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**Crocodile Garments Limited**

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

## **DISCLOSEABLE TRANSACTION IN RELATION TO DISPOSAL OF PROPERTY BY AN ORDER FOR SALE**

The Board hereby announces that the Respondent, an indirect wholly-owned subsidiary of the Company, will dispose of the Apportionment of the Property by the Order for Sale pursuant to the LCSRO.

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

The Board hereby announces that the Respondent, an indirect wholly-owned subsidiary of the Company, will dispose of the Apportionment of the Property by the Order for Sale pursuant to the LCSRO.

### **THE ORDER FOR SALE**

On 21 December 2017, the Respondent received a letter from the solicitors for the Trustees (“**Trustees Solicitors**”) informing that the Property had been sold under the Order for Sale through a public auction in consideration of HK\$1,621,592,000 (exclusive of expenses such as auction expenses, legal costs, liabilities to government, compensation payable to tenants, outstanding management fees and repair and maintenance contribution, etc). The completion of the Disposal is scheduled for 22 January 2018.

As the Tribunal had been satisfied that, among other things, the value of the respondents’ units as assessed in the Application was fair and reasonable when compared with the units held by the Applicants; the redevelopment of the Property was justified due to the age or state of repair of the Property; and the Applicants had taken reasonable steps to acquire all the undivided shares in the Property, therefore the Application had been approved by the Tribunal and the Tribunal made the Order for Sale on 6 October 2017.

On 16 January 2018, the Respondent received a letter from the Trustees Solicitors dated 15 January 2018 informing that the Respondent will be paid the apportionment of the sale proceeds in a provisional amount of HK\$43,854,650.30 before any transaction costs upon the completion of the Disposal (“**Apportioned Sale Proceeds**”).

## **FINANCIAL IMPACT ON THE DISPOSAL AND USE OF PROCEEDS**

The carrying value of the Apportionment of the Property being the fair value arrived at on the basis of valuation carried out by the independent qualified professional valuer not connected to the Group (“**Fair Value**”) as at 31 July 2017, as shown in the audited financial statements of the Company for the year ended 31 July 2017 was HK\$38,000,000. An unaudited estimated gain of approximately HK\$5,855,000 (before deducting relevant transaction costs for the Disposal) representing the difference between the Apportioned Sale Proceeds (before deducting the related transaction costs) and the Fair Value of the Apportionment of the Property as at 31 July 2017 is expected to accrue to the Group upon completion. The unaudited actual gain arising from the Disposal will be calculated by deducting the Fair Value of the Apportionment of the Property at the date of completion of the Disposal from the Apportioned Sale Proceeds.

The proceeds from the Disposal are intended to be applied for general working capital of the Group and other possible investment opportunities.

## **REASONS FOR THE DISPOSAL**

The Apportionment of the Property has been classified as investment property of the Group as the Group has been leasing this property out to generate rental income. The Board objected the Application as, taken into account of the prevailing market conditions in Hong Kong, the Board opined that the existing use value of the Property was higher than its redevelopment value. The Disposal was to comply with the Order for Sale which, having obtained legal advices, the Group decided not to appeal against.

## **INFORMATION OF THE RESPONDENT AND THE GROUP**

The Respondent is an investment holding company holding the Apportionment of the Property. The principal activities of the Group include the manufacture, retail and wholesale of fashions in Hong Kong, Macau and Mainland China, as well as property investment and letting in Hong Kong and Mainland China.

## **INFORMATION OF THE APPLICANTS**

Before the Application, the Applicants, all being Independent Third Parties, collectively owned 823 equal and undivided shares (equal to 82.30%) of the Property and are entitled to make the Application under the LCSRO.

## **LISTING RULES IMPLICATION**

As the highest applicable percentage ratio (as defined in the Listing Rules) in respect of the Disposal is more than 5% but less than 25%, the Disposal constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the notification and announcement requirements under the Listing Rules.

## DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following respective meanings:

“Applicants”	the applicants for the Application collectively owned 823 equal and undivided shares (equal to 82.30%) of the Property;
“Application”	the application for an order for sale of the Property (LDCS 700/2014) pursuant to the LCSRO;
“Apportionment of the Property”	the property located at Unit E, 2/F., Yip Fat Factory Building, Phase 2, 75 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong, equal to 24 undivided shares of the Property;
“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 and traded on the Main Board of the Stock Exchange (Stock Code: 122);
“Disposal”	the disposal of 24 undivided shares of the Property in the registered name of the Respondent;
“Director(s)”	the director(s) of the Company;
“Group”	the Company and its subsidiaries;
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China;
“Independent Third Parties”	third parties independent of the Company and its connected persons (as defined in the Listing Rules);
“LCSRO”	the Land (Compulsory Sale for Redevelopment) Ordinance, Chapter 545, the Laws of Hong Kong;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Order for Sale”	an order for sale in respect of the Application handed down by the Tribunal;
“Property”	a 15-storey industry building known as Yip Fat Factory Building, Phase 2, situated at 75 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong, comprised of 1,000 equal and undivided shares;

“Respondent”	Public Global Investments Limited, a company incorporated in Hong Kong with limited liability and an indirect wholly-owned subsidiary of the Company;
“Shareholders”	the duly registered holder(s) of the shares of the Company;
“Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“subsidiary(ies)”	has the meaning as ascribed to it under the Listing Rules;
“Tribunal”	the Lands Tribunal of Hong Kong established under the Lands Tribunal Ordinance, Chapter 17, the Laws of Hong Kong;
“Trustees”	the trustees appointed by the Tribunal by virtue of the LCSRO; and
“%”	per cent.

By Order of the Board  
**Crocodile Garments Limited**  
**Ko Ming Kin**  
*Chief Financial Officer and  
Company Secretary*

Hong Kong, 19 January 2018

*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 Edward Yee Hwa; one Non-executive Director, namely Ms. Lam Suk Ying, Diana; and three Independent Non-executive Directors, namely Messrs. Chow Bing Chiu, Leung Shu Yin, William and Yeung Sui Sang.*