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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)

**SUPPLEMENTAL ANNOUNCEMENT
RENEWAL OF EXISTING CONNECTED TRANSACTIONS**

Reference is made to the announcement (the “**Announcement**”) of Crystal International Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) dated 20 December 2019 regarding the renewal of existing connected transactions. Terms defined in the Announcement shall have the same meanings when used in this announcement.

This announcement provides additional information regarding the pricing policies and annual caps relating to the Agreements with Masterknt.

The General Service Agreement

Pricing Policy

As stated in the Announcement, with respect to the General Service Agreement, the fees for general services shall be determined based on the costs related to the general services plus a margin to be agreed by Masterknt. The margin rate shall be the prevailing market rate which will be determined by the parties on the basis of, and in any event no less than, the results of research to be conducted by the parties on comparable companies providing similar services.

The research conducted by an independent accounting firm engaged by the Company stated the median margin rate charged by comparable companies selected by the independent accounting firm to be 7.15% on a three-year weighted basis and 7.55% for the latest year reviewed. In addition, the fixed margin rate charged by the Company for the provision of general services for the current year is 12%.

Taking into account the manner in which the margin rate is determined and that the applicable margin rate for the General Service Agreement is higher than the results of the research, the directors consider that the pricing policy in respect of the General Service Agreement is fair and reasonable, on normal commercial terms and no less favorable to the Company.

* *For identification purposes only*

Annual Cap

As stated in the Announcement, the annual cap for 2020 has been set at US\$1.0 million, representing an increase from the actual fees of US\$438,000 paid by Masterknit for 2019. In determining the annual cap, the directors considered (i) the amounts of previous transactions with Masterknit and (ii) the Group's estimated costs for the general services provided to Masterknit. Specifically, Masterknit is winding down its own research and development function and the Group is expected to be engaged to perform all or substantially all of the research and development functions previously undertaken by Masterknit. The market for "knitted" sports shoes has been increasingly popular and significant research and development efforts are involved in designing, developing and producing samples for flat knitted shoe upper products for sales to customers. As such, the Company estimates that the amount of research and development services to be provided by its in-house research and development team will account for more than 50% of the general service fees in 2020. The general service fees in respect of other services are estimated to be similar to the amounts in 2019.

The Framework Sub-contracting Services Agreement

Pricing Policy

As stated in the Announcement, with respect to the Framework Sub-contracting Services Agreement, the sub-contracting fees are determined with reference to comparable processing charges made by third party sub-contractors providing similar services to Masterknit given that Masterknit is the Company's sole customer of such services.

In determining the sub-contracting fees charged by the Company and in order to ensure that the transactions will be conducted on normal commercial terms and no less favorable to the Company, the Company itself solicits two other contemporaneous transactions with unrelated third parties for similar quantities, and the sub-contracting fees charged by the Company to Masterknit shall be comparable to, and in any event on no less favorable terms to the Company than, the fees charged by unrelated third parties for similar quantities.

Taking into account the manner in which the sub-contracting fees are determined, the directors consider that the pricing policy in respect of the Framework Sub-contracting Services Agreement is fair and reasonable, on normal commercial terms and no less favorable to the Company.

Annual Cap

As stated in the Announcement, the annual cap for 2020 has been set at US\$4.0 million, representing a modest increase from the actual fees of US\$3.465 million for 2019. In determining the annual cap, the directors considered a number of factors stated in the Announcement. Among these, the increased demand for sub-contracting services from

Masterknit, driven by the Group's increased available manufacturing capacity to service Masterknit, is estimated by the directors to result in an increase in sub-contracting fees reflected by the modest increase in the annual cap.

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

Hong Kong, 14 January 2020

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.