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晶苑國際集團有限公司*
CRYSTAL INTERNATIONAL GROUP LIMITED

*(Incorporated in Bermuda with limited liability and
registered by way of continuation in the Cayman Islands)*
(Stock code: 2232)

VOLUNTARY ANNOUNCEMENT

This announcement is made by Crystal International Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) on a voluntary basis.

As the Company stated in its annual report, 2018 witnessed intensifying trade tensions and commercial disputes between the United States of America (“**US**”) and the People’s Republic of China (“**PRC**”). 2019 is proving to be another year of significant uncertainties regarding trade relations between the two countries. In the meantime, some of the Group’s customers have been requesting the Group to reallocate more of its production capacity from the PRC to non-PRC production bases.

The board of directors (the “**Board**”) of the Company has recently concluded its review of its multi-country production platform and has decided to increase the pace of the program of reallocation of capacity from the PRC to non-PRC production bases (“**Reallocation Program**”). Under the Reallocation Program, the Group plans to increase its production capacity in its non-PRC production bases, particularly Vietnam that continues to benefit from its membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership, which came into effect in January 2019. In addition, the Group plans to continue to reduce its production capacity in the PRC, which is expected to result in one-off costs of approximately US\$14 million for the Group in the first half of 2019. The Group’s Denim Division will be most affected because its production has been concentrated in the PRC.

Following the Reallocation Program, the Group expects its revenue from the PRC production base to the US market will decrease from approximately 14% in 2018 to closer to 6% in the second half of 2019, and the inevitable impact on profitability, due to such decrease cannot yet be determined with any accuracy. The Group will continue to monitor developments closely, but expects the setup and other costs associated with the reallocation of production from existing, mature production bases in the PRC to newly established production units outside the PRC to have a negative impact on both the gross and net margins in 2019.

* *For identification purpose only*

Shareholders and potential investors are advised to exercise caution in dealing in the securities of the Company.

By Order of the Board
Crystal International Group Limited
LO Lok Fung Kenneth
Chairman

Hong Kong, 12 June 2019

As at the date of this announcement, the Board of Directors of the Company comprises Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne, Mr. LO Ching Leung Andrew, Mr. WONG Chi Fai and Mr. WONG Sing Wah, as executive Directors; and Mr. GRIFFITHS Anthony Nigel Clifton, Mr. TSE Man Bun Benny, Mr. CHANG George Ka Ki and Mr. MAK Wing Sum Alvin, as independent non-executive Directors.