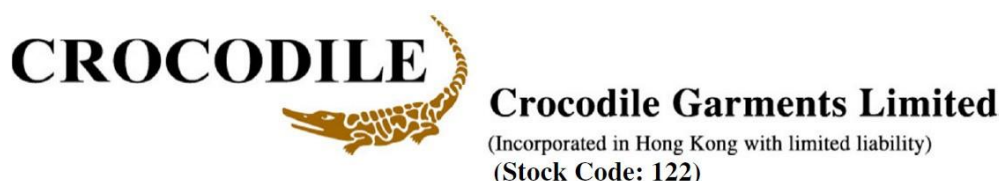


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Profit Warning

This announcement is made by the Company pursuant to Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Board wishes to inform that the Group's audited annual results for the Year is expected to deteriorate greatly and record a consolidated loss attributable to owners of the Company within the range of HK\$250,000,000 to HK\$300,000,000 (2019: profit of HK\$30,607,000), primarily due to the substantial losses arising from the revaluation of the Group's investment properties, the worsening performance of the garment business during the Year; and the reversal of the securities trading in the second half of the Year.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

This announcement is made by Crocodile Garments Limited ("**Company**", and together with its subsidiaries, "**Group**") pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571, the Laws of Hong Kong) ("**SFO**").

The principal activities of the Group include the manufacture and sale of garments in Hong Kong, Macau and Mainland China as well as property investment in Hong Kong and Mainland China.

Based on the preliminary assessment of the unaudited consolidated management accounts of the Group for the eleven months ended 30 June 2020; information currently available to the Company; and the deteriorated market conditions and the business disruptions of the Group caused by the outbreak of the COVID-19 and the lingering social disorder, the board of directors of the Company ("**Board**") wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that the Group's audited annual results for the year ended 31 July 2020 ("**Year**") is expected to deteriorate greatly and record a consolidated loss attributable to owners of the Company within the range of HK\$250,000,000 to HK\$300,000,000 (2019: profit of HK\$30,607,000).

The expected great deterioration in the Group's results for the Year is primarily due to the substantial losses arising from the revaluation of the Group's investment properties, the worsening performance of the garment business during the Year; and the reversal of the securities trading in the second half of the Year.

The property market in Hong Kong was gloomy in the Year. The frequent disruption of business operations of the Group caused by the lingering social disorder and the subsequent governmental stringent measures to curb the burst of the COVID-19 took a heavy toll on the market sentiment and demand for non-residential properties. After consultation with an independent qualified professional valuer not connected to the Group, it is preliminarily anticipated that there would be substantial losses arising from the revaluation of the Group's investment properties as at 31 July 2020 (2019: gains of HK\$57,414,000).

Having experienced the trough in the first half of the Year under the lingering social chaos in Hong Kong, the "Garment and related accessories business" segment of the Group further sank into the mire following the outbreak of the COVID-19 in late January 2020. In order to prevent the spread of the virus, the shops had to close temporarily or shorten the business hours in the second half of the Year. Even when the shops were open, the footfall was minimal as the local customer spending mood was poor and tourists were limited by the travel restrictions imposed.

After weathered through the complicated market circumstances in the first half of the Year, the Group's "Securities trading" segment encountered with the fear of global recession came true on the flare of the COVID-19 in the second half of the Year. The central banks worldwide have implemented super-accommodative policies to mitigate the drastic downturns of business activities. Ironically, the tumbles of economies were led by the governmental lockdowns on social and business operations both local and international, and therefore the massive liquidities created by the easing policies went nowhere to the real economies, but to the securities and commodity markets. This quick money magnified the turbulences of the global financial markets furthermore than the first half of the Year. With ultra-low interest rates worldwide, the quick money, derailing from the fundamentals, flocked to risky financial assets, and this trend was contrary to the Group's prudent strategy of investing in value-oriented securities. Consequentially, the performance of the Group's "Securities trading" segment reversed in the second half of the Year, and is anticipated to suffer a loss finally for the Year.

The information contained in this announcement is only based on the preliminary assessment by the Group's management according to the information that is currently available and the preliminary unaudited consolidated management accounts of the Group for the eleven months ended 30 June 2020. Further announcement(s) in respect of the annual results might be made by the Company in compliance with Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO.

The Company is preparing its full year results which are subject to further review and assessment by the Company's audit committee, the Board and the independent auditor of the Company; and the audited annual results of the Group for the Year are expected to be published in late October 2020.

Shareholders and potential investors are, therefore, advised to exercise caution when dealing in the shares of the Company.

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

Hong Kong, 4 September 2020

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.