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INSIDE INFORMATION

TERMINATION OF DISTRIBUTION AGREEMENT IN RELATION TO “LACOSTE”

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).

The board of directors of the Company (“**Board**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors about the latest business development of the Group.

On 22 October 2003, the Company as the distributor and Montaigne Diffusion S.A. (“**MDSA**”, a French corporation organised and existing under the Laws of France) entered into a distribution agreement (as amended) (“**Distribution Agreement**”), pursuant to which the Company was granted the exclusive right to distribute and sell the Lacoste’s apparel products under its licensed trademarks in the Hong Kong and the Macau Special Administrative Regions of the People’s Republic of China for the period from 1 November 2003 to 31 December 2025 (“**Lacoste Business**”).

The Company and Lacoste Operations S.A. (“**LOSA**”, the legal successor and assignee of all rights and obligations of MDSA under the Distribution Agreement), has had a dispute on an obligation under the Distribution Agreement and failed to reach a solution thereto. On 8 June 2021, the Company received a letter (“**Letter**”) from LOSA alleging, among other things, that the Company had not fulfilled an obligation under the Distribution Agreement and LOSA had proceeded to terminate the Distribution Agreement.

In this connection, the Company intends to rigorously defend its interests under the Distribution Agreement and any proceedings that may be brought by LOSA. The Company has instructed its legal adviser to issue letter to LOSA stating its position and asserting its rights under the Distribution Agreement to protect its interests in respect of the Lacoste Business.

The Company is of the view that the subject matter of the Letter does not have a material adverse impact on the business operation and financial condition of the Group.

The Lacoste Business has generated a revenue of approximately HK\$71,200,000, HK\$63,300,000 and HK\$27,500,000 (representing about 27%, 27% and 18% of the Group's total turnover) for the financial years ended 31 July 2018, 2019 and 2020, respectively.

As disclosed in the interim report of the Company for the six months ended 31 January 2021, with the slowdown of the Hong Kong economy and the hit by the outbreak of the COVID-19, the revenue of the "Garment and related accessories business" segment of the Group plunged by 48.6% as compared to the same period in 2020.

The Company will make further announcement(s) to inform the Shareholders and potential investors for further significant developments in connection with the above, as and when appropriate.

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, 10 June 2021

As at the date of this announcement, the Board comprises four Executive Directors, namely Ms. Lam Wai Shan, Vanessa (Chairman and Chief Executive Officer), Dr. Lam Kin Ngok, Peter, Mr. Lam Kin Hong, Matthew and Mr. Wan Edward Yee Hwa; two Non-executive Directors, namely Mr. Chow Bing Chiu and Ms. Lam Suk Ying, Diana; and three Independent Non-executive Directors, namely Messrs. Leung Shu Yin, William (Deputy Chairman), Fung Cheuk Nang, Clement and Yeung Sui Sang.