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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

Profit Warning

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

The Board wishes to inform that the Group's unaudited interim results for the six months ended 31 January 2019 is expected to deteriorate greatly in the consolidated profit attributable to owners of the Company (2018: HK\$66,266,000), primarily due to the large decrease in gains arising from the revaluation of the Group's investment properties and the material devaluation of the financial assets at fair value through profit and loss 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 2018 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 2019 ("**Period**") is expected to deteriorate greatly in the consolidated profit attributable to owners of the Company (2018: HK\$66,266,000).

The expected great deterioration in the Group's results for the Period is primarily due to the large decrease in gains arising from the revaluation of the Group's investment properties and the material devaluation of the financial assets at fair value through profit and loss during the Period.

Having been robust for quite some time, the Hong Kong property market signaled a downturn currently under the decelerating global economy, especially Mainland China, and the prevailing Hong Kong governmental cooling measures. After consultation with an independent qualified professional valuer not connected to the Group, it is preliminarily anticipated that there would be a large decrease in gains arising from the revaluation of the Group's investment properties as at 31 January 2019 (2018: HK\$69,877,000).

On the other hand, the fierce swings in risk appetites of international investors, amid mixed news headlines such as the running hot and cold trade relationship between the United States and Mainland China, the "Brexit" impasse, disappointing economic data and poor business outlooks of large multinational enterprises, intensified the volatilities of financial and commodity markets around the world. Facing such a choppy and murky environment, the Group's portfolio on hand of financial assets at fair value through profit and loss suffered plunges in quoted values by brokers when marked-to-market, contrary to a profit of HK\$5,257,000 for the six months ended 31 January 2018.

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 2018, which have not yet been reviewed by the Company's audit committee. Further announcement in respect of the interim results will be made by the Company in compliance with Rule 13.09 of the Listing Rules and the Inside Information Provisions under Part XIVA of the SFO; and the unaudited interim results of the Group for the Period are expected to be published in late March 2019.

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, 13 February 2019

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.