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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 audited annual results for the Year is expected to deteriorate greatly as compared to the consolidated profit attributable to owners of the Company of HK\$162,493,000 in the last year, primarily due to the large decrease in gains arising from the revaluation of the Group's investment properties and the possible worsening performance of the garment business during the Year. On the other hand, the value of the financial assets at fair value through profit and loss recovered in the second half of the Year.

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 eleven months ended 30 June 2019 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 audited annual results for the year ended 31 July 2019 ("**Year**") is expected to deteriorate greatly as compared to the consolidated profit attributable to owners of the Company of HK\$162,493,000 in the last year.

The expected great deterioration in the Group's results for the Year is primarily due to the large decrease in gains arising from the revaluation of the Group's investment properties and the possible worsening performance of the garment business during the Year. The above deterioration is partly cushioned by the recovery in value of the financial assets at fair value through profit and loss in the second half of the Year.

Under the decelerating global economy, especially in Mainland China, and the enduring Hong Kong governmental cooling measures and current civil unrest, the upside momentum of Hong Kong property market withered. 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 July 2019 (2018: HK\$184,054,000).

The spending desire of Hong Kong and overseas customers in the Year dropped to nadir battered by various factors namely, the downturn of global economy, the devaluation of Renminbi, the absurd warm weather during the fall/winter season and the social chaos. Should the negative impact of the existing social chaos become seismic, the results of garment business are possibly foreseen to worsen consequentially upon any necessary provision for onerous contracts made on under-performing shops.

On the other hand, the Group's "Securities trading" segment suffered a loss of HK\$4,059,000 under the volatile capital markets worldwide for the six months ended 31 January 2019. Accredited to the Group's prompt reorganisation of the investment portfolios on hand and the unexpected shift of the monetary policy of the Federal Reserve of the United States thereafter, the value of financial assets at fair value through profit and loss held by the Group has recovered since then.

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 eleven months ended 30 June 2019, which have not yet been reviewed by the Company's audit committee. Further announcement(s) in respect of the annual 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 audited annual results of the Group for the Year are expected to be published in late October 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, 15 August 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.