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)

MAJOR TRANSACTIONS IN RELATION TO FACTORING PROGRAMMES FOR CUSTOMERS' RECEIVABLES

The board (the "**Board**") of directors (the "**Directors**") of Crystal International Group Limited (the "**Company**") makes this announcement in respect of certain transactions pursuant to Rule 14.34 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**").

BACKGROUND

The Company and its subsidiaries (collectively, the "**Group**") are principally engaged in the manufacturing and trading of garments. Customers in the Group's industry typically offer their counterparties (such as the Group) factoring programmes with financial institutions selected or endorsed by the customers.

As part of its customers' credit risk management, the Group has, in line with common industry practice, joined non-recourse factoring programmes for customers' receivables (the "**Factoring Programmes**") with certain financial institutions (and their branches, subsidiaries and affiliates) (each, a "**Financial Institution**") selected or endorsed by the Group's customers (the "**Customers**") from time to time, including Citibank, N.A. ("**Citibank**"), The Hongkong and Shanghai Banking Corporation Limited ("**HSBC-HK**") and HSBC Bank USA, N.A. ("**HSBC-US**") (collectively, "**HSBC**"), International Finance Corporation ("**IFC**"), MUFG Bank, Ltd. ("**MUFG**"), The Royal Bank of Scotland plc ("**RBS**"), and Standard Chartered Bank (Hong Kong) Limited ("**SCBHK**") and Standard Chartered Bank (Singapore) Limited ("**SCBSG**") (collectively, "**Standard Chartered**"). The purpose of factoring certain trade receivables of its Customers to the Financial Institutions before such receivables are due for payment is to mitigate any potential default risks of its Customers.

** For identification purposes only*

FACTORING PROGRAMMES

Each agreement governing a Factoring Programme typically contains the principal terms set out below:

Parties:	(i) A subsidiary of the Company (the "**Relevant Subsidiary**"), as the seller; and (ii) A Financial Institution, as the purchaser.
Nature of transactions:	Pursuant to the non-recourse agreement, the Relevant Subsidiary may from time to time sell its right, title and interest in certain receivables of its Customers, and the Financial Institution, at its sole discretion, may purchase such right, title and interest. Upon the relevant Customer's approval of a receivable (if required), the Relevant Subsidiary shall offer to sell to the Financial Institution such receivable, and the Financial Institution may accept the offer by depositing the proceeds in the Relevant Subsidiary's designated bank account. Such deposit shall be deemed to satisfy the relevant Customer's obligation to pay the Relevant Subsidiary the face amount of such receivable.
Consideration:	The consideration is a price equal to the face amount of the receivables to be factored, less any applicable discount charge and other fees, charges and deductions of the Financial Institution.
Discount charge:	In general, the discount charge is calculated as the sum of base rate (i.e. term secured overnight financing rate (SOFR), and where applicable, plus the spread adjustment or the cost of funds adjustment) and the spread, multiplied by the discount period and divided by 360. The spread is determined by the Financial Institution from time to time. For illustrative purposes only, at the date of this announcement, the latest spread ranged from 0.6% per annum to 3.0% per annum.
Basis of consideration:	The consideration and the discount charge are determined on arm's length basis with reference to, among other things, the fair market values of the receivables, credit rating of the relevant Customers, discount period, and prevailing market rates or rates applicable to comparable transactions.
Term:	The term of the agreement is generally open-ended. For each of the other agreements with a fixed term, there is typically an automatic renewal clause. The agreement is subject to termination by either party giving prior written notice to the other party, or pursuant to such other terms set out in the agreement (for example, termination without prior notice if complying with the agreement may cause the Financial Institution to breach a regulatory requirement or its policy).

FINANCIAL EFFECT OF FACTORING PROGRAMMES AND USE OF PROCEEDS

Under International Financial Reporting Standards (IFRS) 9, where the Group has entered into a Factoring Programme in respect of a Customer, 100% of receivables of that Customer will be recorded in the "trade receivables at fair value through other comprehensive income ("**TRFVOCI**")" line item. This is irrespective of whether invoices are intended to be factored, and is based solely on the existence of the Factoring Programme for the Customer. For illustrative purposes only, based on the latest unaudited consolidated management account of the Group, at 31 May 2025, the amounts of TRFVOCI which the Group may opt to (but not necessarily) factor to Citibank, HSBC, IFC, MUFG, RBS and Standard Chartered under the Factoring Programmes are US$52,631,000, US$34,649,000, US$54,493,000, nil, US$27,580,000 and US$179,240,000, respectively. The Group may in the future make a decision to factor such receivables with the Financial Institutions before the due date, or hold until maturity to receive settlements directly from the Customers.

For accounting purposes, there will not be any material gain or loss recognised under the Factoring Programmes. The factored trade receivables are derecognised on the basis that the Group has transferred substantially all the risks and rewards to the relevant counterparties.

The Group intends to use the proceeds received from the Financial Institutions under the Factoring Programmes as general working capital.

INFORMATION ON THE PARTIES

The Company is an investment holding company. The Group is principally engaged in the manufacturing and trading of garments.

Citibank is a commercial bank which offers, among other things, investment banking, commercial banking, cash management, trade finance and e-commerce, private banking products and services, consumer finance, credit cards and mortgage lending, and retail banking products and services. Citibank is a wholly-owned subsidiary of Citigroup Inc., which is a global financial services provider listed on the New York Stock Exchange ("**NYSE**") (NYSE: C).

Each of HSBC-HK and HSBC-US is a commercial bank which offers, among other things, consumer and commercial loans, mortgage, deposit products, internet banking, credit cards, insurance and wealth management. Each of them is a wholly-owned subsidiary of HSBC Holdings plc, which is a global banking and financial services organisation listed on the London Stock Exchange (LSE: HSBA), The Stock Exchange of Hong Kong Limited (the "**Hong Kong Stock Exchange**") (SEHK: 5), the NYSE (NYSE: HSBC) and the Bermuda Stock Exchange (BSX: HSBC.BH).

IFC is a global development institution focused on the private sector in emerging markets, which provides, among other things, loans, guarantees, equity, advisory services and project development services, and mobilises additional capital from other sources to grow private sector investment in developing countries. IFC is a member of the World Bank Group and is owned by 186 member countries.

MUFG is a commercial bank which offers banking services on, among other things, deposits, credits, treasury, project finance, risk management, investment and transaction. It is a consolidated subsidiary of Mitsubishi UFJ Financial Group, Inc., which is a global financial services group listed on the Tokyo Stock Exchange (TYO: 8306), the Nagoya Stock Exchange (NAG: 8306) and the NYSE (NYSE: MUFG).

RBS is a commercial bank serving customers across the United Kingdom with a range of retail and commercial banking products and services. It also offers a wide range of personal products, including current accounts, credit cards, personal loans, mortgages and wealth management services. RBS is a wholly-owned subsidiary of NatWest Holdings Limited, which is a wholly-owned subsidiary of NatWest Group plc. NatWest Group plc is a banking and insurance company listed on the London Stock Exchange (LSE: NWG) and the NYSE (NYSE: NWG).

Each of SCBHK and SCBSG is a commercial bank which offers banking services on, among other things, credit cards, loans, deposits, mortgages, investments and insurance. Each of them is a wholly-owned subsidiary of Standard Chartered PLC, which is a global bank listed on the London Stock Exchange (LSE: STAN) and the Hong Kong Stock Exchange (SEHK: 2888).

To the best knowledge, information and belief of the Directors having made all reasonable enquiries, each of Citibank, HSBC, IFC, MUFG, RBS and Standard Chartered, and their respective ultimate beneficial owner(s), are third parties independent of the Company and its connected persons.

REASONS FOR AND BENEFITS OF ENTERING INTO THE FACTORING PROGRAMMES

The Factoring Programmes are standard practice in the Group's industry. As part of its Customers' credit risk management, the Group joined the non-recourse Factoring Programmes to factor certain trade receivables of its Customers to the Financial Institutions before such receivables are due for payment, in order to mitigate any potential default risks of its Customers. Decisions on whether to utilise a Factoring Programme to factor certain trade receivables are based on various factors, including but not limited to the Group's credit risk management, customers' credit ratings, the Group's cash flow management, factoring cost and prevailing terms offered by the relevant Financial Institution, and desire to maintain the validity of such Factoring Programme through usage.

The Directors (including the independent non-executive Directors) consider that the transactions under the Factoring Programmes (the "**Transactions**") have been entered into in the ordinary and usual course of the Group's business on normal commercial terms, and the terms of the Transactions are fair and reasonable and in the interests of the Company and its shareholders (the "**Shareholders**") as a whole.

LISTING RULES IMPLICATIONS

A Transaction with HSBC on 30 May 2025 and a Transaction with Standard Chartered on 30 May 2025 has each rendered one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transactions with HSBC and Standard Chartered during the past 12 months to exceed 5% but less than 25%. Therefore, the Transactions with each of HSBC and Standard Chartered constitute discloseable transactions of the Company, and are subject to the notification and announcement requirements under Chapter 14 of the Listing Rules as the relevant percentages have been reached.

Going forward, since one or more of the applicable percentage ratios as defined under Rule 14.07 of the Listing Rules in respect of the Transactions with each of Citibank, HSBC, IFC, MUFG, RBS and Standard Chartered, may exceed 25% but all of the ratios are expected to be less than 75% in any forthcoming 12-month period in the on-going performance of the agreements governing the Factoring Programmes, the Transactions with each of these Financial Institutions may constitute major transactions of the Company, which are subject to the notification, announcement, circular and independent Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

As none of the Directors has any material interest in the Transactions, none of the Directors is required to abstain from voting on the board resolutions approving the Transactions.

Pursuant to Rule 14.44 of the Listing Rules, Shareholders' approval may be obtained by written Shareholders' approval in lieu of convening a general meeting if (i) no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions, and (ii) the written Shareholders' approval has been obtained from a Shareholder or a closely allied group of Shareholders who together hold more than 50% of the voting rights at that general meeting to approve the Transactions.

At the date of this announcement, to the best knowledge, information and belief of the Directors having made all reasonable enquiries, none of the Shareholders has any material interest in the Transactions, and therefore no Shareholder is required to abstain from voting if the Company were to convene a general meeting for the approval of the Transactions.

The Company has obtained a written approval for the Transactions from the closely allied group of Shareholders, comprising Mr. LO Lok Fung Kenneth ("**Mr. Kenneth LO**", the spouse of Mrs. LO CHOY Yuk Ching Yvonne ("**Mrs. Yvonne LO**")) and Mrs. Yvonne LO (the spouse of Mr. Kenneth LO). At the date of this announcement, (i) Mr. Kenneth LO beneficially owns 306,610,590 shares of the Company (the "**Shares**"), (ii) Mrs. Yvonne LO beneficially owns 306,610,590 Shares, and (iii) Mr. Kenneth LO and Mrs. Yvonne LO jointly hold 1,569,052,100 Shares. Therefore, they together hold 2,182,273,280 Shares, representing approximately 76.50% of the voting rights of the Company. Accordingly, the Company is not required to convene a general meeting for approving the Transactions.

A circular containing, among other things, further details of the Transactions, the financial information and other information of the Group and other information as required under the Listing Rules, is expected to be despatched to the Shareholders (where applicable) and published on the websites of the Hong Kong Stock Exchange and the Company on or before 22 July 2025.

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

Hong Kong, 30 June 2025

At the date of this announcement, the Board comprises Mr. LO Lok Fung Kenneth, Mrs. LO CHOY Yuk Ching Yvonne, Mr. LO Ching Leung Andrew, Mr. WONG Sing Wah and Mr. LO Howard Ching Ho, as executive directors; Mr. WONG Chi Fai and Mr. LEE Kean Phi Mark, as non-executive directors; and Mr. CHANG George Ka Ki, Mr. MAK Wing Sum Alvin, Mr. WONG Siu Kee and Mrs. MAK TANG Pik Yee Agnes, as independent non-executive directors.