
THIS PROSPECTUS IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this Prospectus or as to the action you should take, you should consult your licensed securities dealer or registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Crocodile Garments Limited, you should at once hand the Prospectus Documents to the purchaser(s) or transferee(s) or to the bank, or licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s). The Prospectus Documents should not, however, be distributed, forwarded or transmitted to, into or from any jurisdiction where to do so might constitute a violation of the relevant local securities laws or regulations.

A copy of each of the Prospectus Documents, together with the documents specified in the paragraph headed "12. Documents delivered to the Registrar of Companies" in Appendix III to this Prospectus, have been registered with the Registrar of Companies in Hong Kong as required by section 38D of the Companies (WUMP) Ordinance. The Registrar of Companies in Hong Kong, the Stock Exchange and the SFC take no responsibility as to the contents of any of document(s) referred to above.

You should read the whole of the Prospectus Documents including the discussions of certain risks and other factors as set out in the paragraph headed "Warning of the Risks of Dealing in Shares and Rights Shares" in the "Letter from the Board" in this Prospectus.

Subject to the granting of listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both nil-paid and fully-paid forms will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC and you should consult your stockbroker, a licensed dealer in securities, bank manager, solicitor, professional accountant or other professional adviser for details of those settlement arrangements and how such arrangements may affect your rights and interests. Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second settlement day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Hong Kong Exchanges and Clearing Limited, the Stock Exchange and HKSCC take no responsibility for the contents of the Prospectus Documents, make no representation as to their accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the Prospectus Documents.

Distribution of this Prospectus into jurisdictions other than Hong Kong may be restricted by law. Persons who come into possession of this Prospectus (including, without limitation, agents, custodians, nominees and trustees) should inform themselves of and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction for which Crocodile Garments Limited will not accept any liability.

The attention of Shareholders with registered addresses in, and investors who are located or residing in, any of the jurisdictions outside Hong Kong or holding Shares on behalf of beneficial owners of Shares with such addresses is drawn to the paragraph headed "The Overseas Shareholders" in the "Letter from the Board" in this Prospectus.

This Prospectus is for information purposes only and shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale or purchase of securities in any jurisdictions in which such offer, solicitation or sale would be unlawful.

The information provided in this Prospectus is purely for information purposes, and no information in this Prospectus should be considered to be business, financial, legal or tax advice regarding an investment in the Rights Shares (in both nil-paid and fully-paid forms) and/or the Shares.

Not for publication or distribution in the United States. Any failure to comply with this restriction may constitute a violation of U.S. Securities law.



Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

(Website: www.crocodile.com.hk)

RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE ON A NON-UNDERWRITTEN BASIS

Financial adviser to the Company
Platinum Securities Company Limited



PLATINUM
Securities

The Rights Issue will be made on a non-underwritten basis. Pursuant to the articles of association of the Company, the Companies (WUMP) Ordinance and the Listing Rules, there is no requirement for a minimum level of subscription in the Rights Issue and there is no minimum amount to be raised under the Rights Issue. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced.

The Rights Issue is subject to fulfillment of the conditions of the Rights Issue as set out in the section headed "Letter from the Board – Conditions of the Rights Issue" in this Prospectus. If the conditions of the Rights Issue are not fulfilled, the Rights Issue will not proceed. Any Shareholder or other person dealing in Shares and/or nil-paid Rights Shares up to the date on which the Rights Issue has become unconditional should be aware of the risk that the Rights Issue may not proceed and are advised to exercise caution.

Details on the expected timetable for the Rights Issue are set out in the section headed "Expected timetable" in this Prospectus. The procedures for acceptance and payment and/or transfer of the nil-paid Rights Shares are set out in the section headed "Letter from the Board – Rights Issue – Procedures for acceptance, payment and transfer" in this Prospectus. Shareholders and potential investors are recommended to consult their professional advisers if in doubt.

CONTENTS

	<i>Page</i>
NOTICES	1
EXPECTED TIMETABLE	2
DEFINITIONS	4
LETTER FROM THE BOARD	8
APPENDIX I – FINANCIAL INFORMATION OF THE GROUP	I-1
APPENDIX II – UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP	II-1
APPENDIX III – STATUTORY AND GENERAL INFORMATION	III-1

NOTICES

NOTICES TO OVERSEAS INVESTORS

Based on the legal advice of the Company's legal advisers in relation to the laws of the relevant overseas jurisdictions, the following notices are set out for the attention of the overseas investors in the following jurisdictions:

Singapore

The offer of Rights Shares (in their nil-paid and fully paid forms) by the Company is made only to and directed at, and the Rights Shares (in their nil-paid and fully paid forms) are only available to, persons with registered address situated in Singapore who are existing holders of the Shares previously issued by the Company as at the Record Date.

The Prospectus Documents have not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Prospectus Documents and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Rights Shares (in their nil-paid and fully paid forms) may not be circulated or distributed, nor may the Rights Shares (in their nil-paid and fully paid forms) be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) existing holders of the Shares pursuant to Section 273(1)(cd)(i) of the Securities and Futures Act 2001 of Singapore (the "SFA") or (ii) pursuant to, and in accordance with the conditions of, an exemption under Section 274 or Section 275 of the SFA or, where applicable, Section 276 of the SFA.

Qualifying Shareholders and/or any holder of the nil-paid Rights Shares may only offer the nil-paid Rights Shares in Singapore to (i) existing holders of the Shares or (ii) pursuant to, and in accordance with the conditions of, an exemption under Section 274 or Section 275 or, where applicable, Section 276 of the SFA.

Notification under Section 309B of the SFA: The Rights Shares (in their nil-paid and fully paid forms) are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in the MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

The United States

This Prospectus is not an offer of the securities for sale in the United States. The Rights Shares offered have not been, and will not be, registered under the U.S. Securities Act or any U.S. state securities laws and may not be offered or sold in the United States absent registration or an available exemption from the registration requirement of the U.S. Securities Act and applicable U.S. state securities laws. No public offering of Rights Shares is being made in the United States. This Prospectus shall not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation or sale would be unlawful.

EXPECTED TIMETABLE

The expected timetable for the Rights Issue is set out below:

Events	Hong Kong Date and Time 2022
Record Date for determining entitlements under the Rights Issue	Friday, 4 November
Despatch of the Prospectus Documents on the Prospectus Posting Date	Monday, 7 November
First day of dealings in nil-paid Rights Shares	Wednesday, 9 November
Latest time for splitting of nil-paid Rights Shares	4:30 p.m. on Friday, 11 November
Last day of dealings in nil-paid Rights Shares	Wednesday, 16 November
Latest Time for Acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares	4:00 p.m. on Monday, 21 November
Announcement of the results of the Rights Issue before commencement of the morning trading session on	Monday, 28 November
Despatch of Share certificates for the fully-paid Rights Shares and/or refund cheques on or before	Tuesday, 29 November
First day of dealings in fully-paid Rights Shares	Wednesday, 30 November

All times as stated above refer to Hong Kong local times. Dates specified above are indicative only and may be varied by the Company. If there is any change to such indicative timings, an announcement will be made by the Company as and when appropriate.

EXPECTED TIMETABLE

EFFECT OF BAD WEATHER ON THE LATEST TIME FOR ACCEPTANCE OF AND PAYMENT FOR RIGHTS SHARES AND FOR APPLICATION AND PAYMENT FOR EXCESS RIGHTS SHARES

The latest time for acceptance of and payment for Rights Shares and application and payment for Excess Rights Shares will not take place if there is a tropical cyclone warning signal no. 8 or above, a “black” rainstorm warning signal and/or extreme conditions caused by a super typhoon is:

- (i) in force in Hong Kong at any local time before 12:00 noon and no longer in force after 12:00 noon on Monday, 21 November 2022. Instead, the latest time for acceptance of and payment for the Rights Shares will be extended to 5:00 p.m. on the same Business Day; or
- (ii) in force in Hong Kong at any local time between 12:00 noon and 4:00 p.m. on Monday, 21 November 2022. Instead, the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares will be rescheduled to 4:00 p.m. on the following Business Day which does not have either of those warnings in force at any time between 9:00 a.m. and 4:00 p.m..

If the latest time for acceptance of and payment for the Rights Shares and for application and payment for Excess Rights Shares does not take place on Monday, 21 November 2022, the dates mentioned in the “Expected timetable” section above may be affected. The Company will notify the Shareholders by way of announcement of any change to the timetable for the Rights Issue as soon as practicable.

DEFINITIONS

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

“Announcement”	the announcement of the Company dated 20 October 2022 regarding the Rights Issue
“Beneficial Owner(s)”	beneficial owner(s) whose Shares are registered in the name of a Registered Shareholder
“Board”	the board of Directors
“Business Day”	a day on which banks in Hong Kong are generally open for business (other than a Saturday, Sunday, public holiday and any day on which a tropical cyclone warning signal No. 8 or above is hoisted or remains hoisted between 9:00 a.m. and 12:00 noon and is not lowered at or before 12:00 noon or on which “extreme conditions” caused by a super typhoon or a “black” rainstorm warning signal is hoisted or remains in effect between 9:00 a.m. and 12:00 noon and is not discontinued at or before 12:00 noon)
“CCASS”	the Central Clearing and Settlement System operated by HKSCC
“Companies (WUMP) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“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 on the Main Board of the Stock Exchange (Stock Code: 122)
“controlled corporation(s)”	has the same meaning as ascribed under the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Director(s)”	the director(s) of the Company
“EAF(s)”	the excess application form(s) to be issued to the Qualifying Shareholders to apply for Excess Rights Shares

DEFINITIONS

“Excess Rights Shares”	any Rights Shares provisionally allotted but not subscribed for prior to the Latest Time for Acceptance, any entitlements not provisionally allotted to any Non-Qualifying Shareholders, and any Rights Shares created from the aggregation of fractions
“Group”	the Company and its subsidiaries
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“HKSCC”	Hong Kong Securities Clearing Company Limited
“Hong Kong”	the Hong Kong Special Administrative Region of the People’s Republic of China
“Intermediary”	in relation to a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, means a Beneficial Owner’s broker, custodian, nominee or other relevant person who is a CCASS participant or who has deposited the Beneficial Owner’s Shares with a CCASS participant
“Irrevocable Undertaking”	the irrevocable undertaking executed by Ms. Lam, the Chairman and Chief Executive Officer of the Company and an Executive Director, pursuant to which Ms. Lam irrevocably undertook to the Company that her assured entitlements to Rights Shares and those of her controlled corporations will be taken up in full
“Latest Practicable Date”	Thursday, 3 November 2022, being the latest practicable date prior to the printing of this Prospectus for the purpose of ascertaining certain information contained herein
“Last Trading Day”	Thursday, 20 October 2022, being the date of the Announcement and the last full trading day of the Shares on the Stock Exchange immediately preceding the publication of the Announcement
“Latest Time for Acceptance”	4:00 p.m. on Monday, 21 November 2022, or such other time and date as the Company may determine, being the latest time and date for acceptance of and payment for the Rights Shares and application for and payment for Excess Rights Shares

DEFINITIONS

“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Ms. Lam”	Ms. Lam Wai Shan, Vanessa, the Chairman, Chief Executive Officer of the Company and an Executive Director
“Non-Qualifying Shareholder(s)”	the Overseas Shareholder(s) in respect of whom the Board, after making reasonable enquiries with the legal advisers in the relevant jurisdictions, considers it necessary or expedient not to offer the Rights Shares to such Overseas Shareholder(s) on account either of legal restrictions or prohibitions under the laws of the relevant jurisdictions or the requirements of the relevant regulatory body or stock exchange in such jurisdictions, and any Shareholder(s) whose address(es) as shown on such register of members of the Company at the close of business on the Record Date is/are in Canada and the United States are regarded as Non-Qualifying Shareholders
“Overseas Shareholder(s)”	the Shareholder(s) whose registered address(es) as shown in the register of members of the Company as at the close of business on the Record Date is/are outside Hong Kong
“PAL(s)”	the provisional allotment letter(s) for the Rights Shares to be issued to the Qualifying Shareholders in respect of their entitlements under the Rights Issue
“Prospectus”	this prospectus as issued by the Company in connection with the Rights Issue
“Prospectus Documents”	the Prospectus, the PAL and the EAF
“Prospectus Posting Date”	Monday, 7 November 2022, or such other date as the Company may determine, for the despatch of the Prospectus Documents
“Qualifying Shareholder(s)”	Shareholder(s), whose name(s) appear(s) on the register of members of the Company as at the close of business on the Record Date, other than the Non-Qualifying Shareholder(s)

DEFINITIONS

“Record Date”	Friday, 4 November 2022, or such other date as the Company may determine, being the date by reference to which entitlements of the Shareholders to participate in the Rights Issue are determined
“Registered Shareholder”	in respect of a Beneficial Owner, means a nominee, trustee, depository or any other authorised custodian or third party which is the registered holder in the register of members of the Company of Shares in which the Beneficial Owner is beneficially interested
“Registrar”	Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, being the Company’s share registrar and transfer office
“Rights Issue”	the issue by way of rights of the Rights Shares to the Qualifying Shareholders on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date at the Subscription Price
“Rights Share(s)”	up to 473,771,847 new Shares to be offered to the Qualifying Shareholders for subscription by way of the Rights Issue
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended and supplemented from time to time
“Share(s)”	ordinary share(s) in the share capital of the Company with no nominal value
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscription Price”	the subscription price of HK\$0.1 per Rights Share under the Rights Issue
“United States” or “US”	the United States of America (including its territories and dependencies, any state in the US and the District of Columbia)
“%”	per cent.

LETTER FROM THE BOARD

CROCODILE



Crocodile Garments Limited

(Incorporated in Hong Kong with limited liability)

(Stock Code: 122)

(Website: www.crocodile.com.hk)

Executive Directors:

Ms. Lam Wai Shan, Vanessa
(Chairman and Chief Executive Officer)

Dr. Lam Kin Ngok, Peter
Mr. Lam Kin Hong, Matthew
Mr. Wan Edward Yee Hwa

Registered Office/Principal 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

7 November 2022

To the Qualifying Shareholders,

Dear Sir or Madam,

**RIGHTS ISSUE ON THE BASIS OF ONE (1) RIGHTS SHARE FOR
EVERY TWO (2) EXISTING SHARES HELD ON THE RECORD DATE
ON A NON-UNDERWRITTEN BASIS**

INTRODUCTION

Reference is made to the Announcement in relation to, among other things, the Rights Issue.

The purpose of this Prospectus is to provide you with further information on the Rights Issue, including the procedures for acceptance of the Rights Shares provisionally allotted to you, and certain financial and general information of the Group.

LETTER FROM THE BOARD

THE RIGHTS ISSUE

Under the Rights Issue, the Company proposes to raise up to approximately HK\$47,377,185 before expenses by way of the issue to the Qualifying Shareholders of a maximum of 473,771,847 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date) at the Subscription Price of HK\$0.1 per Rights Share on the basis of one (1) Rights Share for every two (2) existing Shares held on the Record Date. The Rights Issue is available only to the Qualifying Shareholders and will not be extended to the Non-Qualifying Shareholders.

The principal terms of the Rights Issue are as follows:

Issue statistics

Basis of the Rights Issue	:	One (1) Rights Share for every two (2) existing Shares held by the Qualifying Shareholders on the Record Date
Subscription Price	:	HK\$0.1 per Rights Share
Number of Shares in issue on the Record Date	:	947,543,695 Shares
Maximum number of Rights Shares to be issued under the Rights Issue (assuming the Rights Issue is fully subscribed)	:	473,771,847 Rights Shares (assuming no change in the number of Shares in issue on or before the Record Date)
Maximum total number of issued Shares as enlarged by the Rights Issue (assuming the Rights Issue is fully subscribed)	:	1,421,315,542 Shares (assuming no change in the number of Shares in issue on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue)
Maximum amount to be raised before expenses (assuming the Rights Issue is fully subscribed)	:	No more than approximately HK\$47,377,185
Right of excess applications	:	Qualifying Shareholders may apply for Rights Shares in excess of their provisional allotments

LETTER FROM THE BOARD

Assuming no change in the number of issued Shares on or before the Record Date and that no new Shares (other than the Rights Shares) will be allotted and issued on or before completion of the Rights Issue, the 473,771,847 Rights Shares proposed to be provisionally allotted and issued pursuant to the Rights Issue represents approximately 50% of the issued share capital of the Company as at the Latest Practicable Date and will represent approximately 33.33% of the total number of issued Shares of the Company as enlarged by the issue of the Rights Shares.

Non-underwritten basis

The Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. In the event that the provisional allotments for the Rights Issue are not fully subscribed, any Rights Shares not taken up by the Qualifying Shareholders together with the Rights Shares not provisionally allotted to the Non-Qualifying Shareholders and aggregated fractions of Rights Shares will be made available for excess application under the EAFs. There is no minimum subscription level or minimum amount to be raised under the Rights Issue.

Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders, if any, should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the final size of the Rights Issue.

The Subscription Price

The Subscription Price of HK\$0.1 per Rights Share is payable in full upon the acceptance of the relevant provisional allotment of Rights Shares or, where applicable, upon an application of Excess Rights Shares.

The Subscription Price represents:

- (i) a discount of approximately 66.1% to the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (ii) a discount of approximately 66.4% to the average closing price per Share as quoted on the Stock Exchange for the last five (5) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.298 per Share;
- (iii) a discount of approximately 66.5% to the average closing price per Share as quoted on the Stock Exchange for the last ten (10) consecutive trading days up to and including the Last Trading Day of approximately HK\$0.299 per Share;

LETTER FROM THE BOARD

- (iv) a discount of approximately 56.5% to the theoretical ex-rights price of approximately HK\$0.23 per Share based on the closing price of HK\$0.295 per Share as quoted on the Stock Exchange on the Last Trading Day;
- (v) a discount of approximately 93.7% to the audited consolidated net asset value per Share as at 31 July 2022 of approximately HK\$1.576 (based on the audited net asset value attributable to the owners of the Company as at 31 July 2022 of approximately HK\$1,493.4 million as disclosed in the annual report of the Company for the year ended 31 July 2022 and 947,543,695 Shares in issue as at the Latest Practicable Date); and
- (vi) a theoretical dilution effect (as defined under Rule 7.27B of the Listing Rules) of approximately 22.8%, represented by a discount of the theoretical diluted price of approximately HK\$0.23 per Share to the benchmarked price of approximately HK\$0.298 per Share (as defined under Rule 7.27B of the Listing Rules, taking into account the higher of the closing price on the Last Trading Day of HK\$0.295 per Share and the average of the closing prices of the Shares as quoted on the Stock Exchange for the five consecutive trading days preceding the Last Trading Day of approximately HK\$0.298 per Share).

The Subscription Price was determined by the Company with reference to the market price of the Shares under prevailing market conditions and the financial position of the Group.

The Directors consider that the discount of the Subscription Price would be necessary to enhance the attractiveness of, and to encourage Shareholders to participate in, the Rights Issue, in particular in view of the sustained low trading volume and low market price of the Shares in recent years, and accordingly to maintain their shareholdings in the Company and to participate in the growth and development of the Group going forward. Despite the dilutive impact of the Rights Issue on those Shareholders who do not take up their entitlements to the Rights Shares, the Directors consider that the significant discount of the Subscription Price provides all Shareholders with the opportunity to maintain their shareholdings in the Company at a lower cost through this fund raising, and that this approach balances the interests of both the Company and the Shareholders in the exercise. Taking into account the reasons for the Rights Issue as stated in the section headed “Reasons for the Rights Issue and the Use of Proceeds” below, the Directors believe that the terms of the Rights Issue, including the Subscription Price, are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

Basis of provisional allotment

The basis of provisional allotment of Rights Shares is one (1) Rights Share (in nil-paid form) for every two (2) existing Shares held by the Qualifying Shareholders as at the close of business on the Record Date.

LETTER FROM THE BOARD

Application for all or any part of a Qualifying Shareholder's provisional allotments should be made by completing the PAL (in accordance with the instructions printed thereon) and lodging the same with a remittance for the Rights Shares being applied for with the Registrar, Tricor Tengis Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 21 November 2022.

Qualifying Shareholders who take up their pro rata assured entitlements in full will not suffer any dilution to their interests in the Company apart from any nominal dilution resultant from the non-issuance of fractional Rights Shares.

Status of the Rights Shares

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with the Shares then in issue. Holders of fully-paid Rights Shares will be entitled to receive all future dividends and distributions which may be declared, made or paid by the Company the record dates of which fall on or after the date of issue of the fully paid Rights Shares.

The Qualifying Shareholders

The Rights Issue is only available to the Qualifying Shareholders. Shareholders, who are not Non-Qualifying Shareholders, having a registered address in Hong Kong as shown on the register of members of the Company at the close of business on the Record Date qualify for the Rights Issue.

The Non-Qualifying Shareholders

The Company does not extend the Rights Issue to the Non-Qualifying Shareholders. Accordingly, no provisional allotment of Rights Shares is made to the Non-Qualifying Shareholders and Non-Qualifying Shareholders are not entitled to apply for Rights Shares.

Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders will be made available for excess application by the Qualifying Shareholders under the EAFs.

The Company would, to the extent permitted under the relevant laws and regulations and reasonably practicable, send copies of this Prospectus to the Non-Qualifying Shareholders for their information only but would not send the PAL or EAF to them.

LETTER FROM THE BOARD

The Overseas Shareholders

Based on the register of members of the Company on the Record Date, there were 11 Shareholders with registered addresses situated in Malaysia, the United States, Canada, Singapore and Macau, details of which are as follows:

Country/Area	Total Shareholders	% of Shareholders	Total Shareholdings	% of Issued Shares
Hong Kong	547	98.0287%	947,313,841	99.9757%
Malaysia	6	1.0753%	150,000	0.0158%
United States	2	0.3584%	13,828	0.0015%
Canada	1	0.1792%	50,000	0.0053%
Singapore	1	0.1792%	15,996	0.0017%
Macau	<u>1</u>	<u>0.1792%</u>	<u>30</u>	<u>0.0000%</u>
Total	<u><u>558</u></u>	<u><u>100%</u></u>	<u><u>947,543,695</u></u>	<u><u>100%</u></u>

If, at the close of business on the Record Date, a Shareholder's address on the Company's register of members is in a place outside Hong Kong, such Shareholder may not be eligible to take part in the Rights Issue as explained below. The Prospectus Documents will not be filed or registered under the applicable securities legislation of any jurisdiction other than Hong Kong. Nevertheless, pursuant to the requirements under section 229 and section 230 of the Capital Markets and Services Act 2007 of Malaysia, a copy of the Prospectus Documents will be deposited with the Securities Commission of Malaysia within seven days of the issue of this Prospectus.

The Company notes the requirements specified in the notes to Rule 13.36(2)(a) of the Listing Rules, has made reasonable enquiries regarding the feasibility of extending the Rights Issue to Overseas Shareholders present on the Record Date, and has been advised by its offshore counsels that under the applicable legislations of Singapore, Macau and Malaysia, either (i) there is no legal or regulatory prohibition or restriction or requirement of any regulatory body or stock exchange with respect to extending the Rights Issue to the Overseas Shareholders in such relevant jurisdictions; (ii) making the Rights Issue to these Overseas Shareholders meets the relevant exemption requirements in the relevant jurisdictions such that it would be exempt from obtaining approval from and/or registration of the Prospectus Documents with the relevant regulatory authorities under the applicable laws and regulations of such jurisdictions; or (iii) the potential costs for complying with the regulatory requirements under the applicable laws and regulations of the relevant jurisdictions are minimal.

Accordingly, the Rights Issue is extended to the Overseas Shareholders having registered addresses in Singapore, Macau and Malaysia and such Overseas Shareholders are regarded as Qualifying Shareholders.

LETTER FROM THE BOARD

The Company has also obtained advice from legal advisers in Canada and the United States. Having considered the circumstances, the Directors are of the view that it is necessary or expedient not to offer the Rights Shares (in their nil-paid and fully paid forms) to Overseas Shareholders with registered addresses in Canada and the United States due to the time and costs involved in the registration or filing of the Prospectus Documents and/or approval required by the relevant authorities in Canada and the United States and/or additional steps the Company and/or Overseas Shareholders need to take to comply with the relevant legal or regulatory requirements therein.

Accordingly, any Shareholder(s) whose address(es) as shown on such register of members of the Company at the close of business on the Record Date is/are in Canada or the United States are regarded as Non-Qualifying Shareholders and excluded from the Rights Issue.

The Company will, to the extent permitted under the relevant laws and regulations and reasonably practicable, send copies of this Prospectus to the Non-Qualifying Shareholders for their information only, but will not send the PAL or EAF to them. For the avoidance of doubt, the Rights Issue is not conditional upon the posting of any of the Prospectus Documents to any Non-Qualifying Shareholders.

The Rights Issue does not constitute any offer or invitation to sell, issue or solicit for Shares in any jurisdiction in which such actions are unlawful or otherwise restricted. Accordingly, Overseas Shareholders and beneficial owners of Shares who are residing outside Hong Kong should inform themselves of and observe any such restrictions, if applicable, and exercise caution when dealing in the Shares.

No fractional entitlement to the Rights Shares

The Company will not provisionally allot fractions of Rights Shares in nil-paid form. All fractions of Rights Shares will be aggregated (and rounded down to the nearest whole number of a Share) and made available for excess application by Qualifying Shareholders under the EAFs.

Odd lot arrangement

No odd lot matching services will be provided.

LETTER FROM THE BOARD

Procedures for acceptance, payment and transfer

General

Any person (including, without limitation, agents, custodians, nominees and trustees) wishing to take up his/her/its rights under the Rights Issue must satisfy himself/herself/itself as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

No action has been taken to permit the offering of the Rights Shares or the distribution of the Prospectus Documents in any territory other than Hong Kong. Accordingly, no person receiving the Prospectus Documents in any territory outside Hong Kong may treat it as an offer or invitation to apply or subscribe for the Rights Shares, unless in a territory where such an offer or invitation could lawfully be made without compliance with any registration or other legal and regulatory requirements thereof. Completion and return of the PAL(s) and/or EAF(s) by anyone outside Hong Kong will constitute a warranty and representation by such person to the Company that all registration, legal and regulatory requirements of such relevant jurisdictions in connection with the PAL and/or the EAF(s) and any acceptance of the PAL, have been, or will be, duly complied with. The Company reserves the right to refuse to accept any application or subscription for or transfer of Rights Shares where it believes that doing so would violate the applicable securities or other laws or regulations of any jurisdiction.

For the avoidance of doubt, neither HKSCC nor HKSCC Nominees Limited will give, or be subject to, any of the above warranty and representation.

Action to be taken by Qualifying Shareholders

Subscription for all Rights Shares provisionally allotted

For each Qualifying Shareholder, a PAL is enclosed with this Prospectus which entitles the Qualifying Shareholder to whom it is addressed to subscribe for the number of Rights Shares shown thereon. If a Qualifying Shareholder(s) wish(es) to take up his/her/their right to subscribe for any or all the Rights Shares provisionally allotted to him/her/them as specified in the PAL, he/she/they must lodge the PAL in accordance with the instructions printed thereon, together with a remittance for the full amount payable on acceptance, with the Registrar by no later than the Latest Time for Acceptance. All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**CROCODILE GARMENTS LIMITED – Rights Issue Account**" and crossed "**Account Payee Only**".

LETTER FROM THE BOARD

It should be noted that unless the PAL, together with the appropriate remittance, has been lodged with the Registrar by the Latest Time for Acceptance, whether by the original allottee or any person in whose favour the rights have been validly transferred, that provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled and such Rights Shares will be made available for application under the EAFs by the Qualifying Shareholders. The Company is not obliged but may, at its absolute discretion, treat a PAL as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

The PAL contains further information regarding the procedures to be followed for acceptance of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders. All cheques or cashier's orders will be presented for payment immediately upon receipt and any interests earned on such monies will be retained for the benefit of the Company. Completion and lodgement of a PAL together with a cheque or cashier's order in payment for the Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any PAL in respect of which the cheque or cashier's order is dishonoured on first presentation, and in that event the provisional allotment and all rights and entitlements thereunder will be deemed to have been declined and will be cancelled.

If the conditions of the Rights Issue are not fulfilled, the monies received in respect of acceptances of the Rights Shares will be refunded to the Qualifying Shareholders (or such other persons to whom the nil-paid Rights Shares have been validly transferred) without interest, by means of cheques to be despatched by ordinary post to their registered addresses, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members or the transfer form, at their own risk.

Transfer and "Splitting" of nil-paid Rights Shares

The nil-paid Rights Shares can be traded on the Stock Exchange. A Qualifying Shareholder can accept all of his/her/its provisional allotment of Rights Shares or sell all of his/her/its provisional allotment on the Stock Exchange or accept only part of his/her/its provisional allotment and sell the remaining part on the Stock Exchange.

If a Qualifying Shareholder wishes to accept only part of his/her/its provisional allotment or transfer part of his/her/its rights to subscribe for the Rights Shares provisionally allotted to him/her/it under the PAL or to transfer all or part of his/her/its rights to more than one person, the original PAL must be surrendered and lodged for cancellation no later than 4:30 p.m. on Friday, 11 November 2022 with the Registrar, who will cancel the original PAL and issue new PALs in the denominations required which will be available for collection at the Registrar after 9:00 a.m. on the second Business Day after the surrender of the original PAL. This process is commonly known as "splitting" the nil-paid Rights Shares.

LETTER FROM THE BOARD

Having “split” the nil-paid Rights Shares, a Qualifying Shareholder who wishes to accept the provisional allotment of Rights Shares represented by a new PAL should do so in accordance with the instructions given above in relation to the subscription for all the Rights Shares provisionally allotted.

If a Qualifying Shareholder wishes to transfer all of his/her/its nil-paid Rights Shares under a PAL (or a split PAL, as the case may be) to another person, he/she/it should complete and sign the registration information in the PAL and hand the PAL to the person to or through whom he/she/it is transferring his/her/its nil-paid Rights Shares. The transferee must then complete and sign the registration details in the PAL and lodge the PAL intact, together with a remittance for the full amount payable on acceptance with the Registrar by no later than the Latest Time for Acceptance.

The PAL contains further information regarding the procedures to be followed for transfer of the whole or part of the provisional allotment of the Rights Shares by the Qualifying Shareholders.

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS)

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to subscribe for the Rights Shares provisionally allotted to such Registered Shareholder, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

Such instructions and/or arrangements should be given or made in advance and before the relevant dates stated in the section headed “Expected Timetable” of this Prospectus in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to subscribe for the Rights Shares provisionally allotted to HKSCC Nominees Limited, or sell the respective nil-paid Rights Shares or “split” those nil-paid Rights Shares and accept part of the provisional allotment and sell the remaining part, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to the acceptance, transfer and/or “splitting” of the nil-paid Rights Shares.

LETTER FROM THE BOARD

Such instructions and/or arrangements should be given or made in advance and before the relevant dates stated in the section headed “Expected Timetable” of this Prospectus and otherwise in accordance with the requirements of your Intermediary in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect. The procedure for acceptance, transfer and/or “splitting” by CCASS participants of the Rights Shares provisionally allotted to CCASS stock accounts in respect of the Shares registered in the name of HKSCC Nominees Limited shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to the manner in which such Beneficial Owners’ interests in nil-paid Rights Shares should be dealt with.

Application for Excess Rights Shares

All Qualifying Shareholders are entitled to apply by way of excess application under the EAFs for additional Rights Shares in excess of their assured entitlements.

The Excess Rights Shares will comprise:

- (i) any Rights Shares provisionally allotted but not accepted by any of the Qualifying Shareholders or otherwise subscribed for by transferees of nil-paid Rights Shares prior to the Latest Time for Acceptance;
- (ii) any Rights Shares which would otherwise have been provisionally allotted to the Non-Qualifying Shareholders; and
- (iii) any Rights Shares created from the aggregation of fractions of Rights Shares not provisionally allotted to the Qualifying Shareholders.

Basis of allocation of Excess Rights Shares

The Company will allocate the Excess Rights Shares at its discretion on a fair and equitable basis as far as practicable on the following principles:

- (i) if there are insufficient Excess Rights Shares to satisfy all EAFs, Excess Rights Shares will be allocated on a pro rata basis by reference to the number of Excess Rights Shares applied for in the relevant EAFs by the relevant Qualifying Shareholders;

LETTER FROM THE BOARD

- (ii) otherwise (i.e. if the aggregate number of Rights Shares not taken up by the Qualifying Shareholders and/or transferees of nil-paid Rights Shares under the PALs is greater than the aggregate number of Excess Rights Shares applied for through the EAFs), Excess Rights Shares will be allocated in full in accordance with the EAFs to each Qualifying Shareholder who applies for Excess Rights Shares.

For the avoidance of doubt, in applying the principles above, reference will only be made to the number of Excess Rights Shares being applied for in the relevant EAFs, and no reference will be made to the Rights Shares comprised in applications through PAL or the existing number of Shares held by the relevant Qualifying Shareholders and no preference will be given to applications for topping up odd lots.

Important notice to Beneficial Owners: Shareholders whose Shares are held by a nominee (or held through CCASS) should note that the Board will regard such nominee (including HKSCC Nominees Limited) as a single Shareholder according to the register of members of the Company. Accordingly, the aforesaid arrangement for allocation of Excess Rights Shares by the Company may not be extended to the Beneficial Owners individually.

Action to be taken by Qualifying Shareholders who wish to apply for excess Rights Shares

Application for Excess Rights Shares can be made only by Qualifying Shareholders duly completing the EAFs (in accordance with the instructions printed thereon) and lodging the same with a separate remittance for the Excess Rights Shares being applied for with the Registrar on or before the Latest Time for Acceptance, which is expected to be 4:00 p.m. on Monday, 21 November 2022.

All remittances must be made in Hong Kong dollars and cheques must be drawn on an account with, or cashier's orders must be issued by, a licensed bank in Hong Kong and made payable to "**CROCODILE GARMENTS LIMITED – Excess Application Account**" and crossed "**Account Payee Only**".

Qualifying Shareholders who wish to apply for Excess Rights Shares in addition to their provisional allotments must complete both the PAL and the EAF.

LETTER FROM THE BOARD

Completion and return of the EAF by anyone outside Hong Kong will constitute a warranty and representation to the Company that all the local registration, legal and regulatory requirements of such relevant jurisdictions other than Hong Kong in connection with the EAF and any application under it, have been, or will be, duly complied with. For the avoidance of doubt neither HKSCC nor HKSCC Nominees Limited is subject to any of the representations and warranties. The EAF is for use only by the person(s) to whom it is addressed and is not transferable. All documents, including refund cheques for wholly or partially unsuccessful applications for Excess Rights Shares, will be despatched by ordinary post at the risk of the persons entitled thereto to their respective registered addresses as shown on the Record Date in the register of members of the Company.

All cheques or cashier's orders will be presented for payment immediately upon receipt and all interests earned on such monies will be retained for the benefit of the Company. Completion and lodgement of an EAF together with a cheque or cashier's order in payment for the Excess Rights Shares applied for will constitute a warranty by the applicant that the cheque or cashier's order will be honoured on first presentation. Without prejudice to its other rights in respect thereof, the Company reserves the right to reject any EAF in respect of which the cheque or cashier's order is dishonoured on first presentation.

The Company is not obliged but may, at its absolute discretion, treat an EAF as valid and binding on the person(s) by whom or on whose behalf it is lodged even if not completed in accordance with the relevant instructions.

If no Excess Rights Shares are allotted and issued to a Qualifying Shareholder, the amount tendered on application is expected to be refunded to that Qualifying Shareholder in full without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder. If the number of excess Rights Shares allotted and issued to a Qualifying Shareholder is less than that applied for, the surplus application monies are also expected to be refunded to that Shareholder without any interest by means of cheque(s) despatched by ordinary post and at the risk of that Shareholder.

If the conditions of the Rights Issue are not fulfilled, the monies received in respect of relevant applications for excess Rights Shares will be returned to the relevant persons without interest, by means of cheques to be despatched by ordinary post to their registered address, and in the case of joint applicants to the registered address of the first-mentioned person who appears on the register of members, at their own risk.

LETTER FROM THE BOARD

Action to be taken by Beneficial Owners whose Shares are held by a Registered Shareholder (other than Shares deposited in CCASS) who wish to apply for Excess Rights Shares

If you are a Beneficial Owner whose Shares are registered in the name of a Registered Shareholder and you wish to apply for Excess Rights Shares, you should contact the Registered Shareholder and provide the Registered Shareholder with instructions or make arrangements with the Registered Shareholder in relation to such application. Such instructions and/or arrangements should be given or made in advance and before the latest time for application and payment for Excess Rights Shares stated in the section headed “Expected Timetable” of this Prospectus, in order to provide the Registered Shareholder with sufficient time to ensure that your instructions are given effect.

Action to be taken by Beneficial Owners holding interests in Shares through CCASS who wish to apply for Excess Rights Shares

If you are a Beneficial Owner whose Shares are deposited in CCASS and registered in the name of HKSCC Nominees Limited, and you wish to apply for Excess Rights Shares, you should (unless you are a CCASS participant) contact your Intermediary and provide your Intermediary with instructions or make arrangements with your Intermediary in relation to such application. Such instructions and/or arrangements should be given or made in advance and before the date stated in the section headed “Expected Timetable” of this Prospectus as the latest time for application and payment for Excess Rights Shares and otherwise in accordance with the requirements of your Intermediary, in order to provide your Intermediary with sufficient time to ensure that your instructions are given effect.

The procedures for application for Excess Rights Shares by CCASS participants shall be in accordance with the General Rules of CCASS, the CCASS Operational Procedures and any other requirements of CCASS.

Beneficial Owners who are CCASS participants should contact CCASS and provide CCASS with instructions or make arrangements with CCASS in relation to any applications for Excess Rights Shares. HKSCC Nominees Limited will allocate the Excess Rights Shares it receives to the relevant CCASS participants pro rata to the number of Excess Rights Shares each has applied for, or in such other manner as HKSCC Nominees Limited considers fair and appropriate, pursuant to the allocation basis stipulated in Rule 8.10.4(ix) of the CCASS Operational Procedures.

LETTER FROM THE BOARD

Share certificates and refund cheques for the Rights Issue

Subject to fulfilment of the conditions of the Rights Issue, share certificates for all fully paid Rights Shares are expected to be posted to those entitled thereto by ordinary post to their registered addresses, at their own risks, on or before Tuesday, 29 November 2022. Refund cheques in respect of wholly or partially unsuccessful applications for Excess Rights Shares, or for refunds if the Rights Issue does not proceed, are expected to be despatched on or before Tuesday, 29 November 2022 to the relevant applicants concerned.

Stamp duty and taxation

Dealings in the Rights Shares (in both nil-paid and fully paid forms) will be subject to payment of stamp duty, Stock Exchange trading fee, SFC transaction levy, and any other applicable fees and charges in Hong Kong.

Shareholders are advised to consult their professional advisers if they are in doubt as to the taxation implications of the receipt, holding, subscription, disposing of or dealing in the nil-paid Rights Shares or the fully-paid Rights Shares.

Application for listing

The Company will apply to the Stock Exchange for the listing of, and permission to deal in, the Rights Shares, in both their nil-paid and fully-paid forms. No securities of the Company in issue or the Rights Shares for which listing or permission to deal is to be sought is listed or dealt in on any other stock exchange. Rights Shares in both their nil-paid and fully-paid forms will be traded in board lots of 1,000 Shares.

Admission of Rights Shares into CCASS

Subject to the granting of the listing of, and permission to deal in, the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange as well as compliance with the stock admission requirements of HKSCC, the Rights Shares in both their nil-paid and fully-paid forms are expected to be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the respective commencement dates of dealings in the Rights Shares in both their nil-paid and fully-paid forms on the Stock Exchange or such other dates as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange on any trading day is required to take place in CCASS on the second trading day thereafter. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. Shareholders whose Shares are held through CCASS should seek advice from their stockbroker or other professional adviser for details of those settlement arrangements and how such arrangements will affect their rights and interests.

All necessary arrangements will be made to enable the Rights Shares in both their nil-paid and fully-paid forms to be admitted to CCASS.

LETTER FROM THE BOARD

CONDITIONS OF THE RIGHTS ISSUE

The Rights Issue is conditional upon the fulfilment of each of the following conditions:

- (i) the delivery to the Stock Exchange and filing and registration with the Registrar of Companies in Hong Kong no later than the Prospectus Posting Date of the Prospectus Documents and other documents in compliance with the Companies (WUMP) Ordinance and otherwise complying with the requirements of the Listing Rules and the Companies (WUMP) Ordinance;
- (ii) the posting of the Prospectus Documents to the Qualifying Shareholders on the Prospectus Posting Date; and
- (iii) the Listing Committee of the Stock Exchange granting or agreeing to grant and not having withdrawn or revoked the listing of and permission to deal in all the Rights Shares (in their nil-paid and fully-paid forms) before the first day of dealings of the Rights Shares in their nil-paid forms, i.e. by Tuesday, 8 November 2022.

If any of the above conditions is not fulfilled by Monday, 28 November 2022, the Rights Issue will not proceed. All the above conditions cannot be waived. Upon the Qualifying Shareholders' receipt of the Prospectus Documents, conditions (i) and (ii) above can be considered as fulfilled.

THE IRREVOCABLE UNDERTAKING

As at the Latest Practicable Date, the Board has not received any information or irrevocable undertaking from any substantial Shareholders of their intention to take up the Rights Shares to be provisionally allotted to them, save for the Irrevocable Undertaking given by Ms. Lam, the Chairman, Chief Executive Officer of the Company and an Executive Director, who is interested directly and through controlled corporations in an aggregate of 498,335,500 Shares (representing approximately 52.59% of all issued Shares as at the Latest Practicable Date).

Pursuant to the Irrevocable Undertaking, Ms. Lam irrevocably undertook with the Company that (i) she will, and will procure her controlled corporations to, subscribe for not less than 249,117,750 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 498,235,500 Shares beneficially held by them as at the date of the Irrevocable Undertaking (provided that the subscription by any one or more of Ms. Lam and/or her controlled corporation(s) of the entire 249,117,750 Rights Shares will constitute fulfilment of such undertaking); and (ii) she will not, and will procure her controlled corporations not to, dispose of any of the 498,235,500 Shares comprising their aggregate shareholding in the Company as at the date of the Irrevocable Undertaking, and such Shares will remain beneficially owned by them, up to and including the date of completion of the Rights Issue or the date on which the Company announces that the Rights Issue will not proceed, whichever is earlier.

LETTER FROM THE BOARD

The Company has been informed by Ms. Lam of her intention to (directly and/or through her controlled corporation(s)) apply for Excess Rights Shares to support the Group's cash position. Pursuant to Rule 7.21(3)(b) of the Listing Rules, the Company will take reasonable steps to identify the applications for Excess Rights Shares made by Ms. Lam and her controlled corporation(s), whether in their own names or through nominees, and will disregard their applications for Excess Rights Shares to the extent the total number of Excess Rights Shares they have applied for exceeds a maximum number equivalent to the total number of Rights Shares offered (being 473,771,847 Shares) minus the number of Rights Shares taken up by Ms. Lam and her controlled corporations under their assured entitlements.

EFFECT OF THE RIGHTS ISSUE ON SHAREHOLDINGS IN THE COMPANY

For illustration purpose only, the shareholding structure of the Company (i) as at the Record Date; and (ii) immediately after completion of the Rights Issue assuming (a) all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full; or (b) none of the Qualifying Shareholders other than Ms. Lam and her controlled corporations have taken up their respective entitlements of the Rights Shares and applied for all Excess Rights Shares, and assuming no new Shares will be issued before completion of the Rights Issue other than the Rights Shares, are expected to be as follows:

	(i) As at the Record Date		(ii) Immediately after completion of the Rights Issue assuming all Qualifying Shareholders have taken up their respective entitlements of the Rights Shares in full		(iii) Immediately after completion of the Rights Issue assuming none of the Qualifying Shareholders other than Ms. Lam and her controlled corporations have taken up their respective entitlement of the Rights Shares and applied for all Excess Rights Shares	
	Number of Shares	Approximate %	Number of Shares	Approximate %	Number of Shares	Approximate %
Ms. Lam and her controlled corporations:						
Rich Promise Limited (Note 1)	472,200,000	49.83	708,300,000	49.83	921,124,602	64.81
Honorman Limited (Note 1)	19,003,000	2.01	28,504,500	2.01	37,069,316	2.61
Novel Voyage Development Limited (Note 2)	1,500,000	0.16	2,250,000	0.16	2,926,063	0.21
Ms. Lam (Note 3)	<u>5,632,500</u>	<u>0.59</u>	<u>8,448,750</u>	<u>0.59</u>	<u>10,987,366</u>	<u>0.77</u>
Sub-total:	498,335,500	52.59	747,503,250	52.59	972,107,347	68.40
Wan Edward Yee Hwa (Note 4)	610,000	0.06	915,000	0.06	610,000	0.04
Public Shareholders	<u>448,598,195</u>	<u>47.35</u>	<u>672,897,292</u>	<u>47.35</u>	<u>448,598,195</u>	<u>31.56</u>
Total:	<u>947,543,695</u>	<u>100.00</u>	<u>1,421,315,542</u>	<u>100.00</u>	<u>1,421,315,542</u>	<u>100.00</u>

LETTER FROM THE BOARD

Notes:

- (1) *Rich Promise Limited is owned as to 99.99% by Honorman Limited, which in turn is owned as to 51% by Ms. Lam, thus both Rich Promise Limited and Honorman Limited constitute Ms. Lam's controlled corporations and Ms. Lam is deemed to be interested in the Shares held by such controlled corporations.*
- (2) *Novel Voyage Development Limited is owned as to 50% by Ms. Lam and thus constitutes Ms. Lam's controlled corporation and Ms. Lam is deemed to be interested in the Shares held by such controlled corporation.*
- (3) *Ms. Lam is the Chairman, Chief Executive Officer of the Company and an Executive Director.*
- (4) *Mr. Wan Edward Yee Hwa is an Executive Director.*
- (5) *Certain figures included in the above tables have been subject to rounding adjustments. Accordingly, figures shown as totals or sub-totals may not represent precise arithmetic aggregations. The respective post-completion shareholdings and percentages, including those of Ms. Lam and her controlled corporations, as shown above are indicative only and will be subject to the final figures to be announced by the Company upon completion of the Rights Issue.*

INFORMATION ON THE GROUP

The principal businesses of the Group are garment and related accessories business, property investment and letting business and treasury management.

REASONS FOR THE RIGHTS ISSUE AND THE USE OF PROCEEDS

Against the backdrop of the global trend in recent months of interest rates increases and continued volatility in the financial and lending markets, and taking into account the Group's capital requirements and savings in underwriting costs by conducting the Rights Issue on a non-underwritten basis, the Directors have considered and evaluated the costs, benefits and timings of the deployment of the existing available resources of the Group and the different fund-raising alternatives available to the Group including but not limited to debt financing and equity fund raising, and the possible impact on the interests of Shareholders.

As at 31 July 2022, the Group had bank balances and cash amounting to approximately HK\$277.7 million and unutilised banking facilities available for general working capital amounting to approximately HK\$0.2 million, and bank borrowings amounting to approximately HK\$249.4 million (of which approximately HK\$226 million were short-term revolving loans repayable on demand and approximately HK\$23 million were repayable within one year). Based on the aforesaid figures, as at 31 July 2022, the Group had readily deployable current assets (being the sum of bank balances and cash and unutilised banking facilities available for general working capital minus bank borrowings repayable on demand and within one year) (“**Readily Deployable Current Assets**”) of only approximately HK\$28.5 million. On the other hand, the estimated amount of interest on bank borrowings payable within one year will exceed HK\$16 million, and the estimated amount of retail shops' rental related expenses (including renovation

LETTER FROM THE BOARD

costs of new shops) payable within one year will exceed HK\$17 million. The calculation of the Readily Deployable Current Assets, for the purpose of this calculation and to reflect practical financial situations (versus accounting treatments), has excluded the value of financial assets at fair value through profit or loss (i.e. investment portfolio) of approximately HK\$164 million and the corresponding margin loans of approximately HK\$28.5 million, because the Directors take the view that selling the Group's financial assets at a loss amidst the global market downturn would not be in the best interests of the Group and the Shareholders as a whole. On this basis, and prior to taking into account other operating and administrative expenses of the Group, the Readily Deployable Current Assets of the Group within one year has resulted in a shortfall.

The Board has therefore concluded, in the light of the above figures and the recent market instability, that it is desirable for the Company to raise further funds to cater for the Group's daily operational needs, to be prepared for any unexpected demand for immediate repayment made by banks in respect of the short-term revolving loans of the Group which are repayable on demand (amounting to approximately HK\$226 million as of 31 July 2022), and to reduce the level of gearing further to be prepared for contingency and to prevent any potential immediate cashflow issue. The Board has also taken into account the current gearing ratio of the Group of 56% as part of its consideration. Over the past few months, the Board has revised its view on what constitutes prudent cash reserves in the wake of the recent significant deterioration in both equity and credit markets globally, which led the Board to conclude that an immediate addition of equity capital was desirable. There is also an incremental benefit to this approach, since it offers the Company an opportunity to reduce outstanding debt further at a time when local interest rates are rising rapidly and appear to be trending even higher.

The Company has considered other methods of equity fund raising apart from a rights issue. A placing of new Shares would be relatively smaller in scale in comparison to the amount which can be raised through a rights issue and would lead to immediate dilution in the shareholding interest of the existing Shareholders without offering them the opportunity to participate in the enlarged capital base of the Company, which is not the intention of the Company. An open offer would be similar to a rights issue in offering qualifying shareholders to participate, but would not allow free trading of rights entitlements in the open market.

The Company also takes the view that further debt financing by the Group would not be preferable under current market conditions, as it will result in an additional interest burden, increase the gearing ratio of the Group and subject the Group to increased repayment obligations, at a time when interest rates are on a steadily rising trend. In addition, debt financing may not be achievable on favourable terms for the Group in a timely manner, as it may be subject to lengthy due diligence and negotiations with financial institutions and may also require pledge of assets and/or other kind of securities.

LETTER FROM THE BOARD

The Company therefore considers the Rights Issue to be the most appropriate structure for the Group to enhance its financial position without increasing its gearing or finance costs. The Board believes that the enhanced capital position of the Company from the Rights Issue will provide the Group with immediate financial resources to navigate the times ahead, while at the same time being pre-emptive in nature, allowing the Qualifying Shareholders to maintain their proportional shareholdings in the Company. Compared with other fund-raising alternatives, the Rights Issue will provide each and every Qualifying Shareholder with the opportunity to participate in the future development of the Group without material dilution of their interest in the Company, and also allows the Qualifying Shareholders the flexibility to sell off some or all of their rights entitlements in the open market (subject to market demand) and realise the cash value therefrom.

Assuming that all the Rights Shares are taken up, the net proceeds from the Rights Issue after deducting the incidental expenses are estimated to be approximately HK\$42.6 million (assuming no change in the number of Shares in issue on or before the Record Date). The net price per Rights Share (after deducting the cost and expenses of the Rights Issue) is estimated to be approximately HK\$0.09.

The net proceeds from the Rights Issue are currently intended to be applied as to (i) approximately 50% of the net proceeds for repayment of the principals of the bank borrowings in accordance with the committed repayment schedule (as of 31 July 2022, approximately HK\$23 million were repayable within one year which have been and will continue to be repaid by monthly instalments); and (ii) the remaining 50% for business development and general working capital of the Company, including opening at least two new retail shops for the brands “Crocodile” and/or “CROCO” in Hong Kong in the coming six months (the renovation costs, lease term and shop location of which will depend on the then availability on the market), and day-to-day operations of the Group (as referred to above, the estimated amount of retail shops’ rental expenses (including renovation costs of new shops) payable within one year will exceed HK\$17 million). The Company considers that the net proceeds from the Rights Issue would enable the Group to reduce its interest expenses by repayment of part of its bank loans. Such cash resources will also equip the Group with a timely and robust funding position to secure favourable opportunities, including obtaining new leases and/or lease extensions, at the juncture prior to a possible rebound in economic activities and consumer spending that may result from any further easing of pandemic related restrictions. The net proceeds from the Rights Issue should also help cushion against increases in interest expenses that may result from any further tightening of monetary policies in the near future. The Directors consider that the net proceeds from the Rights Issue can satisfy the Company’s expected funding needs for the next 12 months. The Company will update Shareholders on the use of proceeds as appropriate in accordance with the Listing Rules.

LETTER FROM THE BOARD

As mentioned in the section headed “The Irrevocable Undertaking” in this letter, Ms. Lam irrevocably undertook with the Company that, among other things, she will, and will procure her controlled corporations to, subscribe for not less than 249,117,750 Rights Shares which comprise the full acceptance of their aggregate provisional entitlement in respect of the 498,235,500 Shares beneficially held by them as at the date of the Irrevocable Undertaking, representing approximately 52.58% of the maximum number of Rights Shares to be issued under the Rights Issue. For the remaining portion of the Rights Shares to be offered, the Directors consider that the significant discount of the Subscription Price provides all Shareholders with the incentive to participate in the Rights Issue and maintain their shareholdings in the Company at a lower cost. The level of under-subscription of the Rights Issue, if any, is therefore expected to be low, and any usage of proceeds that would have been funded by the amount reduced in the net proceeds of the Rights Issue from that expected for full acceptance of the Rights Shares will be met by the existing financial resources of the Group.

The Directors believe that the Rights Issue is in the interests of the Group and the Shareholders as a whole for the reasons stated above.

PREVIOUS FUND-RAISING EXERCISE BY THE COMPANY

During the 12 months immediately preceding the date of this Prospectus, the Company had not conducted any equity fund-raising activity.

LISTING RULES IMPLICATIONS

As the Rights Issue will not increase either the total number of issued Shares or the market capitalisation of the Company by more than 50%, the Rights Issue is not subject to the approval of the Shareholders pursuant to Rule 7.19A of the Listing Rules.

The Rights Issue is in compliance with the theoretical dilution limit under Rule 7.27B of the Listing Rules.

RISKS OF DEALING IN SHARES AND RIGHTS SHARES

The Rights Issue is subject to the fulfilment of conditions including the Stock Exchange granting the listing of, and permission to deal in, the Rights Shares in their nil-paid and fully-paid forms. If the conditions to the Rights Issue are not fulfilled, the Rights Issue will not proceed.

Any Shareholder or other person dealing in Shares and/or Rights Shares up to the date on which all the conditions of the Rights Issue are fulfilled will accordingly bear the risk that the Rights Issue may not proceed.

LETTER FROM THE BOARD

Subject to the fulfilment of conditions, the Rights Issue will proceed on a non-underwritten basis irrespective of the level of acceptance of provisionally allotted Rights Shares. Accordingly, if the Rights Issue is undersubscribed, the size of the Rights Issue will be reduced. Qualifying Shareholders who do not take up their assured entitlements in full and Non-Qualifying Shareholders should note that their shareholdings in the Company may be diluted, the extent of which will depend in part on the final size of the Rights Issue.

Shareholders and potential investors of the Company are advised to exercise caution when dealing in the Shares and/or the Rights Shares.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the Appendices to this Prospectus.

Yours faithfully,

For and on behalf of the Board

Crocodile Garments Limited

Lam Wai Shan, Vanessa

Chairman, Executive Director and Chief Executive Officer

1. SUMMARY OF FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three financial years ended 31 July 2020, 2021 and 2022, together with the relevant notes thereto, were disclosed in the relevant annual reports of the Company which have been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and of the Company (<https://www.crocodile.com.hk>), the links to which are shown below for reference:

- (i) annual report of the Company for the year ended 31 July 2020 published on 12 November 2020 (pages 62 to 155) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2020/1112/2020111200744.pdf>;
- (ii) annual report of the Company for the year ended 31 July 2021 published on 18 November 2021 (pages 76 to 157) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2021/1118/2021111800348.pdf>; and
- (iii) annual report of the Company for the year ended 31 July 2022 published on 3 November 2022 (pages 54 to 139) which can be accessed via the link at <https://www1.hkexnews.hk/listedco/listconews/sehk/2022/1103/2022110301160.pdf>.

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 30 September 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this Prospectus, the Group had total outstanding borrowings, including margin loans, amounting to approximately HK\$802 million, comprising secured and unguaranteed margin loans of approximately HK\$14 million, secured and unguaranteed bank term loans of approximately HK\$579 million and secured and unguaranteed bank revolving loans of HK\$209 million.

As at 30 September 2022, the Group, as lessees, had lease liabilities of approximately HK\$19 million which are unsecured and unguaranteed.

As at 30 September 2022, certain investment properties, right-of-use assets, property, plant and equipment, certain financial assets at fair value through profit or loss and bank deposits were pledged to banks to secure credit facilities granted to the Group.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have any debt securities issued and outstanding or agreed to be issued, term loans, loan capital, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, other recognised lease liabilities, finance lease, hire purchase or lease commitments, which are either guaranteed, unguaranteed, secured and unsecured, guarantees or other material contingent liabilities at the close of business on 30 September 2022.

3. WORKING CAPITAL

The Directors, after due and careful consideration, are of the opinion that, in the absence of unforeseen circumstances, and after taking into account the Group's business prospects, present internal resources and the estimated net proceeds from the Rights Issue, the Group will have sufficient working capital for its business operations for at least the next twelve months from the date of this Prospectus. The Company has obtained the relevant confirmation as required under Rule 14.66(12) of the Listing Rules.

4. 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 audited consolidated financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECT OF THE GROUP

The core businesses of the Group will continue to be garment and related accessories, property investment and letting, as well as treasury management.

The management predicts that some key factors may adversely influence the performance of the garment-related segment, including the emergence of new COVID-19 variants, the slow rate of recovery in customer spending power in the PRC and Hong Kong, and global geopolitical developments which may mitigate the current high level of inflation and the threat of possible recession. These significant uncertainties have led the Group to take steps to rationalise its sales network and to reduce inventory levels for our traditional brand, "Crocodile". In order to achieve long-term sustainable growth, the Group has identified the need to build another brand, "CROCO", with a different brand image and unique brand identity as being of utmost importance in order to expand the Group's footprint in the Hong Kong retail market by enlarging the size of the target customers and the diversity of products. For the traditional brand "Crocodile", the target customers are mature-middle-aged customers, and the products are mainly traditional casual wear with fine quality, whereas for the other brand "CROCO", the target customers are young-aged customers, and the products are mainly easy-to-carry, yet fashionable clothes and comfortable sportswear. The two brands share similar key sales and marketing strategies, being conscious control of inventory level and marketing in social media which is considered the most cost-effective means of marketing, while "CROCO" generally enjoys a higher margin than "Crocodile". The Group will continue to gear up its efforts to improve its merchandise mix under both "Crocodile" and "CROCO", catering for local customer preferences and maintaining higher gross margins. As long as the local pandemic situation remains under control, the Group is confident that the "Garment and Related Accessories Business" segment would continue to recover.

As a landlord of investment properties, the property investment and letting business segment contributes stable rental income and cashflow to support the Group's operations. In light of the decline in demand for commercial properties and the increasing trend of work-from-home in many businesses, leading to an increase in supply of office premises in Kowloon East, the Group is repositioning certain investment properties to attract new tenants in different industries both to improve the rental yield and reduce the vacancy rate.

For treasury management, the Group has adopted a cautious investment strategy and will from time to time assess its investments and make appropriate adjustments to the portfolio with a view to generating favourable returns for the Shareholders. Although the bank borrowings of the Group were restructured in April 2022, which increased the cash position of the Group at the time, global interest rates have unexpectedly increased sharply in the last few months, which has substantially increased the Group's finance cost as all of the Group's current borrowings are at floating rate. It is therefore the Group's intention to impose less reliance on debt financing under the prevailing market conditions and to reduce its current borrowings, if possible until such time as interest rates revert to more reasonable levels.

For illustrative purposes, the unaudited pro forma financial information of the Group prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules is set out here to provide prospective investors with further information about how the financial information of the Group might be affected by the completion of the Rights Issue as if the Rights Issue had been completed on 31 July 2022. The statement has been prepared for illustrative purposes only and because of its nature, it may not give a true picture of the Group's financial position on the completion of the Rights Issue.

**A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED CONDENSED
CONSOLIDATED NET TANGIBLE ASSETS OF THE GROUP**

The following unaudited pro forma statement of adjusted consolidated net tangible assets of the Group (the “**Unaudited Pro Forma Financial Information**”) has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules to illustrate the effect of the Rights Issue on the audited consolidated net tangible assets of the Group attributable to owners of the Company as if the Rights Issue had been completed on 31 July 2022 and taking into account certain assumptions.

The Unaudited Pro Forma Financial Information has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not reflect a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the Rights Issue been completed as at 31 July 2022 or at any future date.

The Unaudited Pro Forma Financial Information is prepared based on the audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022, as extracted from the Group's audited consolidated statement of financial position as at 31 July 2022 included in the published annual report of the Company for the year ended 31 July 2022, and is adjusted for the effect of the Rights Issue described below.

APPENDIX II

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 HK\$'000 (Note 1)	Unaudited estimated net proceeds from the Rights Issue HK\$'000 (Note 2)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 immediately after completion of the Rights Issue HK\$'000	Audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 per share HK\$ (Note 3)	Unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 immediately after completion of the Rights Issue HK\$ (Note 4)
Rights Issue of 473,771,847 Rights Shares to be issued at subscription price of HK\$0.1 per Rights Share	1,493,427	42,647	1,536,074	1.576
	<u>1,493,427</u>	<u>42,647</u>	<u>1,536,074</u>	<u>1.576</u>

Notes:

- (1) The audited consolidated net tangible assets of the Group attributable to the owners of the Company of approximately HK\$1,493,427,000 as at 31 July 2022 is extracted from the published annual report of the Group for the year ended 31 July 2022.
- (2) The estimated net proceeds from the Rights Issue of approximately HK\$42,647,000 are based on 473,771,847 Rights Shares to be issued at the subscription price of HK\$0.1 per Rights Share, pursuant to the Rights Issue, after deduction of the estimated related expenses of approximately HK\$4,730,000, assuming that the Rights Issue has been completed on 31 July 2022.
- (3) The calculation of audited consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 per share is determined based on the audited consolidated net tangible assets of the Group attributable to owners of the Company of approximately HK\$1,493,427,000 divided by 947,543,695 Shares in issue as at 31 July 2022.
- (4) The unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 per share immediately after the completion of the Rights Issue is arrived at based on the unaudited pro forma adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022 immediately after completion of the Rights Issue of approximately HK\$1,536,074,000 divided by 1,421,315,542 Shares which comprise of 947,543,695 Shares in issue as at 31 July 2022 and 473,771,847 Rights Shares to be issued assuming that the Rights Issue has been completed on 31 July 2022.
- (5) No adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions of the Group entered into subsequent to 31 July 2022.

**B. ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL
INFORMATION OF THE GROUP**

The following is the text of the independent reporting accountants' assurance report received from SHINEWING (HK) CPA Limited, Certified Public Accountants, Hong Kong, the reporting accountants of the Company, in respect of the Group's unaudited pro forma financial information prepared for the purpose of incorporation in this Prospectus.



SHINEWING (HK) CPA Limited
17/F, Chubb Tower, Windsor House,
311 Gloucester Road,
Causeway Bay, Hong Kong

信永中和(香港)會計師事務所有限公司
香港銅鑼灣告士打道311號
皇室大廈安達人壽大樓17樓

The Board of Directors
Crocodile Garments Limited
25th Floor, Crocodile Center,
79 Hoi Yuen Road,
Kwun Tong,
Kowloon, Hong Kong

Dear Sirs,

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Crocodile Garments Limited (the “**Company**”) and its subsidiaries (collectively referred to as the “**Group**”) by the directors of the Company for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted consolidated net tangible assets of the Group attributable to owners of the Company as at 31 July 2022, and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages II-1 to II-2 of the prospectus of the Company dated 7 November 2022 (the “**Prospectus**”) issued in connection with the rights issue by the Company. The applicable criteria on the basis of which the directors of the Company have compiled the unaudited pro forma financial information are described in Section A of Appendix II to the Prospectus.

The Unaudited Pro Forma Financial Information has been compiled by the directors of the Company to illustrate the impact of the proposed rights issue of the Company on the basis of 1 rights share for every 2 existing shares at the subscription price of HK\$0.1 per rights share (the “**Rights Issue**”) on the Group's financial position as at 31 July 2022 and the its financial performance as if the Rights Issue had taken place at 31 July 2022. As part of this process, information about the Group's financial position has been extracted by the directors of the Company from the Group's consolidated financial statements for the year ended 31 July 2022, on which an audit report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors of the Company are responsible for compiling the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements” and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the unaudited pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the unaudited pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountants plan and perform procedures to obtain reasonable assurance about whether the directors of the Company have compiled the unaudited pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the unaudited pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the unaudited pro forma financial information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of the Rights Issue on unadjusted financial information of the Group as if the Rights Issue had occurred at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Rights Issue at 31 July 2022 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related unaudited pro forma adjustments give appropriate effect to those criteria; and
- the unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

- (a) the unaudited pro forma financial information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the unaudited pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

SHINEWING (HK) CPA Limited

Certified Public Accountants

Lau Kai Wong

Practising Certificate Number: P06623

Hong Kong

7 November 2022

1. RESPONSIBILITY STATEMENT

This Prospectus, 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 Prospectus 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 Prospectus misleading.

2. SHARE CAPITAL

The issued share capital of the Company as at the Latest Practicable Date were, and following completion of the Rights Issue, are expected to be as follows:

Issued and fully paid Shares:

947,543,695 Shares (as at the Latest Practicable Date)

Maximum number of Rights Shares to be issued upon completion of the Rights Issue:

473,771,847 Shares

Issued share capital upon completion of the Rights Issue:

1,421,315,542 Shares (assuming no new Shares (other than the Rights Shares) will be issued on or before completion of the Rights Issue)

The Rights Shares (when allotted, issued and fully paid) will rank *pari passu* in all respects with each other, including, in particular, as to dividends, voting rights and return of capital, and once issued and fully paid, with all the Shares in issue as at the date of allotment and issue of the Rights Shares. Since the Company is incorporated in Hong Kong, the Rights Shares have no nominal value. The Rights Shares to be issued will be listed on the Main Board of the Stock Exchange.

The Company has applied to the Listing Committee for the listing of, and permission to deal in, the Rights Shares in both nil-paid and fully-paid forms. No Share or any other securities of the Company is listed or dealt in on any stock exchange other than the Stock Exchange and no application is being made or is currently proposed or sought for the Shares or the Rights Shares or any other securities of the Company to be listed or dealt in on any other stock exchange.

As at the Latest Practicable Date, there were no arrangements under which future dividends are waived or agreed to be waived.

As at the Latest Practicable Date, the Company had no outstanding debt securities, derivatives, options, warrants, convertible securities or other similar securities which are convertible or exchangeable into Shares.

3. PARTICULARS OF THE DIRECTORS

(a) Business Addresses

The business address of all the Directors and senior management is the same as the address of the Company's principal place of business at 25th Floor, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong.

(b) Biographical Details

Ms. Lam Wai Shan, Vanessa, M.H.

Chairman, Executive Director and Chief Executive Officer

Ms. Lam, aged 51, is the chairman of the Board ("**Chairman**"), Executive Director and chief executive officer of the Company ("**Chief Executive Officer**"). She has been appointed an Executive Director in February 2006, and was appointed the Chairman and the Chief Executive Officer in January 2021. She is the chairman of the executive committee and the nomination committee and a member of the remuneration committee of the Company ("**Executive Committee**", "**Nomination Committee**" and "**Remuneration Committee**", respectively). Ms. Lam holds directorships in a number of the subsidiaries of the Company. She holds a Bachelor of Arts Degree from Scripps College in California, the US and graduated from the Fashion Institute of Design and Merchandising in Los Angeles. Ms. Lam has over 24 years of experience in the fashion industry. Prior to joining the Group in March 1998 as Vice-President, she worked for two famous London-based design houses, namely Alexander McQueen and Julien MacDonald. Ms. Lam has received numerous awards for her work in the industry and charity work and received the Medal of Honour awarded from the Government of the Hong Kong Special Administrative Region of the People's Republic of China on 1 July 2016.

Ms. Lam is currently a member of Advisory Board of Yan Chai Hospital and was the chairman of its board of directors during 2015 to 2016. She was a member of Guangdong Provincial Committee of the Chinese People's Political Consultative Conference ("**CPPCC**") and Beijing Haidian Qu Committee of the CPPCC.

Ms. Lam is a director of Honorman Limited and Rich Promise Limited, both being substantial shareholders of the Company. She is a niece of Ms. Lam Suk Ying, Diana (“**Ms. Diana Lam**”) (Non-executive Director) (“**NED**”), Dr. Lam Kin Ngok, Peter (“**Dr. Peter Lam**”) and Mr. Lam Kin Hong, Matthew (“**Mr. Matthew Lam**”) (both are Executive Directors).

Dr. Lam Kin Ngok, Peter, *G.B.M., G.B.S*

Executive Director

Dr. Peter Lam, aged 65, was appointed an Executive Director in October 1987. Dr. Peter Lam holds directorships in a number of the subsidiaries of the Company. He is the chairman and an executive director of each of Lai Sun Garment (International) Limited (“**LSG**”), Lai Sun Development Company Limited (“**LSD**”) and Media Asia Group Holdings Limited (“**MAGHL**”). LSG and LSD are listed on the Main Board of the Stock Exchange while MAGHL is listed on GEM of the Stock Exchange. He has extensive experience in property development and investment, hospitality as well as media and entertainment businesses. Dr. Peter Lam holds an Honorary Doctorate from The Hong Kong Academy for Performing Arts. Dr. Peter Lam received Gold Bauhinia Star and Grand Bauhinia Medal awarded from the Government of the HKSAR in July 2015 and July 2022 respectively.

Currently, Dr. Peter Lam is the chairman of the Hong Kong Trade Development Council and a standing committee member of the 13th National Committee of the CPPCC. He is also the chairman of Hong Kong Chamber of Films Limited, a life honorable president of Hong Kong Motion Picture Industry Association Limited, a director of The Real Estate Developers Association of Hong Kong, a trustee of The Better Hong Kong Foundation, a vice chairman of Friends of Hong Kong Association Limited, a director of Hong Kong-Vietnam Chamber of Commerce Limited, an honorary chairman of Federation of HK Jiangsu Community Organisations, the president of Hong Kong Association of Cultural Industries Limited, the chairman of Hong Kong Cultural Development Research Institute Limited, a non-official member of the Trade and Industry Advisory Board, a member of each of the board of West Kowloon Cultural District Foundation Limited (a wholly-owned subsidiary of West Kowloon Cultural District Authority) and the general committee of Hong Kong General Chamber of Commerce.

Dr. Peter Lam is a younger brother of Ms. Diana Lam (NED), an elder brother of Mr. Matthew Lam (Executive Director), and an uncle of Ms. Lam (Chairman, Executive Director and Chief Executive Officer).

Mr. Lam Kin Hong, Matthew, M.H., J.P.

Executive Director

Mr. Matthew Lam, aged 54, was appointed an Executive Director in July 1999. Mr. Matthew Lam holds directorships in a number of the subsidiaries of the Company. Mr. Matthew Lam is also an executive director of LSG and the executive deputy chairman and an executive director of Lai Fung Holdings Limited (“**LFHL**”). LSG and LFHL are listed on the Main Board of the Stock Exchange. He graduated from University College London in the United Kingdom with a Bachelor of Science Degree and underwent training as a lawyer with an international law firm, Reed Smith Richards Butler. Mr. Matthew Lam is a co-founding partner and managing partner of a Hong Kong law firm, Nixon Peabody CWL and a member of The Law Society of Hong Kong, The Law Society of Singapore and The Law Society of England and Wales.

Mr. Matthew Lam has considerable experience in property development and corporate finance in Hong Kong and Mainland China. He is the vice president of the Hong Kong Real Property Federation and a standing committee member of the CPPCC in Shanghai. Mr. Matthew Lam was appointed a Justices of the Peace in July 2021. He serves as an Honorary Consul of the Republic of Estonia in Hong Kong, a member of the Consumer Council, a member of the Fight Crime Committee and the observer of the Independent Police Complaints Council. Mr. Matthew Lam also serves as a Racing Steward at the Hong Kong Jockey Club and he is also a council member of the Better Hong Kong Foundation. He was a former member of the Advisory Committee on Admission of Quality Migrants and Professionals and a former member of the Employees Compensation Assistance Fund Board.

Mr. Matthew Lam is the younger brother of Ms. Diana Lam (NED) and Dr. Peter Lam (Executive Director), and an uncle of Ms. Lam (Chairman, Executive Director and Chief Executive Officer).

Mr. Wan Edward Yee Hwa (“Mr. Edward Wan”)*Executive Director*

Mr. Edward Wan, aged 86, is an Executive Director and currently a member of the Executive Committee. He first joined the Board as an Independent Non-executive Director (“INED”) in December 1993 and was re-designated as an Executive Director on 1 February 2011. Mr. Edward Wan was the chairman of the audit committee of the Company (“**Audit Committee**”) and the Remuneration Committee until 31 January 2011. Mr. Edward Wan holds directorships in a number of the subsidiaries of the Company. He was also a non-executive director of each of LSG and LSD from 1 February 2011 to 18 December 2012. LSG and LSD are listed on the Main Board of the Stock Exchange. Mr. Edward Wan is a fellow of the Hong Kong Institute of Certified Public Accountants and has been a certified public accountant in Hong Kong since 1961.

Mr. Chow Bing Chiu (“Mr. Chow”)*Non-executive Director*

Mr. Chow, aged 71, is a NED. He first joined the Board as an INED in September 2004 and has been re-designated from an INED to a NED with effect from 29 March 2021. Mr. Chow was a member of the Audit Committee and the Remuneration Committee of the Company. Mr. Chow is also an independent non-executive director of LSG which is listed on the Main Board of the Stock Exchange. Mr. Chow obtained his Bachelor of Laws Degree in 1980 and qualified as a solicitor in Hong Kong in 1983. He is the senior partner of B.C. Chow & Co., Solicitors, in Hong Kong and a China-appointed Attesting Officer.

Ms. Lam Suk Ying, Diana*Non-executive Director*

Ms. Diana Lam, aged 67, was appointed a NED in December 2006. Ms. Diana Lam graduated from the Loyola University in California, the US with a Bachelor of Business Administration Degree. She also holds a Master’s Degree in Public Administration from the Pepperdine University in California. Ms. Diana Lam had worked for Metropolitan Life Insurance Company in California, the US for two years and has been managing her personal investments continuously to date.

Ms. Diana Lam is an elder sister of Dr. Peter Lam and Mr. Matthew Lam (both are Executive Directors), and an aunt of Ms. Lam (Chairman, Executive Director and Chief Executive Officer).

Mr. Leung Shu Yin, William (“Mr. William Leung”)*Independent Non-executive Director*

Mr. William Leung, aged 73, was appointed the Deputy Chairman of the Company in January 2021 and has been an INED as well as the chairman of both the Audit Committee and the Remuneration Committee since February 2011. Mr. William Leung is also an independent non-executive director of LSG, LSD and Mainland Headwear Holdings Limited. The aforesaid companies are listed on the Main Board of the Stock Exchange. He is a certified public accountant, a member of the Hong Kong Securities and Investment Institute and a Fellow of both the Association of Chartered Certified Accountants in the United Kingdom and the Hong Kong Institute of Certified Public Accountants. Mr. Leung is a practising director of two certified public accountants’ firms in Hong Kong.

Mr. Fung Cheuk Nang, Clement, M.H. (“Mr. Fung”)*Independent Non-executive Director*

Mr. Fung, aged 45, was appointed an INED on 29 March 2021. Mr. Fung is a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. Mr. Fung has extensive management experience in development and manufacturing of consumer products. He holds positions in various charitable and social organisations. Mr. Fung is currently a member of Advisory Board of Yan Chai Hospital and was the chairman of its board of directors during 2018 to 2019. He is currently an independent non-executive director of Hi-Level Technology Holdings Limited which is listed on GEM of the Stock Exchange. Mr. Fung is also a director of Smarhome Technology Limited and Smarhome Products Limited, both of which are privately-owned consumer electronics companies in Hong Kong. He received the Medal of Honour awarded from the Government of Hong Kong in July 2019.

Mr. Woo King Hang (“Mr. Woo”)*Independent Non-executive Director*

Mr. Woo, aged 61, was appointed an INED and a member of each of the Audit Committee and the Nomination Committee on 28 January 2022. Mr. Woo has extensive experience in financial and business management. Mr. Woo is currently the vice chairman of the board of directors and a non-executive director of Centenary United Holdings Limited (“**Centenary United**”, Stock Code: 1959). He is also an independent non-executive director and a member of the audit committee, remuneration committee and nomination committee of Digital Domain Holdings Limited (“**DDHL**”, Stock Code: 547) and an independent non-executive director and a member of the audit committee, remuneration committee and corporate governance committee of MOS House Group Limited (“**MOS**”, Stock Code: 1653). Mr. Woo was an independent non-executive director of Hans Energy Company Limited (“**Hans Energy**”, Stock Code: 554) between June 2019 and December 2021 and an executive director of Bamboos Health Care Holdings Limited (“**Bamboos HCHL**”, Stock Code: 2293) between May 2019 and July 2019. He was also a project controller of NWS Service Management Limited (a wholly-owned subsidiary of NWS Holdings Limited (“**NWSHL**”, Stock Code: 659) from January 2019 to April 2019. Mr. Woo also served as a financial controller and an executive director of Hip Hing Construction Company Limited (a wholly-owned subsidiary of NWSHL) from February 2006 to June 2010 and from July 2010 to December 2018 respectively. The issued shares of each of Centenary United, DDHL, MOS, Hans Energy, Bamboos HCHL and NWSHL are listed and traded on the Main Board of the Stock Exchange.

Mr. Woo is a fellow member of each of the Institute of Chartered Accountants in England and Wales, the Royal Institution of Chartered Surveyors and the Hong Kong Institute of Certified Public Accountants. He holds a Master’s Degree of Business Administration from Kellogg School of Management, Northwestern University and the Hong Kong University of Science and Technology, a Bachelor’s Degree of Laws from Peking University and a Master’s Degree of Laws from the City University of Hong Kong. In addition, Mr. Woo is an honorary officer of the Auxiliary Medical Service and a consultant of School of Chinese Medicine of The Chinese University of Hong Kong. He is a member of each of the panel of assessors and the health committee of the Medical Council of Hong Kong, the Chinese Medicine Practitioners Board and the disciplinary committee of the Chinese Medicine Council of Hong Kong, the Advisory Committee on Admission of Quality Migrants and Professionals, the Police Education and Welfare Trust Management Committee as well as the disciplinary committee of the Hong Kong Institute of Certified Public Accountants. He is the vice chairman of the Hong Kong PHAB Association and a council member of the Hong Kong Chinese Orchestra.

Mr. Woo was a director of Bell Tea Overseas Limited (“**BTO**”, formerly known as Hip Hing Overseas Limited) from 2 July 2010 to 18 October 2018. BTO was a wholly-owned subsidiary of NWSHL and incorporated in Hong Kong on 13 April 1993 and was principally engaged in the business of construction overseas. On 19 September 2018, a winding up order (“**Order**”) was granted by the High Court of Hong Kong (“**High Court**”) on BTO. On 5 July 2021, the High Court ordered that BTO be dissolved. Mr. Woo confirmed that the Order was in relation to the non-payment for a sum arising from an arbitration case involving contractual dispute relating to the construction works of a building in Dubai which commenced in or about 2007 and was completed in or about 2011 between the petitioner of the Order and a joint venture entity (“**Joint Venture**”) in which BTO had 30% interests. An award (“**Award**”) was granted by an arbitration institution in Dubai in favor of the said petitioner, which then enforced the whole amount of the Award in the High Court against, among others, BTO. Mr. Woo further confirmed that he was not involved in any of the matters concerning the operations of the Joint Venture, the construction works or the said arbitration or matters leading to the granting of the Order.

4. DISCLOSURE OF INTERESTS

(a) Directors’ and chief executives’ interests and short positions in the Shares, underlying shares or debentures of the Company or its associated corporation

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV to the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of SFO), or to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) contained in the Listing Rules were listed as follows:

(i) *The Company*

Long positions in the Shares and underlying Shares

Name of Directors	Capacity	Number of Shares		Number of underlying Shares	Total	Approximate percentage of total issued Shares ^(Note 1)
		Personal interests	Corporate interests	Personal interests		
Ms. Lam	Beneficial owner and owner of controlled corporations	5,632,500	492,703,000 ^(Note 2)	Nil	498,335,500	52.59%
Wan Edward Yee Hwa	Beneficial owner	610,000	Nil	Nil	610,000	0.06%

Notes:

1. The total number of issued Shares as at the Latest Practicable Date (947,543,695 Shares) was used for the calculation of the approximate percentage.
2. Ms. Lam (the Chairman, Executive Director and Chief Executive Officer) was personally interested in 5,632,500 Shares and was deemed to be interested in 492,703,000 Shares held through the corporations controlled by her, namely Honorman Limited (“**Honorman**”) and Rich Promise Limited (“**Rich Promise**”) and Novel Voyage Development Limited.

(ii) Honorman – an associated corporation (within the meaning of Part XV to the SFO) of the Company

Long positions in the ordinary shares of Honorman

Name of Director	Capacity	Personal Interests	Corporate interests	Total	Percentage of total issued Shares
Ms. Lam	Beneficial owner	51	Nil	51	51%

(iii) Rich Promise – an associated corporation (within the meaning of Part XV to the SFO) of the Company

Long positions in the ordinary shares of Rich Promise

Name of Director	Capacity	Personal Interests	Corporate interests	Total	Percentage of total issued Shares
Ms. Lam	Interest in controlled corporation	Nil	9,999	9,999	99.99%

Save as disclosed above, as at the 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.

(b) Substantial Shareholder’s Interests

As at the Latest Practicable Date, so far as it is known to any Director or the chief executive of the Company, the particulars of the corporation or individual who had 5% or more interests in the following long positions in the Shares and underlying Shares as

recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO or were entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the Company (i.e. within the meaning of substantial shareholders of the Listing Rules) were as follows:

Long positions in the Shares and underlying Shares

Name	Capacity and nature of interest	Number of Shares and underlying Shares held	Approximate percentage of total issued Shares ^(Note 1)
Substantial Shareholders			
Honorman	Beneficial owner and Interest in controlled corporation	491,203,000 <i>(Note 2)</i>	51.84%
Rich Promise	Beneficial owner	472,200,000 <i>(Note 2)</i>	49.83%
Ms. Lam	Beneficial owner and Interest in controlled corporations	498,335,500 <i>(Notes 2 and 3)</i>	52.59%
Lam Howard	Interest in controlled corporations	491,203,000 <i>(Notes 2 and 4)</i>	51.84%

Notes:

1. *The total number of issued Shares as at the Latest Practicable Date (947,543,695 Shares) has been used for the calculation of the approximate percentage.*
2. *Honorman was interested in 19,003,000 Share directly and was deemed to be interested in 472,200,000 Shares indirectly held through its 99.99% owned subsidiary Rich Promise. Another 0.01% share interest of Rich Promise was held by the late Dr. Lam Kin Ming.*
3. *Ms. Lam (the Chairman, Executive Director and Chief Executive Officer) was personally interested in 5,632,500 Shares and was deemed to be interested in 492,703,000 Shares held through the corporations controlled by her, namely Honorman and Rich Promise and Novel Voyage Development Limited.*
4. *Mr. Lam Howard was deemed to be interested in 491,203,000 Shares held through the corporations controlled by him, namely Honorman and Rich Promise.*

Save as disclosed above, so far as is known to the Directors, there was no other person who as at the Latest Practicable Date had 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, or, had a direct or indirect interests amounting to 10% or more of any class of share capital carrying rights to vote in all circumstances at general meetings of any members of the Group.

5. 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 other than contracts expiring or determinable by the relevant members of the Group within one year without payment of compensation (other than statutory compensation).

6. DIRECTORS' INTERESTS IN GROUP'S ASSETS AND CONTRACTS OR ARRANGEMENTS SIGNIFICANT TO THE GROUP

As at the Latest Practicable Date, (i) none of the Directors had any interest, direct or indirect, in any assets which have since 31 July 2022 (being the date to which the latest published audited consolidated financial statements of the Group were made up), been acquired or disposed of by or leased to any member of the Group, or are proposed to be acquired or disposed of by or leased to any member of the Group, and (ii) none of the Directors was materially interested in any contract or arrangement entered into by any member of the Group, subsisting as at the Latest Practicable Date and which was significant in relation to the business of the Group.

7. QUALIFICATION AND CONSENT OF EXPERT

The following is the qualification of the expert who has given statement or opinion or advice for inclusion in this Prospectus:

Name	Qualification
SHINEWING (HK) CPA Limited	Certified Public Accountants and Registered Public Interest Entity Auditor

SHINEWING (HK) CPA Limited has given and has not withdrawn its written consent to the issue of this Prospectus with the inclusion of its report and references to its name in the form and context in which they appear herein.

As at the Latest Practicable Date, SHINEWING (HK) CPA Limited did not have any direct or indirect interest in any securities of the Company or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the Company nor did they have any interest, either directly or indirectly, 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 were proposed to be acquired or disposed of by or leased to the Company.

8. CORPORATE INFORMATION AND THE PARTIES INVOLVED IN THE RIGHTS ISSUE

Principal place of business	25th Floor, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong
Authorised representative	Ms. Lam 25th Floor, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong Mr. Edward Wan 25th Floor, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong, Kowloon, Hong Kong
Company secretary	Ms. Chan Yin Yi Annie <i>Chartered Secretary</i>
Legal advisers to the Company in relation to the Rights Issue	As to Hong Kong law: WOO KWAN LEE & LO 26th Floor, Jardine House, 1 Connaught Place, Central, Hong Kong As to Canadian law: Stikeman Elliott LLP Suite 1700 666 Burrard Street Vancouver, British Columbia V6C 2X8 Canada

	As to Macau law: Jorge Neto Valente, Lawyers and Notaries 555 Avenida da Amizade Landmark Building ICBC Tower 15th floor Macau
	As to Malaysian law: Skrine Level 8, Wisma UOA Damansara, 50 Jalan Dungun, Damansara Heights, 50490 Kuala Lumpur, Malaysia
	As to Singaporean law: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
	As to the U.S. law: Carter Ledyard & Milburn LLP 28 Liberty Street, New York, NY 10005
Auditors and reporting accountant	SHINEWING (HK) CPA Limited <i>Certified Public Accountants</i> <i>Registered Public Interest Entity Auditor</i> 17/F, Chubb Tower, Windsor House, 311 Gloucester Road, Causeway Bay, Hong Kong
Principal banker	Hang Seng Bank Limited 83 Des Voeux Road Central Hong Kong
Share registrar and transfer office	Tricor Tengis Limited 17/F, Far East Finance Centre 16 Harcourt Road, Hong Kong

9. MATERIAL CONTRACTS

No material contract (not being a contract entered into in the ordinary course of business of the Group) has been entered into by any member of the Group within the two years immediately preceding the date of this Prospectus.

10. LITIGATION

As at the Latest Practicable Date, no member of the Group was engaged in any litigation, arbitration or claims of material importance and no litigation, arbitration or claims of material importance was known to the Directors to be pending or threatened by or against any member of the Group.

11. EXPENSES

The expenses in connection with the Rights Issue, including the fees of the financial adviser, legal advisers, auditors, printing, registration, translation, subsequent issue fee and other related expenses are estimated to be approximately HK\$4.7 million, which will be borne by the Company.

12. DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

A copy of each of the Prospectus Documents and the written consent referred to in the paragraph headed “7. Qualification and Consent of Expert” in this Appendix have been delivered to the Registrar of Companies in Hong Kong for registration pursuant to section 38D of the Companies (WUMP) Ordinance.

13. BINDING EFFECT

The Prospectus Documents, and all acceptances of any offer or application contained in such documents, are governed by and shall be construed in accordance with the laws of Hong Kong. Where an application is made in pursuance of any such documents, the relevant document(s) shall have the effect of rendering all persons concerned bound by the provisions, other than the penal provisions, of sections 44A and 44B of the Companies (WUMP) Ordinance, so far as applicable.

14. DOCUMENTS ON DISPLAY

The following documents are available on the website of the Stock Exchange (<http://www.hkex.com.hk>) and the website of the Company (<https://www.crocodile.com.hk>) for a period of 14 days from the date of this Prospectus:

- (a) the accountants' report on the unaudited pro forma financial information of the Company issued by SHINEWING (HK) CPA Limited, the text of which is set out in Appendix II to this Prospectus;
- (b) the written consent as referred to in the paragraph headed "7. Qualification and Consent of Expert" in this Appendix; and
- (c) the Prospectus Documents.

15. MISCELLANEOUS

This Prospectus is prepared in both English and Chinese. In the event of inconsistency, the English text of this prospectus shall prevail over the Chinese text unless otherwise specified.