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If you have sold or transferred all your shares in **Crocodile Garments Limited**, you should at once hand this circular with the accompanying form of proxy to the purchaser(s) or the transferee(s), or to the licensed securities dealer, registered institution in securities, bank or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF LAND IN HONG KONG AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial Adviser to the Company
Platinum Securities Company Limited



Independent Financial Adviser to
the Independent Board Committee and the Independent Shareholders



A letter from the Board is set out on pages 4 to 11 of this circular. A letter from the Independent Board Committee is set out on pages 12 to 13 of this circular. A letter from Quam Capital Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders, is set out on pages 14 to 24 of this circular.

A notice convening the EGM to be held at Tivoli, 3/F., Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 27 July 2023 at 3:00 p.m. is set out on pages EGM-1 to EGM-2 of this circular. A form of proxy for use at the EGM (or any adjournment thereof) is also enclosed.

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

Hong Kong, 11 July 2023

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DEFINITIONS

In this circular, unless the context requires otherwise, the following expressions shall have the following meanings:

“Acquisition”	the acquisition of the Land by the Purchaser from the Vendor under the Sale and Purchase Agreement
“associate”	has the same meaning ascribed thereto under the Listing Rules
“Board”	the board of Directors
“business day”	a day other than a Saturday, Sunday, public holiday and on which banks are open for inter-bank clearing of cheques in Hong Kong
“Company”	Crocodile Garments Limited (鱷魚恤有限公司), 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)
“Completion”	completion of the Acquisition in accordance with the terms and conditions of the Sale and Purchase Agreement
“Completion Date”	the date of Completion, which shall be on or before 3 October 2023, unless otherwise agreed by the parties to the Sale and Purchase Agreement
“connected person(s)”	has the meaning as ascribed to it under the Listing Rules
“Consideration”	the consideration for the Acquisition in the amount of HK\$22,000,000
“Directors”	the directors of the Company
“EGM”	the extraordinary general meeting of the Company to be convened for the purpose of considering and, if thought fit, approving the Acquisition
“family members”	has the meaning ascribed to such term under Rule 14A.12(2)(a) of the Listing Rules

DEFINITIONS

“Financial Adviser”	Platinum Securities Company Limited, a licensed corporation registered under the SFO to conduct Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the financial adviser appointed by the Company to advise the Company in respect of the Acquisition
“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 Board Committee”	the independent board committee of the Board comprising Mr. Leung Shu Yin, William, Mr. Fung Cheuk Nang, Clement and Mr. Woo King Hang, being the independent non-executive Directors appointed by the Board for the purpose of advising the Independent Shareholders in relation to the Acquisition
“Independent Financial Adviser”	Quam Capital Limited, a corporation licensed to carry on Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO, being the independent financial adviser for the purpose of advising the Independent Board Committee and the Independent Shareholders in respect of the Acquisition
“Independent Shareholders”	Shareholders other than Ms. Lam and her associates
“Independent Valuer”	Vincorn Consulting and Appraisal Limited, an independent professional valuer appointed by the Company for the valuation of the Land
“Land”	the Remaining Portion of Sub-section 12 of Section B of Lot No.3250 in Demarcation District No. 104, which is situated in Yuen Long, New Territories, Hong Kong
“Latest Practicable Date”	6 July 2023, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

DEFINITIONS

“majority-controlled company”	has the meaning as defined in Chapter 14A of the Listing Rules
“Ms. Lam”	Ms. Lam Wai Shan, Vanessa, the Chairman and Chief Executive Officer of the Company and an executive Director and a substantial shareholder of the Company
“Purchaser”	Kin Estate Limited, a company incorporated in Hong Kong with limited liability and a wholly-owned subsidiary of the Company
“Sale and Purchase Agreement”	the sale and purchase agreement dated 19 June 2023 entered into between the Vendor and the Purchaser in relation to the Acquisition
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company
“Shareholder(s)”	the duly registered holder(s) of the ordinary share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary”	has the meaning as ascribed to it under the Listing Rules
“Vendor”	Kin Ying Company Limited, a company incorporated in Hong Kong with limited liability
“%”	per cent

Unless otherwise stated, in the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

LETTER FROM THE BOARD



Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

Executive Directors:

Ms. Lam Wai Shan, Vanessa
(Chairman and Chief Executive Officer)
Dr. Lam Kin Ngok, Peter
Mr. Lam Kin Hong, Matthew

Registered Office:

25th Floor, Crocodile Center
79 Hoi Yuen Road
Kwun Tong
Kowloon, Hong Kong

Non-executive Directors:

Mr. Chow Bing Chiu
Ms. Lam Suk Ying, Diana

Independent Non-executive Directors:

Mr. Leung Shu Yin, William
(Deputy Chairman)
Mr. Fung Cheuk Nang, Clement
Mr. Woo King Hang

11 July 2023

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF LAND IN HONG KONG
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

INTRODUCTION

Reference is made to the announcement of the Company dated 19 June 2023 in relation to the Acquisition. On 19 June 2023, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement with the Vendor, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Land at a consideration of HK\$22.0 million.

LETTER FROM THE BOARD

The purpose of this circular is to provide you with (i) this letter from the Board containing further information on the Acquisition; (ii) a letter from the Independent Financial Adviser containing its advice in connection with the aforesaid; (iii) recommendations of the Independent Board Committee to the Independent Shareholders; and (iv) the notice convening the EGM.

THE ACQUISITION

The principal terms and conditions of the Sale and Purchase Agreement are set out as follows:

- Date:** 19 June 2023
- Parties:**
- (1) the Vendor, which is a majority-controlled company held by Ms. Lam together with her family members and Ms. Lam Suk Ying, Diana; and
 - (2) the Purchaser, which is a wholly-owned subsidiary of the Company

Consideration and payment terms: The Consideration for the Acquisition is HK\$22.0 million.

A deposit of HK\$2.2 million in cash was paid by the Purchaser upon the signing of the Sale and Purchase Agreement. The balance of the Consideration, being HK\$19.8 million, will be payable by the Purchaser in cash upon Completion.

The stamp duty chargeable on the Sale and Purchase Agreement and on the subsequent assignment of the Land shall be paid by the Purchaser.

The Consideration is and will be financed by the internal resources of the Group.

Basis of the Consideration: The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the valuation of the Land as at 31 May 2023, being approximately HK\$23.5 million, as appraised by the Independent Valuer, representing a discount of approximately 6.38%.

In the valuation of the Land prepared by the Independent Valuer, the Independent Valuer adopted the market approach for the valuation of the Land.

LETTER FROM THE BOARD

Conditions precedent:

Completion is conditional upon (i) the passing of the ordinary resolution by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with requirements under the Listing Rules; and (ii) the demolition of any unauthorised or illegal structures on, in or at the Land and the Vendor making good all damages thereto; and (iii) the completion to the satisfaction of the Purchaser of the due diligence on title to the Land.

If the above conditions precedent are not fulfilled on or before the business day immediately prior to the Completion Date, the Vendor shall forthwith return to the Purchaser all deposit and any part payment of the Consideration paid by the Purchaser under the Sale and Purchase Agreement without any interest, cost or compensation, whereupon the Sale and Purchase Agreement shall terminate and cease to be of effect, and neither the Purchaser nor the Vendor shall be liable to each other under the Sale and Purchase Agreement save for any antecedent breach.

As at the Latest Practicable Date, the condition precedent set out in (ii) above had been fulfilled.

Completion:

Subject to fulfillment of the above conditions precedent, the Completion shall take place on or before 3 October 2023, unless otherwise agreed by the parties to the Sale and Purchase Agreement.

LETTER FROM THE BOARD

INFORMATION ON THE LAND

The Land is situated in Mai Po of Yuen Long District of the New Territories southeast to the junction of Kam Pok Road and Fairview Park Boulevard, with a total area of 9,358 square feet (869.38 square meters) and is owned by the Vendor. The Land is an open land currently used as a temporary open car park subject to an existing monthly tenancy of HK\$25,000 per month. The Land lies within an area designated “Commercial/Residential” zoning.

The net rental income generated from the Land (after taking into account all related disbursements) for the past two financial years of the Vendor were as follows:

	For the financial year ended 31 March 2023	For the financial year ended 31 March 2022
Before taxation	HK\$281,000	HK\$257,000
After taxation	HK\$235,000	HK\$215,000

The Land was acquired by the Vendor in August 1978 at the consideration of HK\$70,000.

INFORMATION ON THE PURCHASER AND THE GROUP

The Purchaser is a company incorporated in Hong Kong with limited liability and is a wholly-owned subsidiary of the Company, which is principally engaged in property investment.

The principal activities of the Group include garment and related accessories business in Hong Kong, Macau and Mainland China, property investment and letting business in Hong Kong and Mainland China, and treasury management.

INFORMATION ON THE VENDOR

The Vendor is a company incorporated in Hong Kong with limited liability. It is a majority-controlled company held as to 83.33% of its issued shares, directly and indirectly through another company, by Ms. Lam together with her family members, namely Mr. Lam Howard, Ms. Lam Wai Kei, Vicky and Ms. Lam Wai Ting (being siblings of Ms. Lam). The remaining 16.67% of the issued shares of the Vendor is held by Ms. Lam Suk Ying, Diana, who is a non-executive Director. The Vendor is principally engaged in property investment and share investment.

LETTER FROM THE BOARD

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in garment and related accessories business, property investment and letting business and treasury management. The Land is situated in Yuen Long, New Territories, Hong Kong adjacent to a long established and renowned low-rise residential estate (namely Fairview Park, the largest private residential property development with low-rise houses in Hong Kong) and village houses, and is located approximately 4 kilometers to the northeast of Yuen Long Town Centre. The Land is in an area with dining places, estate agencies and stores in the vicinity. With the designated commercial/residential zoning and the favorable location of the Land, the Group believes that there is great potential in developing the Land to be rented out in the future which will be in line with the letting business of the Group, and that the Acquisition represents an investment opportunity for the Company to enhance Shareholders' value. In view of the location and the designated zoning already in place with its land title (which provides a wide scope of flexibilities in terms of possible use of the Land, which is rare in the property market), the Land is expected to achieve high investment value after completion of the development of the Land, and thus increase the rental income and expand the Group's property portfolio, thereby generating stable and satisfactory revenue and profit to the Group. With these advantages and the Consideration being at a considerable discount to market price, the Board considers that the Acquisition is beneficial to the Group and in the interest of the Company and the Shareholders as a whole.

While the Company expects that the development of the Land after Completion will be for commercial use, the permitted uses of the Land as commercial premises include a variety of possibilities according to the outline zoning plan of the area in which the Land is located, such as eating places, shops and services, market, social welfares facility, etc. The Group will take time to review and conduct further studies and analysis after the Completion has taken place to determine the planning for the development of the Land, including taking into account the development of the area in which the Land is located, to assess how to maximise the value of this land bank investment.

The Company anticipates that prior to the commencement of the development of the Land, the Land will continue to be used as a temporary open car park subject to the existing monthly tenancy to generate revenue for the Group.

The Directors (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) are of the view that the Acquisition is in the ordinary and usual course of business of the Group, and the terms of the Sale and Purchase Agreement are on normal commercial terms and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

LISTING RULES IMPLICATIONS

Discloseable transaction

As one of the applicable percentage ratios as set out in the Listing Rules in respect of the Acquisition exceeds 5% but all of them are less than 25%, the Acquisition constitutes a discloseable transaction for the Company and is subject to the reporting and announcement requirements under Chapter 14 of the Listing Rules.

Connected transaction

The Vendor is a majority-controlled company held directly and indirectly by Ms. Lam, an executive director and a substantial shareholder of the Company, together with her family members as to 83.33%. As such, the Vendor is an associate of Ms. Lam under Rule 14A.12(2)(b) and is a connected person of the Company under Rule 14A.07(4) of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio is more than 5% and the Consideration exceeds HK\$10 million, the Acquisition is therefore subject to the reporting, announcement and Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Ms. Lam and Ms. Lam Suk Ying, Diana have material interests in the Acquisition and had abstained from voting on the resolutions of the Board approving the Sale and Purchase Agreement. Save as aforesaid, none of the Directors has a material interest in the Acquisition and hence no other Directors were required to abstain from voting on such Board resolution.

As at the Latest Practicable Date, Ms. Lam was (i) personally interested in 27,034,402 Shares, representing approximately 1.90% of the total issued Shares; and (ii) deemed to be interested in 739,054,500 Shares through the corporations controlled by her, namely Honorman Limited, Rich Promise Limited and Novel Voyage Development Limited (being associates of Ms. Lam), representing approximately 52% of the total issued Shares. Ms. Lam and the aforementioned Shareholders being her associates will abstain from voting at the EGM on the resolution in relation to the Sale and Purchase Agreement. Save as aforesaid, no other Shareholders would be required to abstain from voting in the EGM in relation to the Sale and Purchase Agreement.

EXTRAORDINARY GENERAL MEETING

A notice convening the EGM to be held at Tivoli, 3/F., Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 27 July 2023 at 3:00 p.m. at which an ordinary resolution will be proposed for the approval by the Independent Shareholders of the Acquisition, is set out on pages EGM-1 to EGM-2 of this circular.

LETTER FROM THE BOARD

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the resolution to be proposed at the EGM (as set out in the notice of EGM) will be voted by way of a poll. An announcement on the results of the poll will be made by the Company after the EGM in the manner prescribed under Rules 13.39(5) and 13.39(5A) of the Listing Rules.

The register of members of the Company will be closed from Monday, 24 July 2023 to Thursday, 27 July 2023 (both days inclusive), during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 21 July 2023.

Whether or not you are able to attend the EGM, please complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof). Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM (or any adjournment thereof) should you so wish.

FINANCIAL ADVISER, INDEPENDENT BOARD COMMITTEE AND INDEPENDENT FINANCIAL ADVISER

Platinum Securities Company Limited has been appointed by the Company as financial adviser to advise the Company in respect of the Acquisition.

The Independent Board Committee comprising all three independent non-executive Directors has been established to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable and whether the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Quam Capital Limited has been appointed as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

LETTER FROM THE BOARD

RECOMMENDATION

The Board (including the independent non-executive Directors who have considered the advice of the Independent Financial Adviser) considers that the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable, and the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Independent Shareholders to vote in favour of the resolution to be proposed at the EGM to approve the Acquisition.

Shareholders and potential investors of the Company should be aware that as the Completion is subject to the satisfaction of the conditions precedent set out in the Sale and Purchase Agreement, therefore the Acquisition may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

ADDITIONAL INFORMATION

Your attention is drawn to (i) the letter from the Independent Board Committee set out in pages 12 to 13 of this circular, which contains its advice to the Independent Shareholders; (ii) the letter from the Independent Financial Adviser, the text of which is set out on pages 14 to 24 of this circular containing its advice to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition as the reasons considered by it in arriving at its opinion; and (iii) the valuation report on the Land by the Independent Valuer, the text of which is set out on pages I-1 to I-7 of this circular.

Yours faithfully,
By order of the Board
Crocodile Garments Limited
Lam Wai Shan, Vanessa
Chairman, Executive Director and
Chief Executive Officer

LETTER FROM THE INDEPENDENT BOARD COMMITTEE



11 July 2023

To the Independent Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
IN RELATION TO THE ACQUISITION OF LAND IN HONG KONG
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING**

We refer to the circular of the Company dated 11 July 2023 (the “**Circular**”) of which this letter forms part. Terms defined in the Circular shall have the same meaning herein unless the context requires otherwise.

We have been appointed by the Board as the members of the Independent Board Committee to consider and to advise the Independent Shareholders as to whether the terms of the Sale and Purchase Agreement are on normal commercial terms and fair and reasonable and whether the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole.

Quam Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard. The text of the letter of advice from Quam Capital Limited to the Independent Board Committee and the Independent Shareholders is set out on pages 14 to 24 of the Circular.

We wish to draw your attention to the letter from the Board, as set out on pages 4 to 11 of the Circular.

LETTER FROM THE INDEPENDENT BOARD COMMITTEE

Having taken into account the terms and conditions of the Sale and Purchase Agreement and the advice of the Independent Financial Adviser, we consider that the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are on normal commercial terms and fair and reasonable, and that the Acquisition is in the ordinary and usual course of business of the Group and in the interests of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders to vote in favour of the ordinary resolution to be proposed at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder.

Yours faithfully,

For and on behalf of the Independent Board Committee

Mr. Leung Shu Yin, William

Independent Non-executive
Director

Mr. Fung Cheuk Nang, Clement

Independent Non-executive
Director

Mr. Woo King Hang

Independent Non-executive
Director

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The following is the full text of a letter of advice from Quam Capital Limited, the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition pursuant to the Sale and Purchase Agreement, which has been prepared for the purpose of incorporation in this circular.

11 July 2023



To the Independent Board Committee and the Independent Shareholders

Dear Sir or Madam,

DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION IN RELATION TO THE ACQUISITION OF LAND IN HONG KONG

INTRODUCTION

We refer to our appointment as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder, details of which are set out in the letter from the board (the “**Letter from the Board**”) contained in the circular of the Company dated 11 July 2023 (the “**Circular**”), of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as defined in the Circular unless the context requires otherwise.

With reference to the announcement of the Company dated 19 June 2023, the Purchaser and Vendor entered into the Sale and Purchase Agreement, pursuant to which the Purchaser has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell, the Land at a consideration of HK\$22,000,000.

As at the Latest Practicable Date, the Vendor is majority-controlled company held directly and indirectly by Ms. Lam, an executive Director and a substantial Shareholder of the Company, together with her family members, as to 83.33% and is thus an associate of Ms. Lam and a connected person pursuant to Rules 14A.07(4) of the Listing Rules. Accordingly, the Acquisition also constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Except for being appointed as independent financial adviser to the Company in respect of this Acquisition, we have not acted as an independent financial adviser and as not provided any other services to the Company during the past two years. As at the Latest Practicable Date, we were not aware of any relationships or interests between us and the Company or any other parties that could reasonably be regarded as hindrance to our independence as defined under Rule 13.84 of the Listing Rules to act as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition. We are not associated with the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties to the Acquisition, and accordingly, are eligible to give independent advice and recommendations on the Sale and Purchase Agreement and the transactions contemplated thereunder. Apart from normal professional fees payable to us in connection with this appointment as the independent financial adviser, no arrangement exists whereby we will receive any fees from the Company, its subsidiaries, its associates or their respective substantial shareholders or associates or any other parties that could reasonably be regarded as relevant to our independence.

THE INDEPENDENT BOARD COMMITTEE

The Independent Board Committee, comprising all the independent non-executive Directors, namely Mr. LEUNG Shu Yin, William, Mr. FUNG Cheuk Nang, Clement, and Mr. WOO King Hang, has been established to advise the Independent Shareholders in respect of the terms of the Sale and Purchase Agreement and as to whether the transactions contemplated thereunder are fair and reasonable and in the interests of the Company and the Shareholders as a whole, taking into account our recommendation.

As the Independent Financial Adviser, our role is to give independent opinions to the Independent Board Committee and the Independent Shareholders as to whether the Acquisition and the transactions contemplated thereunder are fair and reasonable so far as the Independent Shareholders are concerned, and in the interests of the Company and the Shareholders as a whole.

BASIS OF OUR OPINION

In formulating our opinion and recommendation, we have considered, among other things:

- (i) the Circular;
- (ii) the annual report of the Company for the year ended 31 July 2022 (the “**Annual Report 2022**”) and the interim report of the Company for the six months ended 31 January 2023 (the “**Interim Report 2023**”);
- (iii) the Sale and Purchase Agreement;

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

- (iv) the valuation report dated 11 July 2023 in relation to the valuation of the Land as at 31 May 2023 (the “**Valuation**”) issued by the Independent Valuer, as set out in Appendix I to the Circular (the “**Valuation Report**”); and
- (v) the relevant market data and information available from public sources and the website of the Stock Exchange.

We have also relied on all relevant information and representations supplied, and the opinions expressed, by the Directors and the management of the Company (collectively, the “**Management**”). We have assumed that all such information and representations contained or referred to in the Circular are true and accurate in all material respects as the date thereof. Directors have jointly and severally accepted full responsibility for the accuracy of the information contained in the Circular and have also confirmed that, having made all reasonable enquiries and to the best of their knowledge, opinions expressed in the Circular have been arrived at after due and careful consideration and there are no material facts not contained in the Circular, the omission of which make any statement in the Circular misleading. We have found no reason to doubt the truth, accuracy and completeness of the information and representations provided to us by the Management, and they have confirmed that no material information have been withheld or omitted from the information provided and referred to in the Circular, which would make any statement therein misleading.

We believe that we have reviewed sufficient information currently available to reach an informed view and to justify our reliance on the accuracy of the information contained in the Circular so as to provide a reasonable basis for our recommendation. We have not, however, carried out any independent verification of the information provided, nor have we conducted an independent investigation into the business affairs, operations, financial position or future prospects of each of the Company, and any of their respective subsidiaries and associates and parties acting in concert with them.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In formulating our opinion and recommendation to the Independent Board Committee and the Independent Shareholders in respect of the Acquisition, we have taken into account the following principal factors and reasons.

1. Background information of the Group

The Company is an investment holding company incorporated in Hong Kong with limited liability and the Shares of which have been listed on the Main Board of the Stock Exchange since 1971. The Company and its subsidiaries are principally engaged in garment and related accessories business in Hong Kong, Macau and Mainland China, as well as property investment and letting business in Hong Kong and Mainland China, and treasury management.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

2. Financial information of the Group

Set out below is a summary of the financial performance and financial position of the Group for the two financial years ended 31 July 2021 (“FY2021”) and 31 July 2022 (“FY2022”) respectively as extracted from the Annual Report 2022 and the six months ended 31 January 2022 (“HY2022”) and 31 January 2023 (“HY2023”) respectively as extracted from the Interim Report 2023:

	FY2021 HK\$'000 (Audited)	FY2022 HK\$'000 (Audited)	HY2022 HK\$'000 (Unaudited)	HY2023 HK\$'000 (Unaudited)
Revenue	112,000	103,288	64,211	42,000
– Garment and related accessories	59,137	50,485	37,388	18,494
– Property investment and letting	52,863	52,803	26,823	23,506
– Treasury management	–	–	–	–
Profit/(loss) for the year/period	(1,933)	(78,385)	608	(79,747)

Comparison between FY2021 and FY2022

The revenue of the Group decreased from approximately HK\$112.0 million for FY2021 to approximately HK\$103.3 million for FY2022, representing a decrease of approximately 7.8%. According to the Annual Report 2022, the decrease of revenue of the Group was mainly attributable to the decrease in the revenue generated from garment and related accessories segment as a result of heightened restrictions and increased cautiousness by the public in response to the spread of Omicron variants. The revenue of this segment dropped by approximately 14.6% to approximately HK\$50.5 million for FY2022.

The Group recorded a net loss of approximately HK\$1.9 million and HK\$78.4 million for FY2021 and FY2022 respectively. The increase in net loss was mainly due to: (i) the decrease in the revenue of Group as aforementioned; (ii) the fair value losses on investment properties of approximately HK\$47.6 million recorded during FY2022; and (iii) net losses on financial assets at fair value through profit and loss of approximately HK\$26.4 million recorded during FY2022.

Comparison between the HY2022 and HY2023

The revenue of the Group decreased from approximately HK\$64.2 million for HY2022 to approximately HK\$42.0 million for HY2023, representing a decrease of approximately 34.6%. According to the Interim Report 2023, the decrease of revenue of the Group was mainly attributable to the decrease in the revenue generated from garment and related accessories segment, from approximately HK\$37.4 million for HY2022 to approximately HK\$18.5 million for HY2023, representing a decrease of approximately 50.5%. The decrease was mainly due to the negative impact of the COVID-19 pandemic on both the Hong Kong and PRC markets during the period.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

The Group recorded a net profit of approximately HK\$0.6 million for HY2022 and a net loss of approximately HK\$79.7 million for HY2023. The deterioration was mainly due to: (i) the decrease in the revenue of the Group as aforementioned; (ii) the fair value losses on investment properties of approximately HK\$69.7 million; and (iii) the increase in finance costs associated with bank borrowings.

Set out below is a summary of the consolidated financial position of the Group, as extracted and summarised from the Annual Report 2022 and Interim Report 2023:

	As at 31 July 2021 HK\$'000 (Audited)	As at 31 July 2022 HK\$'000 (Audited)	As at 31 January 2023 HK\$'000 (Unaudited)
Current assets	266,938	486,508	448,142
– Bank balances and cash	40,953	277,756	274,236
Non-current assets	1,933,681	1,928,882	1,957,816
Current liabilities	448,264	350,235	294,794
Non-current liabilities	220,834	571,728	591,716
Net assets	1,531,521	1,493,427	1,519,448

The net assets of the Group remained relatively stable at approximately HK\$1.5 billion as at 31 July 2021, 31 July 2022 and 31 January 2023.

3. Background information of the Land

The Land is situated in Mai Po of Yuen Long District of the New Territories southeast to the junction of Kam Pok Road and Fairview Park Boulevard, with a total area of 9,358 square feet (869.38 square meters) and is owned by the Vendor. The Land lies within an area designated “Commercial/Residential” zoning.

4. Reasons for and benefits of the Acquisition

The Land is situated in Yuen Long, adjacent to a long established low-rise residential estate (namely Fairview Park, the largest private residential property development with low-rise houses in Hong Kong) and village houses, and is located approximately 4 kilometers to the northeast of Yuen Long Town Centre. It is in an area with dining places, estate agencies and stores in the vicinity. In light of the favorable location and the designated residential or commercial zoning, the Management is of the view that there is a great potential for the Land to be further developed and generate a meaningful investment return to the Group. Property investment and letting is one of the principal businesses of the Group with stable and satisfactory amount of rental income generated therefrom, which represented over 50% of the Group’s total revenue for FY2022 and HY2023. The Acquisition will enable the Group to expand its property portfolio and potentially diversify its source of investment

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

income from properties after completion of the development of the Land, so as to maximise the Shareholders' value. We understand that the Group currently plans to develop the Land for commercial use and renting out for generating rental income after completion of development. We have reviewed the outline zoning plan document of the Land and noted that a wide range of usage of the Land are permitted under the designated zoning, such as eating place, shops and services, market, social welfare facility, etc., which provides a flexibility and options for the Company in devising a development plan that can maximise the value of the Land. As stated in the "Letter from the Board" of the Circular, the Group will take time to review and conduct further studies and analysis after the Completion has taken place to determine the planning for the development and assess how to maximise the value of the land bank investment taking into account the latest market conditions and sentiment. Based on our review of other listed companies' announcements and/or circulars, we are of the view that it is not uncommon for companies to acquire land interests without a detailed development plan yet when entering into the transactions. Prior to commencement of the development of the Land, we understand that the Company anticipates the Land will continue to be used as a temporary open car park subject to the existing monthly tenancy to generate revenue for the Group. Based on the opinion of the Independent Valuer, the prevailing rent is consistent with the market level. The present temporary use of the Land for leasing as a car park will cease upon the Group commencing development of the Land.

We also noted that in recent years, the Hong Kong government has been putting efforts in planning for the future long-term development of Yuen Long District. In particular, the Hong Kong government has formulated "The Northern Metropolis Development Strategy" which covers Yuen Long District. Driven by the government's development plan, it is expected that there will be an increase in population in the area driving the demand for commercial properties, housing and other real estate assets. Upon completion, the Northern Metropolis area is expected to provide over 900,000 residential units for 2.5 million people and more than 600,000 jobs. Moreover, it is expected that the implementation of infrastructure works relating to land, housing and transportation within the area will be accelerated for accommodating an expected large increase in the population in the area in the future. The government has been promoting the conversion of agricultural land in the area to commercial or residential use to meet the strong growing demand and also recently set up a coordination office specifically for coordinating and driving the implementation plan for the Northern Metropolis area, including establishing close and regular contact with the mainland Chinese authorities to explore utilizing the synergy between the Northern Metropolis area and the Greater Bay Area. As such, we expect that the future development of Yuen Long District is promising and the demand for properties in the area will be strong, which will be conducive to the property and land prices in the area, including commercial properties.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Based on the above, in particular, the great potential for the Group to expand its property portfolio and generate a meaningful investment return taking into account, among others, (i) the favourable location of the Land; (ii) different permitted land usage designated by its zoning plan which offers development options and flexibility; (iii) the positive outlook of the future development of Yuen Long District and expected strong growing demand of properties in the area as supported by the government policies, and considering that the Consideration is fair and reasonable and represents only a small portion of cash balance of the Group (as further elaborated below), we concur with the view of the Directors that the Acquisition is in the Group's ordinary course of business and in the interests of the Company and the Shareholders as a whole.

5. Principal terms of the Sale and Purchase Agreement

Date:	19 June 2023
Parties:	(i) Kin Estate Limited, a wholly-owned subsidiary of the Company (as the Purchaser); and (ii) Kin Ying Company Limited, a majority-controlled company held by Ms. Lam together with her family members and Ms. Lam Suk Ying, Diana (as the Vendor)
Target:	The land situated at the Remaining Portion of Sub-section 12 of Section B of Lot No. 3250 in Demarcation District No. 104, Yuen Long, New Territories, Hong Kong, with a site area of 9,358 sq. ft.
Consideration and payment:	The total consideration of the Acquisition is HK\$22.0 million (the " Consideration "). An initial deposit of HK\$2.2 million in cash was paid by the Purchaser upon the signing of the Sale and Purchase Agreement. The balance of the Consideration, being HK\$19.8 million, will be payable by the Purchaser in cash upon Completion. The stamp duty chargeable on the Sale and Purchase Agreement and on the subsequent assignment of the Land shall be paid by the Purchaser.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

Conditions precedent: Completion is conditional upon (i) the passing of the ordinary resolution by the Independent Shareholders at the EGM to approve the Sale and Purchase Agreement and the transactions contemplated thereunder in accordance with requirements under the Listing Rules; (ii) the demolition of any unauthorised or illegal structures on, in or at the Land and the Vendor making good all damages thereto; and (iii) the completion to the satisfaction of the Purchaser of the due diligence on the title to the Property.

If the above conditions precedent are not fulfilled on or before the business day immediately prior to the Completion Date, the Vendor shall forthwith return to the Purchaser all deposit and any part payment of the Consideration paid by the Purchaser under the Sale and Purchase Agreement without any interest, cost or compensation, whereupon the Sale and Purchase Agreement shall terminate and cease to be of effect, and neither the Purchaser nor the Vendor shall be liable to each other under the Sale and Purchase Agreement save for any antecedent breach.

Consideration

The Consideration was determined after arm's length negotiation between the Vendor and the Purchaser on normal commercial terms with reference to the valuation of the Land as at 31 May 2023 as appraised by the Independent Valuer. The Consideration represents a discount of approximately 6.38% to the appraised value of approximately HK\$23.5 million. As confirmed by the Management, the Consideration is and will be financed by the internal resources of the Group.

To assess the fairness and reasonableness of the Consideration, we have reviewed the Valuation Report and interviewed the Independent Valuer with particular attention to: (i) the terms of engagement of the Independent Valuer with the Company; (ii) the qualifications and experience of the Independent Valuer; and (iii) the steps and due diligence measures taken by the Independent Valuer in performing the Valuation. After our review of the engagement letter entered into between the Company and the Independent Valuer, we are satisfied that the scope of work performed by the Independent Valuer is appropriate to perform the Valuation. We are not aware of any limitation on the scope of work which might have a negative impact on the degree of assurance given by the Independent Valuer. The Independent Valuer has confirmed that its independence from the Group and it is certified with the relevant professional qualifications required to perform the Valuation. The person-in-charge of the Valuation has over 26 years of experience in valuation of land in Hong Kong. In light of the above, we are not aware of any matters that would cause us to question the Independent Valuer's expertise and independence to perform the Valuation.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

To assess the Valuation, we have reviewed the Valuation Report and discussed with the Independent Valuer to understand the methodology, bases and assumptions made in arriving at the Valuation. The Independent Valuer has adopted the market approach in the Valuation. In the Valuation, it was assumed that (i) the Vendor disposes the Land in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the Land; (ii) the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the property interests; and (iii) the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests. Based on our discussion with the Independent Valuer, we understand that the valuation approach and the valuation assumptions are commonly adopted when determining the market value of similar types of land. We have also performed independent research on land transactions of listed companies in Hong Kong and noted that market approach is commonly adopted. We also noted from the valuation reports published for these transactions that the valuation assumptions adopted by the Independent Valuer in this case are standard assumptions which are commonly adopted.

We have obtained from the Independent Valuer details of the four comparable land transactions selected for the market approach for the valuation of the Land. Based on our review on the details of the selected land transactions and our discussion with the Independent Valuer, we noted that the comparable land transactions were selected based on (i) the subject lands having similar characteristics as the Land, including the location, land use and planning zone; and (ii) the transaction dates of these selected transactions were within two years before the date of Valuation. We have conducted independent search for the comparable land transactions selected by the Independent Valuer on the Hong Kong land registry website and noted that the transaction details are consistent with the Independent Valuer's representation. We also understand that the Independent Valuer has made adjustments to the comparable land transactions where the Independent Valuer considered appropriate, taking into account differences in size, layout, accessibility, location, time, etc. The following table sets forth the details of the adopted comparable land transactions:

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

	<u>Comparable 1</u>	<u>Comparable 2</u>	<u>Comparable 3</u>	<u>Comparable 4</u>
Lot no.	Lot Nos. 13, 14 & 100 in D.D. 95	Lot No. 49 in D.D. 95	The Remaining Portion of Sub- section 8 of Section B of Lot No. 3250 in D.D. 104	Lot No. 1484 in D.D. 105
District	North	North	Yuen Long	Yuen Long
Zoning	Residential (Group B)	Residential (Group B)	Commercial/ Residential	Residential (Group C)
Site area (sq. ft.)	47,915	13,068	6,336	2,178
Transaction date	15 December 2022	1 September 2022	17 January 2022	4 August 2021
Transaction price (HK\$)	151,089,874	43,000,000	11,200,000	5,340,000
Site unit rate (HK\$/sq. ft.)	3,153	3,290	1,768	2,452

Based on our discussion with the Independent Valuer, we understand that the above comparable land transactions are exhaustive samples based on its selection criteria. We have also conducted an independent search on the land transactions in Hong Kong based on public information and we are not aware of any other land transaction fulfilling the criteria determined by the Independent Valuer. Taking the above into account, we are of the view that the number of comparable land transactions used for comparison is adequate and the nature and particulars of the transactions chosen are appropriate and relevant for providing a fair and reasonable basis for the Independent Valuer's opinion.

Having considered that (i) the market approach as adopted by the Independent Valuer in the Valuation Report is a commonly adopted approach for land valuation; and (ii) valuation bases and assumptions adopted by the Independent Valuer are customary bases and assumptions adopted and are fair and reasonable, we are of the view that the Valuation was determined on a fair and reasonable basis, and therefore, the Consideration, which was determined with reference to the Valuation with a discount of approximately 6.38%, is on normal commercial terms and fair and reasonable so far as the Independent Shareholders are concerned.

LETTER FROM THE INDEPENDENT FINANCIAL ADVISER

6. Possible financial effects of the Acquisition

As the Consideration is and will be financed by the internal resources of the Group, it is expected that the cash and cash equivalents of the Group will decrease by HK\$22.0 million following the settlement of the Consideration, which accounted for approximately 8.0% of the cash and cash equivalents of approximately HK\$274.2 million of the Group as at 31 January 2023. The Acquisition will not have immediate impact on the Group's net asset value.

RECOMMENDATION

Based on the factors discussed above, we are of the opinion that the Acquisition is conducted in the ordinary and usual course of business of the Group, and in the interests of the Company and the Shareholders as a whole, and the terms of the Sale and Purchase Agreement and the transactions contemplated thereunder are fair and reasonable and on normal commercial terms. Accordingly, we advise the Independent Board Committee to recommend, and we ourselves recommend, the Independent Shareholders to vote in favour of the resolution approving the Acquisition at the EGM.

Yours faithfully,
For and on behalf of
Quam Capital Limited
Leo Chan
Managing Director

Mr. Leo Chan is a Managing Director of Quam Capital Limited and is licensed under the SFO as a Responsible Officer to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities. Mr. Chan has approximately 27 years of experience in corporate finance.

The following is the text of a letter and a valuation certificate prepared for the purpose of incorporation in this circular received from Vincorn Consulting and Appraisal Limited, an independent valuer, in connection with its valuation of the property interests to be acquired by the Group. Terms defined in this appendix apply to this appendix only.

Vincorn Consulting and Appraisal Limited

Units 1602-4, 16/F
FWD Financial Centre
No. 308 Des Voeux Road Central
Hong Kong

**The Board of Directors**

Crocodile Garments Limited
25th Floor, Crocodile Center,
No. 79 Hoi Yuen Road,
Kwun Tong, Kowloon,
Hong Kong

11 July 2023

Dear Sirs,

INSTRUCTION AND VALUATION DATE

We refer to your instructions for us to assess the Market Value of the property interests located in Hong Kong to be acquired by Crocodile Garments Limited (the “**Company**”) and its subsidiaries (hereinafter together referred to as the “**Group**”) for the purposes of public disclosure. We confirm that we have carried out inspection, made relevant enquiries and searches and obtained such further information as we consider necessary in order to provide you with our opinion of the Market Value of the property interests as at 31 May 2023 (the “**Valuation Date**”).

VALUATION STANDARDS

The valuation has been prepared in accordance with the HKIS Valuation Standards 2020 published by The Hong Kong Institute of Surveyors effective from 31 December 2020 with reference to the International Valuation Standards published by the International Valuation Standards Council effective from 31 January 2022; and the requirements set out in the Chapter 5 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

VALUATION BASIS

Our valuation has been undertaken on the basis of Market Value. Market Value is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

VALUATION ASSUMPTIONS

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the value of the property interests.

No allowances have been made for any charges, mortgages or amounts owing on the property interests, nor for any expenses or taxations which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the property interests are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect the value of the property interests.

As the property interests are held under long term leasehold interests, we have assumed that the owner has free and uninterrupted rights to use the property interests for the whole of the unexpired term of the leasehold interests.

VALUATION METHODOLOGY

When valuing the property interests to be acquired by the Group, we have adopted Market Approach.

Market Approach is universally considered as the most accepted valuation approach for valuing most forms of property. This involves the analysis of recent market evidence of similar properties to compare with the subject under valuation. Each comparable is analysed on the basis of its unit rate; each attribute of the comparables is then compared with the subject and where there are any differences, the unit rate is adjusted in order to arrive at the appropriate unit rate for the subject. This is done by making percentage adjustments to the unit rate for various factors, such as time, location, building age, building quality and so on.

LAND TENURE AND TITLE INVESTIGATION

We have made enquires and relevant searches at the Hong Kong Land Registry. However, we have not searched the original documents nor have we verified the existence of any amendments, which do not appear in the documents available to us. All documents have been used for reference only.

All legal documents disclosed in this letter and the valuation certificate are for reference only. No responsibility is assumed for any legal matters concerning the legal titles to the property interests set out in this letter and the valuation certificate.

INFORMATION SOURCES

We have relied to a considerable extent on the information provided by the Group. We have also accepted advice given to us on matters such as identification of the property, particulars of occupancy, areas and all other relevant matters. Dimensions, measurements and areas included in the valuation are based on information contained in the documents provided to us and are, therefore, only approximations.

We have also been advised by the Group that no material factors or information have been omitted or withheld from the information supplied and consider that we have been provided with sufficient information to reach an informed view. We believe that the assumptions used in preparing our valuation are reasonable and have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuation.

INSPECTION AND INVESTIGATIONS

The property was inspected externally and internally. Although not all areas were accessible for viewing at the time of inspection, we have endeavored to inspect all areas of the property. Investigations were carried out as necessary. Our investigations have been conducted independently and without influence from any third party in any manner.

We have not tested any services of the property and are therefore unable to report on their present conditions. We have not undertaken any structural surveys of the property and are therefore unable to comment on the structural conditions. We have not carried out any investigations on site to determine the suitability of the ground conditions for any future developments. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be required.

We have not carried out any on-site measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the documents or deduced from the plans are correct. All documents and plans have been used as reference only and all dimensions, measurements and areas are therefore approximations.

CURRENCY

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (“**HKD**”).

The valuation certificate is attached hereto.

Yours faithfully,
For and on behalf of
Vincorn Consulting and Appraisal Limited
Vincent Cheung
BSc(Hons) MBA FRICS MHKIS RPS(GP)
MCIREA MHKSI MISCM MHIREA FHKIoD
RICS Registered Valuer
Registered Real Estate Appraiser & Agent PRC
Managing Director

Note:

Vincent Cheung is a fellow of the Royal Institution of Chartered Surveyors, a member of the Hong Kong Institute of Surveyors, a Registered Professional Surveyor (General Practice) under the Surveyors Registration Ordinance (Cap. 417) in Hong Kong, a member of China Institute of Real Estate Appraisers and Agents, a member of Hong Kong Securities and Investment Institute, a member of Institute of Shopping Centre Management, a member of Hong Kong Institute of Real Estate Administrators, a fellow of the Hong Kong Institute of Directors, a Registered Valuer of the Royal Institution of Chartered Surveyors and a Registered Real Estate Appraiser and Agent People’s Republic of China. He is suitably qualified to carry out the valuation and has over 26 years of experience in the valuation of fixed and intangible assets of this magnitude and nature in the subject region.

VALUATION CERTIFICATE

Property Interests to be Acquired by the Group for Future Development in Hong Kong

Property	Description and Tenure	Occupancy Particulars	Market Value as at 31 May 2023
The Remaining Portion of Sub-section 12 of Section B of Lot No. 3250 in Demarcation District (“D.D.”) 104, Yuen Long, New Territories, Hong Kong	<p>The property comprises a land parcel erected with various temporary structures located in Yuen Long, New Territories.</p> <p>As per assignment plan and resumption plan, the property has a site area of approximately 9,358 square feet (“sq.ft.”).</p> <p>The property is held under a Block Government Lease for a term of 75 years renewable for 24 years less the last 3 days thereof commencing from 1 July 1898, and has been statutorily extended to 30 June 2047.</p>	<p>As per our on-site inspection and the information provided by the Group, the property is currently leased for an initial term of one year from 1 May 2022 to 30 April 2023 and has been extended on a monthly basis at a rent of HKD25,000 per month before tax inclusive of Government rent and rates for open carpark uses.</p>	<p>HKD23,500,000 (HONG KONG DOLLARS TWENTY THREE MILLION AND FIVE HUNDRED THOUSAND)</p>

Notes:

- The property was inspected by Iverson Chan *BSc(Hons) MRICS MHKIS RPS(GP) RICS Registered Valuer CAIA* on 8 June 2023.
- This valuation report was prepared by Vincent Cheung *BSc(Hons) MBA FRICS MHKIS RPS(GP) MCIREA MHKSI MISCM MHIREA FHKIoD RICS Registered Valuer Registered Real Estate Appraiser & Agent PRC*, Kit Cheung *BSc(Hons) MRICS MHKIS RPS(GP) MCIREA MHIREA RICS Registered Valuer Registered Real Estate Appraiser PRC* and Iverson Chan *BSc(Hons) MRICS MHKIS RPS(GP) RICS Registered Valuer CAIA*.
- The details of the land search records of the property dated 18 May 2023 are summarised below:-

Item	Details
Registered Owner:	Kin Ying Company Limited By a Conveyance on Sale dated 17 August 1978, registered vide Memorial No. YL211325
Government Rent:	3% of the rateable value

4. The property is in The Remaining Portion of Sub-section 12 of Section B of Lot No. 3250 in D.D. 104, which is held under a Block Government Lease of D.D. 104. The salient conditions are summarised below:–

Item	Details
Lot Number:	Various lots all in D.D. 104
Lease Term:	75 years renewable for 24 years less the last 3 days thereof commencing from 1 July 1898, and has been statutorily extended to 30 June 2047
Major Special Conditions:	<ul style="list-style-type: none"> • The Lessee or any other person shall not, nor will, during the continuance of this demise, use, exercise or follow, in or upon the said premises, or any part thereof, any noisy, noisome or offensive trade or business whatever, nor convert any ground hereby expressed to be demised as agricultural or garden ground into use for building purposes other than for the proper occupation of the same ground as agricultural or garden ground without the previous Licence of His said Majesty, His Heirs, Successors or Assigns, signified in writing by the Governor of the said Colony of Hongkong, or other person duly authorised in that behalf. • The Lessee or any other person shall not nor will at any time during the said term erect or construct any building or structure of any description on the said demised premises or any part thereof whether demised as agricultural or garden ground or otherwise without first having obtained the approval thereto of the Surveyor to His said Majesty, His Heirs, Successors or Assigns, or other person duly authorised by the Governor of the said Colony of Hongkong, in that behalf.

5. The property falls within an area zoned “Commercial/Residential” under Approved Mai Po and Fairview Park Outline Zoning Plan No. S/YL-MP/6 approved on 1 February 2005. The salient conditions are summarised below:–

Item	Details
Maximum Plot Ratio:	0.4
Maximum Site Coverage:	20%
Maximum Building Height:	3 storeys (9 metres)
Uses Always Permitted:	Eating Place Educational Institution Flat Government Use (Not Elsewhere Specified) House Library Market Place of Entertainment Private Club Public Clinic Public Convenience Public Utility Installation Public Vehicle Park (Excluding Container Vehicle) Residential Institution Shop and Services Social Welfare Facility Utility Installation for Private Project

6. As per our on-site inspection and the information provided by the Group, the property is currently leased for an initial term of one year from 1 May 2022 to 30 April 2023 and has been extended on a monthly basis at a rent of HKD25,000 per month before tax inclusive of Government rent and rates for open carpark uses. We opine the prevailing rent of the property is consistent with the market rental level.

7. The general description of the property are summarised below:–

Location: The property is located at the junction of Kam Pok Road and Fairview Park Boulevard, Yuen Long, New Territories, Hong Kong.

Transportation: Hong Kong International Airport and Yuen Long MTR Station are located approximately 30.3 kilometres and 4.7 kilometres away from the property respectively.

Nature of Surrounding Area: The area is predominately a residential and village area in Yuen Long.

8. In the course of our valuation of the property, we have collected land sale comparables which are considered relevant to the property in terms of land use, planning zone and locality, on an exhaustive basis. A total of four land sale comparables, which are lands located in Yuen Long and North District, and transacted within two years before the valuation date, have been identified and analysed. The unit rates of the adopted comparables are ranging from HKD1,768 to HKD3,290 per sq.ft. on the basis of site area.

The following table sets forth the details of the adopted comparables:–

Lot No.	Comparable 1 Lot Nos. 13, 14 & 100 in D.D. 95	Comparable 2 Lot No. 49 in D.D. 95	Comparable 3 The Remaining Portion of Sub-section 8 of Section B of Lot No. 3250 in D.D. 104	Comparable 4 Lot No. 1484 in D.D. 105
District	North	North	Yuen Long	Yuen Long
Zoning	Residential (Group B), which is intended primarily for medium-density residential developments	Residential (Group B), which is intended primarily for medium-density residential developments	Commercial/ Residential, which is intended primarily for commercial and/or residential developments	Residential (Group C), which is intended primarily for low-rise, low-density residential developments
Site Area (sq.ft.)	47,915	13,068	6,336	2,178
Nature	Memorandum of Agreement for Sale and Purchase	Agreement for Sale and Purchase	Agreement for Sale and Purchase	Agreement for Sale and Purchase
Transaction Date	15 December 2022	1 September 2022	17 January 2022	4 August 2021
Transaction Price (HKD)	151,089,874	43,000,000	11,200,000	5,340,000
Site Unit Rate (HKD/sq.ft.)	3,153	3,290	1,768	2,452

Adjustments in terms of different aspects, including time, location, size, layout, site status, and accessibility, have been made to the unit rates of the adopted comparables. After due adjustments in terms of the aforesaid aspects, the adjusted unit rates of the adopted comparables are ranging from HKD1,801 to HKD3,091 per sq.ft. on the basis of site area. The adopted unit rate of the property is HKD2,511 per sq.ft. on the basis of site area.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at the Latest Practicable Date, the following Director and chief executive of the Company who held office as of that day and their respective close associate(s) (as defined in the Listing Rules) were interested, or were deemed to be interested, in the following long or short positions in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) on that date (a) as required to be notified to the Stock Exchange and the Company pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions, if any, which they were taken or deemed to have under such provisions of the SFO); or (b) as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO (“**Register of Directors and Chief Executives**”); or (c) as notified to the Stock Exchange and the Company pursuant to the Code of Practice for Securities Transactions by Directors and Designated Employees adopted by the Company (“**Securities Code**”) on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules; or (d) as otherwise known by the Directors:

(1) Interests in the Company

Long positions in the Shares and underlying Shares						
Name of Director	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares (Note 1)
		Personal interests	Corporate interests	Personal interests		
Lam Wai Shan, Vanessa	Beneficial owner and interest in controlled corporations	27,034,402	739,054,500	-	766,088,902 (Note 2)	53.90%

Notes:

- The total number of issued Shares as at the Latest Practicable Date (that is 1,421,315,542 Shares) has been used for the calculation of the approximate percentage.
- Ms. Lam (Board Chairman, Executive Director and Chief Executive Officer) was personally interested in 27,034,402 Shares and was deemed to be interested in 739,054,500 Shares through the corporations controlled by her, namely Honorman Limited (“**Honorman**”), Rich Promise Limited (“**Rich Promise**”) and Novel Voyage Development Limited.

(2) Interests in the Associated Corporations

Long position in the ordinary shares of associated corporations						
Name of Director	Name of associated corporations	Capacity	Personal interests	Corporate interests	Total	Percentage of total issued shares
Lam Wai Shan, Vanessa	Honorman (Note 1)	Beneficial owner	51	-	51	51%
Lam Wai Shan, Vanessa	Rich Promise (Note 2)	Interest in controlled corporation	-	10,000	10,000	100%

Notes:

1. Honorman was owned as to 51% by Ms. Lam and 49% by Mr. Lam Howard, respectively.
2. Rich Promise was owned as to 100% by Honorman, which in turn is owned as to 51% by Ms. Lam.
3. Ms. Lam is a director of both Honorman and Rich Promise.

Save as disclosed above, as at Latest Practicable Date, none of the Directors and the chief executive of the Company and their respective close associates had, or was deemed to have, any interest in the long and short positions in the Shares, underlying Shares and/or debentures of the Company or any of its associated corporations, which was required to be notified to the Stock Exchange and the Company pursuant to the SFO, or recorded in the Register of Directors and Chief Executives or notified to the Stock Exchange and the Company under the Securities Code or otherwise known by the Directors.

As at the Latest Practicable Date, save for Ms. Lam who is also the director of Honorman and Rich Promise, no other Director or proposed Director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

3. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contracts with any member of the Group which do not expire or are not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

4. COMPETING INTEREST

As at the Latest Practicable Date, the following Directors (collectively, “**Interested Directors**”) are considered to have interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the Listing Rules:

Three executive Directors including Ms. Lam, Dr. Lam Kin Ngok, Peter and Mr. Lam Kin Hong, Matthew held shareholding interests and/or other interests and/or directorships in companies/entities engaged in the businesses of garment and related accessories in Hong Kong, Macau and/or Mainland China, and/or property investment and letting in Hong Kong and/or Mainland China.

However, the Board is independent from the boards of directors/governing committees of the aforesaid companies/entities and none of the Interested Directors can personally control the Board. Further, each of the Interested Directors is fully aware of, and has been discharging, his/her fiduciary duty to the Company and has acted and will continue to act in the best interest of the Company and the Shareholders as a whole. Therefore, the Group is capable of carrying on its businesses independent of, and at arm’s length from, the businesses of such companies/entities.

Save as disclosed above, as at the Latest Practicable Date, so far as the Directors were aware, none of the Directors or their respective close associates (as defined in the Listing Rules) had any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.

5. INTERESTS IN ASSETS AND/OR CONTRACTS AND OTHER INTERESTS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any assets which had been, since 31 July 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement which was significant in relation to the business of the Group.

6. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 July 2022, being the date to which the latest published audited financial statements of the Company were made up.

7. EXPERTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Quam Capital Limited	a corporation licensed to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Vincorn Consulting and Appraisal Limited	Independent valuer

As at the Latest Practicable Date, the experts set out above did not have any shareholding, direct or indirect, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

As at the Latest Practicable Date, the experts set out above did not have any direct or indirect interest in any assets which had been, since 31 July 2022, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to, or are proposed to be acquired or disposed of by or leased to any member of the Group.

The experts set out above have given and have not withdrawn their written consent to the issue of this circular with the inclusion herein of their letter and report and references to their names and logos in the form and context in which they respectively appear.

The letter given by Quam Capital Limited and the valuation report prepared by the Independent Valuer are given as of the date of this circular for incorporation herein.

8. DOCUMENTS ON DISPLAY

A copy of the Sale and Purchase Agreement is available on the HKEXnews website (www.hkexnews.hk) and the Company's website (www.crocodile.com.hk) during the period of 14 days from the date of this circular.

9. MISCELLANEOUS

In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

NOTICE OF EXTRAORDINARY GENERAL MEETING



NOTICE IS HEREBY GIVEN that an extraordinary general meeting (the “**EGM**”) of Crocodile Garments Limited (the “**Company**”) will be held at Tivoli, 3/F., Regal Kowloon Hotel, 71 Mody Road, Tsimshatsui, Kowloon, Hong Kong on Thursday, 27 July 2023 at 3:00 p.m. for the purposes of considering and, if thought fit, passing, with or without modification, the following resolution as ordinary resolution of the Company:

ORDINARY RESOLUTION

1. “**THAT:**
 - (a) the Sale and Purchase Agreement (as defined in the circular of the Company dated 11 July 2023 (the “**Circular**”) entered into between Kin Estate Limited, a wholly-owned subsidiary of the Company (the “**Purchaser**”), and Kin Ying Company Limited (the “**Vendor**”) pursuant to which the Purchaser conditionally agreed to acquire and the Vendor conditionally agreed to sell the Land (as defined in the Circular) and the transactions contemplated thereunder be and are hereby approved, confirmed and ratified; and
 - (b) each of the directors of the Company be and is hereby authorised to do all such acts and things and sign, agree, ratify or execute all such documents and take all such steps as the director in his/her discretion may consider necessary, appropriate, desirable or expedient to implement, give effect to or in connection with the Sale and Purchase Agreement and any of the transactions contemplated thereunder.”

By order of the Board
Crocodile Garments Limited
Lam Wai Shan, Vanessa
Chairman, Executive Director and
Chief Executive Officer

Hong Kong, 11 July 2023

NOTICE OF EXTRAORDINARY GENERAL MEETING

Notes:

1. An eligible shareholder of the Company is entitled to appoint one or more proxies to attend and vote in his/her stead. A proxy does not need to be a shareholder of the Company.
2. In the case of joint registered holders of any share of the Company, any one of such persons may vote at the EGM (or any adjournment thereof), either in person or by proxy, in respect of such share as if he/she were solely entitled thereto, but the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the vote(s) of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register of members of the Company in respect of the relevant joint holding.
3. In order to be valid, the form of proxy, together with any power of attorney or other authority (if any) under which it is signed or a notarially certified copy thereof, must be deposited at the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not less than 48 hours before the time scheduled for holding the EGM (or any adjournment thereof).
4. Completion and return of the form of proxy will not preclude a shareholder of the Company from attending and voting in person at the EGM (or any adjournment thereof) should he/she so wish, and in such event, the form of proxy shall be deemed to be revoked.
5. The register of members of the Company will be closed from Monday, 24 July 2023 to Thursday, 27 July 2023 (both days inclusive), during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the EGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong not later than 4:30 p.m. on Friday, 21 July 2023.
6. The resolution set out in this notice will be decided by poll at the EGM.