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Positive Profit Alert

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 unaudited interim results for the six months ended 31 January 2021 is expected to record a consolidated profit attributable to owners of the Company within the range of HK\$7,000,000 to HK\$20,000,000 (2020: loss of HK\$176,677,000), primarily due to (i) an improvement in the losses arising from the revaluation of the Group's investment properties; (ii) the significant reductions in the rental expenses and depreciations of the retail shops of the garment business; and (iii) an increase in gains in the value of the financial assets at fair value through profit and loss of securities trading during the Period.

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 five months ended 31 December 2020 and information currently available, the board of directors of the Company ("**Board**") wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that the Group's unaudited interim results for the six months ended 31 January 2021 ("**Period**") is expected to record a consolidated profit attributable to owners of the Company within the range of HK\$7,000,000 to HK\$20,000,000 (2020: loss of HK\$176,677,000).

The anticipated turnaround in the Group's results for the Period is primarily due to the following:

- (i) having substantial correction of the property markets in Hong Kong and Mainland China in last financial year, the fair values of the investment properties held by the Group on revaluations were quite stable. After consultation with an independent qualified professional valuer not connected to the Group, it is preliminarily estimated that the losses arising from the revaluation of the Group's investment properties would be improved as at 31 January 2021 (2020: HK\$129,721,000);
- (ii) the garment business of the Group was still stumbling in a nadir for the Period, particularly under the escalation of the COVID-19 restrictions in response to a faster spreading variant during the Christmas and New Year, the traditional golden period of retailing sector. Both the Group's revenue and gross profit plunged. However, there were significant reductions in the rental expenses and depreciations of the retail shops of the garment business after the large impairment loss in respect of these right-of-use assets of HK\$39,349,000 had already been recognised as at the end of last financial year, i.e. 31 July 2020. After all, the loss was materially mitigated; and
- (iii) the global investment environment was rocked by the complication of massive monetary stimulus countering poor economic data such as pullback in consumer spending, falling personal income and fading outlook under the resurgent epidemic worldwide. In such intricate market circumstances, the Group took a prudent and value-oriented stance to manage its securities trading portfolio of financial assets at fair value through profit and loss. As a result, the gain of the portfolio was predicted to increase for the Period (2020: HK\$6,022,000).

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 five months ended 31 December 2020, which have not yet been reviewed by the Company's audit committee. The unaudited interim results of the Group for the Period are expected to be published in late March 2021.

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, 22 February 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; 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 (Deputy Chairman) and Yeung Sui Sang.