



Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

GENERAL DISCLOSURE ANNOUNCEMENT

Further to the joint announcement of the Company and LSG dated 4 March 2006 and the circular of the Company dated 29 April 2006 regarding, inter alia, a Development Agreement dated 28 February 2006 between the Company, LSG SPV and LSG, the directors of the Company wish to announce that Crocodile KT, a wholly-owned subsidiary of the Company, has entered into an agreement with the Bank for a HK\$361,000,000 term loan facility and the CGL Group has put up certain security relating to the Property and entered into certain ancillary agreements in relation thereto.

THIS ANNOUNCEMENT IS MADE PURSUANT TO RULE 13.09 OF THE LISTING RULES.

Further to the joint announcement of the Company and LSG dated 4 March 2006 and the circular of the Company dated 29 April 2006 regarding, inter alia, a Development Agreement dated 28 February 2006 (as approved by the shareholders of the Company at an extraordinary general meeting held on 17 May 2006) between the Company, LSG SPV and LSG for the development of the piece or parcel of land known as Kwun Tong Inland Lot No. 692 at 79 Hoi Yuen Road, Kwun Tong, Kowloon, the directors of the Company wish to announce that Crocodile KT, a wholly-owned subsidiary of the Company, has entered into an agreement with the Bank for a HK\$361,000,000 term loan facility and the CGL Group has put up certain security relating to the Property and entered into certain ancillary agreements in relation thereto.

Under the Development Agreement, the Company granted to LSG SPV the exclusive right to develop the Property. LSG SPV agreed to be solely responsible for the provision and procurement of funds to discharge all expenditure associated with the Development in accordance with plans agreed between the parties thereto.

In recognition of the fact that Crocodile KT, as owner of the Property, is required to be a party to, inter alia, the Facility Agreement, and to reflect the intention of the parties to the Development Agreement that LSG SPV, or failing which, LSG, should be responsible for completing the Development and for the funding obligations in respect thereof, LSG SPV has unconditionally and irrevocably undertaken to Crocodile KT to perform all obligations and discharge all outstanding amounts, including all obligations to pay any relevant amounts under any bank facility (including the Facility Agreement) as and when the same falls due for payment. In addition, LSG has unconditionally and irrevocably guaranteed to Crocodile KT, as primary obligor, the due and punctual performance and observance by LSG SPV of all obligations and the punctual discharge by LSG SPV of all outstanding amounts arising under any bank facility (including the Facility Agreement).

Further to the Development Agreement, Crocodile KT entered into the Facility Agreement with the Bank on 8 February 2007, whereby the Bank agrees to make available to Crocodile KT a term loan facility of up to HK\$361,000,000 for financing, in full, the estimated construction costs of the Development. Under the terms of the Facility Agreement, any principal amount and interest owing and/or payable to the Bank under the Facility Agreement in respect of the facility is to be repaid by the earlier of (i) the date falling 42 months after the date of the Facility Agreement and (ii) the date falling three months after the date of the occupation permit issued by the Building Authority certifying that the Development is fit for occupation.

As required by the Development Agreement, Crocodile KT has obtained the prior written approval of LSG SPV and LSG to the terms of the Facility Agreement as well as certain ancillary agreements thereto entered into by members of the CGL Group to secure the Facility Agreement, including a debenture and mortgage incorporating a first legal charge over the Property and the New Building and a first floating charge over all the undertaking, property and assets of Crocodile KT.

In addition, LSG SPV and other members of the LSG Group have entered into certain ancillary agreements to the Facility Agreement for the purpose, among other things, of documenting LSG SPV and LSG's direct covenants to the Bank to repay all amounts owing from time to time under the Facility Agreement or any ancillary agreements thereto.

The principal activities of the Company and its subsidiaries are the manufacture and sale of garments and property investment.

Definitions used in this announcement shall have the meanings set out as follows:

“Bank”	a company which holds a valid banking licence granted under the Banking Ordinance (Cap.155);
“Building Authority”	the Building Authority as defined in the Buildings Ordinance (Cap. 123);
“CGL Group”	the Company and its subsidiaries, from time to time;

“Company”	Crocodile Garments Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“Crocodile Building”	the existing building erected on the Property;
“Crocodile KT”	Crocodile KT Investment Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company established for the purposes of holding the Property over the course of the Development;
“Development”	all those works, buildings and structures comprising a commercial/office building comprising gross floor area of approximately 240,000 square feet (and approximately 54 car parking spaces on two floors) to be built in accordance with the Development Plans;
“Development Agreement”	the conditional development agreement entered into by LSG, LSG SPV and the Company in relation to the joint development of the Property dated 28 February 2006;
“Development Plans”	the preliminary plans for the development of the Property as agreed by LSG SPV and the Company (as amended from time to time by agreement by LSG, LSG SPV and the Company and approved by the Building Authority);
“Facility Agreement”	the agreement for a HK\$361,000,000 term loan facility to Crocodile KT from the Bank;
“HK\$”	Hong Kong dollar(s);
“Hong Kong”	the Hong Kong Special Administrative Region of the People's Republic of China;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“LSG”	Lai Sun Garment (International) Limited, a company incorporated in Hong Kong, the shares of which are listed on the Stock Exchange;
“LSG Group”	LSG and its subsidiaries, from time to time;
“LSG SPV”	Unipress Investments Limited, a company incorporated in Hong Kong and an indirect wholly-owned subsidiary of LSG;
“New Building”	the building to be constructed on the Property following the demolition of the Crocodile Building, currently expected to be a commercial/office building of approximately 240,000 square feet gross floor area with approximately 54 car parking spaces;
“Property”	the piece or parcel of land known as Kwun Tong Inland Lot No. 692 at 79 Hoi Yuen Road, Kwun Tong, Kowloon, as currently owned by Crocodile KT; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

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

Hong Kong, 8 February 2007

As at the date hereof, the executive directors of the Company are Mr. Lam Kin Ming (Chairman and Chief Executive Officer), Mr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew, Ms. Lam Wai Shan, Vanessa (Deputy Chief Executive Officer) and Miss Cheng Suet Fei, Sophia; the non-executive directors are Miss 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.