Promise currently holds 314,800,000 Shares representing 51.01% of the entire issued shares of the Company and no Shareholder will be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal, the Company has decided to obtain written approval from Rich Promise in lieu of holding a general meeting of the Company to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

A circular setting out details of the Provisional Agreement and the Disposal will be sent to the Shareholders as soon as practicable.

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 2:30 p.m. on 18 April 2008 pending the release of this announcement. Application has been made by the Company for the resumption of trading in its Shares with effect from 9:30 a.m. on 23 April 2008.

THE PROVISIONAL AGREEMENT

Date:

18 April 2008

Parties:

Vendor: Dackart, a wholly-owned subsidiary of the Company

Purchaser: Ocean Kingdom Limited, a company incorporated in Hong Kong, or its nominees.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, (i) the Purchaser and its ultimate beneficial owner are third parties independent of the Company and its connected persons and are not connected persons of the Company and (ii) there was no previous transaction(s) between the Company and the Purchaser (and also its beneficial owner) which may require aggregation under Rule 14.22 of the Listing Rules.

Information on the Property

The Property comprises non-residential units situated at Tsimshatsui, Kowloon.

Consideration

The Consideration of the Disposal is HK\$130,000,000 which is payable in cash in the following manner:-

- (i) HK\$3,690,000, being the initial deposit, has been paid by the Purchaser to Dackart's solicitors as stakeholders upon signing of the Provisional Agreement;
- (ii) HK\$9,310,000, being the further deposit, shall be paid by the Purchaser to Dackart's solicitors as stakeholders upon signing of the formal sale and purchase agreement in respect of the Property on or before 7 May 2008;
- (iii) HK\$117,000,000, being the balance of the Consideration, shall be paid by the Purchaser to Dackart upon Completion.

The Consideration was agreed between the parties based on arm's length negotiations. A valuation report on the Property will be included in the circular. The net loss before and after tax attributable to the Property for the year ended 31 July 2006 which were prepared in accordance with HKFRS and accounting principles generally accepted in Hong Kong were approximately HK\$3,794,000 and HK\$215,000 respectively and the net profit before and after tax attributable to the Property for the year ended 31 July 2007 which were prepared in accordance with HKFRS and accounting principles generally accepted in Hong Kong were approximately HK\$7,229,000 and HK\$4,826,000 respectively.

Completion

Pursuant to the terms of the Provisional Agreement, subject to the approval of the Company, Completion of the Disposal shall take place at or before 5:00 p.m., 15 July 2008.

REASONS FOR AND BENEFITS OF THE DISPOSAL

The Directors consider that the Consideration for the Disposal has substantially reflected the long term investment potential of the Property and the Disposal therefore provides an opportunity for the Group to realise its investment in the Property.

The Board also considers that the terms of the Provisional Agreement are on normal commercial terms and are fair and reasonable and the entering into of the Provisional Agreement is in the interests of the Company and the Shareholders as a whole.

INTENDED USE OF PROCEEDS AND FINANCIAL EFFECTS OF THE DISPOSAL

The book value of the Property was HK\$90,000,000 as at 31 July 2007. The difference between the Consideration of HK\$130,000,000 and the said book value of HK\$90,000,000 gives rise to an unaudited gain of approximately HK\$40,000,000 (before expenses and tax) which will be recorded in the accounting year ending 31 July 2008. The Disposal is expected to generate net cash proceeds, which will be applied as general working capital of the Group.

INFORMATION ON THE PARTIES

The Company is the holding company of the Group which is principally engaged in the manufacture and sale of garments and property investments.

The principal activity of the Purchaser is land investment and development.

GENERAL

The Provisional Agreement constitutes a major transaction of the Company under Chapter 14 of the Listing Rules as certain applicable percentage ratios exceed 25% but less than 75%. Pursuant to Rule 14.44 of the Listing Rules, in the event that (i) a written approval has been obtained from a Shareholder who holds more than 50% in the issued share capital of the Company; and (ii) no Shareholder is required to abstain from voting at the general meeting of the Company to approve the Disposal, a written approval can be accepted in lieu of holding a general meeting of the Company for Shareholders to approve the Disposal. As Rich Promise currently holds 314,800,000 Shares representing 51.01% of the entire issued shares of the Company, and no Shareholder will be required to abstain from voting if the Company were to convene a general meeting to approve the Disposal, the Company has decided to obtain written approval from Rich Promise in lieu of holding a general meeting of the Company to approve the Disposal pursuant to Rule 14.44 of the Listing Rules.

A circular of the Company, which will include, among other things, details of the Provisional Agreement and a valuation report on the Property, will be despatched to the Shareholders as soon as practicable.

SUSPENSION AND RESUMPTION OF TRADING IN THE SHARES

Trading in the Shares on the Stock Exchange was suspended at the request of the Company with effect from 2:30 p.m. on 18 April 2008 pending release of this announcement. Application has been made by the Company for the resumption of trading in the Shares with effect from 9:30 a.m. on 23 April 2008.

DEFINITIONS

“Board”	the board of Directors
“Company”	Crocodile Garments Limited, a company incorporated in Hong Kong with limited liability, the issued shares of which are listed on the Main Board of the Stock Exchange
“Completion”	completion of the Disposal
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules
“Consideration”	the consideration in the sum of HK\$130,000,000 payable by the Purchaser under the Provisional Agreement
“Dackart”	Dackart Trading Company Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Director(s)”	director(s) of the Company
“Disposal”	the sale of the Property to the Purchaser pursuant to the Provisional Agreement
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“HKFRS”	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“Listing Rules”	the Rules Governing the Listing of the Securities on the Stock Exchange
“Property”	all Those 9 equal undivided 380th parts or shares of and in Section B, Section C and the Remaining Portion of Kowloon Inland Lot No. 6520, Shop 24 on Ground Floor and Mezzanine Floor, Shop 33B on G/F (G/F of No. 83B Nathan Road) and Mezzanine Floor (Shop No. 33B on Mezzanine Floor) and Basement (or Garage), Tsimshatsui Mansion, Nos. 83-97 Nathan Road and Nos. 36-50 Lock Road, Tsimshatsui, Kowloon
“Purchaser”	Ocean Kingdom Limited, a company incorporated in Hong Kong or its nominees

“Provisional Agreement”	the provisional sale and purchase agreement dated 18 April 2008 and entered into between Dackart and the Purchaser for the sale and purchase of the Property
“Rich Promise”	Rich Promise Limited, a company incorporated in the British Virgin Islands and wholly owned by Mr. Lam Kin Ming
“Shares”	shares of the Company
“Shareholder(s)”	Shareholder(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong
“%”	per cent.

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

Hong Kong, 22 April 2008

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.