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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

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 is expected to record a substantial increase in the audited annual consolidated profit attributable to owners of the Company for the year ended 31 July 2018 as compared to the consolidated profit attributable to the owners of the Company for the corresponding year ended 31 July 2017, primarily due to (i) a substantial increase in the revaluation gain of the Group's investment properties, (ii) the improving performance of the Group's garment business, which included a one-off gain on disposal of its entire equity interest in an indirect wholly-owned subsidiary of the Company after taking into account of the reclassification of exchange differences arisen on translation of the foreign operation and transaction costs as disclosed in the Company's announcement dated 24 August 2018; but partly offset by the diminution in the royalty income derived from the licensing of the brand "Crocodile" and the increase in the provision for doubtful debts due from licensees, and (iii) a one-off gain on disposal of one of its investment properties in Hong Kong as disclosed in the Company's announcement dated 19 January 2018 during the Year under review. Shareholders should note that the Group's financial results for the Year have not yet been finalised and is subject to audit by the Company's independent auditor.

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 unaudited consolidated management accounts of the Group for the year ended 31 July 2018 ("**Year**"), the board of directors of the Company ("**Board**") wishes to inform the shareholders of the Company ("**Shareholders**") and potential investors that the Group is expected to record a substantial increase in the audited annual consolidated profit attributable to owners of the Company for the Year, within the range of HK\$140 million to HK\$180 million, as compared to that of approximately HK\$88 million recorded in the corresponding year ended 31 July 2017.

The expected increase in consolidated profit attributable to owners of the Company for the Year, based on unaudited consolidated management accounts, is primarily due to (i) a substantial increase in the revaluation gain of the Group's investment properties, (ii) the improving performance of the Group's garment business, which included a one-off gain on disposal of its entire equity interest in an indirect wholly-owned subsidiary of the Company established in the People's Republic of China after taking into account of the reclassification of exchange differences arisen on translation of the foreign operation and transaction costs as disclosed in the Company's announcement dated 24 August 2018; but partly offset by the diminution in the royalty income derived from the licensing of the brand "Crocodile" and the increase in the provision for doubtful debts due from licensees, and (iii) a one-off gain on disposal of one of its investment properties in Hong Kong as disclosed in the Company's announcement dated 19 January 2018 during the Year under review. Shareholders should note that the Group's financial results for the Year have not yet been finalised and is subject to audit by the Company's independent auditor.

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 which have not yet been audited by the Company's independent auditor or reviewed by the Company's audit committee. The final results of the Group for the Year will be published on 29 October 2018.

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, 18 October 2018

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