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Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

INSIDE INFORMATION CHARGING ORDER NISI ON SELLING SHAREHOLDER

This announcement is made by Crocodile Garments Limited (“**Company**”, 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 in the Listing Rules) under Part XIVA of the Securities and Futures Ordinances (Chapter 571 of the Laws of Hong Kong).

References is made to the announcements of the Company dated 13 February 2015 and 12 June 2015 in relation to a memorandum of understanding dated 13 February 2015 (“**MOU**”) entered into between Rich Promise Limited (“**Selling Shareholder**”, a company beneficially owned by Dr. Lam Kin Ming (“**Dr. Lam**”, the controlling shareholder, an executive director, the chairman and the chief executive officer of the Company)), Dr. Lam as the guarantor to the Selling Shareholder, an independent third party (“**Potential Purchaser**”) and its beneficial owner (as the guarantor to the Potential Purchaser) regarding the possible acquisition of 472,200,000 ordinary shares in the share capital of the Company (“**Asset**”) held by the Selling Shareholder (“**Possible Transaction**”); and the termination of the Possible Transaction on 12 June 2015. Pursuant to the MOU, the Potential Purchaser had paid a sum of HK\$30 million to the Selling Shareholder (“**Subject Sum**”).

The board of directors of the Company (“**Board**”) wishes to inform the shareholders of the Company (“**Shareholders**”) and potential investors that the Company has been notified by the Selling Shareholder that the Selling Shareholder has received a judgement (“**Judgement**”) handed down by the High Court (“**Court**”) of the Hong Kong Special Administrative Region (“**Hong Kong**”) on 22 April 2020. The Court has ruled against the Selling Shareholder (as defendant) and ordered the Selling Shareholder to return the Subject Sum to the Potential Purchaser after the negotiation of the Possible Transaction fell through. The Selling Shareholder has decided to appeal against the Judgement (“**Appeal**”) to the Court of Appeal of Hong Kong and the procedure of the Appeal is in progress.

On 10 August 2020 (after trading hours), the Company received a letter from the solicitors of the Potential Purchaser enclosing a sealed copy of the Charging Order: Notice to Show Cause (“**Charging Order Nisi**”) in relation to the Judgement. Under the Charging Order Nisi upon the application of the Potential Purchaser, as the Subject Sum with accrued interests and cost of action with certificate for two Counsel (collectively, “**Judgement Sum**”) remain due and unpaid, the Selling Shareholder’s interest in the Asset is ordered to be charged with the Judgement Sum; and unless sufficient cause to the contrary be shown before the Court on 30 September 2020, the Charging Order Nisi will be made absolute and the Selling Shareholder’s interest in the Asset shall stand charged with the Judgement Sum.

The Board does not consider that the Judgement/Charging Order Nisi will have any material adverse impact on the business and/or operations of the Group. The Company will closely communicate with the Selling Shareholder and may seek legal advices under Hong Kong laws in respect of the effect of the Judgement/Charging Order Nisi on the Company's operations as a whole and make every effort and/or take further legal actions to protect its interests and the Shareholders' interests and appropriate actions will be taken if so advised.

The Company will make further announcement(s) to inform the Shareholders and potential investors of the Company for further significant developments in connection with the above, as and when appropriate.

Shareholders and potential investors are, therefore, advised to exercise caution when dealing in the shares of the Company.

For and on behalf of
Crocodile Garments Limited
Ko Ming Kin
*Chief Financial Officer and
Company Secretary*

Hong Kong, 11 August 2020

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.